Securities and Exchange Commission
PHILIPPINES

SEC MEMORANDUM CIRCULAR NO. 5
SERIES OF 2020

TO: **ALL CONCERNED CORPORATIONS**

SUBJECT: **EXTENSION OF FILING OF THE 2019 ANNUAL REPORTS INCLUDING THE APPLICABLE QUARTERLY REPORTS FOR YEAR 2020 AND 2019 AUDITED FINANCIAL STATEMENTS (AFS)**

The Commission, in line with the Office of the President's declaration of state of public health emergency (Proclamation No. 922, dated 08 March 2020), is cognizant that the Philippines and other countries are continuing to implement travel restrictions/ban and intensive health screening measures at transport hubs, including airports, sea ports and border crossings, as well as necessity to implement temporary suspension of business operations, in order to contain the spread of **COVID-19** (formerly 2019-novel coronavirus '2019-nCoV' disease). These travel restrictions/ban and/or temporary suspension of business operations pose specific challenges on the preparation and subsequent audit of the annual financial statements (AFS) of Philippine companies with domestic and/or foreign business operations affected by COVID-19. In particular, information or documents in the preparation of AFS could not be available, and certain audit procedures could not yet be performed and may lead to delays in the completion of audits of AFS. It is acknowledged that this circumstance is beyond the control of companies concerned.

In view of the foregoing and pursuant to the regulatory power of the Commission under Section 5.1(g) of the Securities Regulation Code (SRC) and Section 179(o) of the Revised Corporation Code (RCC), the Commission grants the following affected companies **an extension of time without penalty**, within which to submit the Annual Reports and/or AFS for the period ended 31 December 2019:

(i) **For companies doing domestic operations only: an extension of time until 30 June 2020; and**

(ii) **For companies with domestic and foreign operations: an extension of time until 30 June 2020 or 60 days from that date of lifting of travel restrictions/ban by the concerned government authorities, whichever comes later.**

PROVIDED THAT they shall comply with the requirements below.

1. **Annual Report (SEC Form 17-A) of Publicly-Listed Companies**

   a. Submission of a **written request** to the Commission through the Markets and Securities Regulation Department for an extension of time **not later than five (5) days before the filing deadline;**

   b. **Sworn certification** of the requesting company signed by its **President and Treasurer** confirming that all of the following conditions are met:

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i. Its financial year-end is 31 December 2019;

ii. It has significant business operations or significant subsidiaries in areas/countries/territories affected by COVID-19; and

iii. The preparation of financial statements and timely completion of statutory audit of the company's financial statements as of 31 December 2019 have been affected by the travel restriction/ban, temporary suspension of business operations, and/or measures imposed by the authorities or companies in response to the COVID-19.

c. The request shall be accompanied by a **sworn certification** by the company's external auditor confirming the items (ii) and (iii) of paragraph 1(b) above.

d. The company shall continuously observe its disclosure obligations under the SRC and the Philippine Stock Exchange Consolidated Listing and Disclosure Rules. This means that all material information, whether price-sensitive or trade sensitive, must be disclosed on a timely basis. Where the company's operations are materially affected by the COVID-19 outbreak, disclosure on the financial impact or any other material aspects should be made immediately.

e. Given the impact of the delayed release of annual reports, the requesting company must submit to the Commission an indicative date to convene the Annual Stockholders' Meeting.

Considering further that Annual Report for the year 2019 is material and necessary for the completion and filing of the applicable Quarterly Reports (SEC Form 17-Q) for each quarter of year 2020, the Commission likewise extends the period for filing of the same for publicly-listed companies whose requests for extension to file Annual Reports (SEC Form 17-A) were granted by the Commission.

2. **Annual Reports and/or Audited Financial Statements of Companies that are Not Publicly-Listed**

All non-publicly listed companies that will be filing their 31 December 2019 Annual Reports and/or AFS, shall attach the following documents:

a. A **sworn certification** signed by the company's President and Treasurer that it fulfills all the conditions set forth under items (i) to (iii) of paragraph 1(b) above; and

b. External auditor's **sworn certification** of its confirmation on items (ii) and (iii) of paragraph 1(b) above.

The filing of applicable Quarterly Reports (SEC Form 17-Q) of concerned registered issuers of securities is likewise extended.

Companies whose preparation of financial statements or completion of statutory audits are not affected by the COVID-19 are required to file their Annual Reports and/or AFS for the year ended 31 December 2019 within the periods prescribed under the existing rules and regulations.

The Commission shall continue to assess the development or impact of COVID-19 on the preparation of financial statements and on the completion of the statutory audits of companies and may issue appropriate rules and regulations to address the concerns that may further arise.

This Memorandum Circular shall be published in two (2) newspapers of general circulation.

Issued this 12 March 2020 at Pasay City, Philippines.

For the Commission:

EMILIO B. AQUINO
Chairperson