Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills, City of Mandaluyong

SEC MEMORANDUM CIRCULAR NO. 1
Series of 2004

TO : ALL CONCERNED
RE : GUIDELINES ON FOUNDATIONS

WHEREAS, Section 5 of Republic Act No. 8799, otherwise known as the Securities Regulation Code, in relation to Presidential Decree No. 902-A declares the need for the empowerment of the Commission to protect not only the investors but the public as well, pursuant to the government's policy of promotion of wider and more meaningful equitable distribution of wealth;

WHEREAS, most SEC-registered Foundations are focused mainly on fund-raising activities, proclaiming themselves to be donee-institutions;

WHEAREAS, there is a need to ensure that donations are utilized according to the Foundation's purposes as stated in the Articles of Incorporation;

WHEREFORE, in view of the foregoing, the following guidelines in the registration and monitoring of Foundations are hereby adopted:

Section 1. A "Foundation" is a non-stock, non-profit corporation with funds established to maintain or aid charitable, religious, educational, athletic, cultural, literary, scientific, social welfare or similar activities primarily through extending grants or endowments.

Section 2. In addition to the requirements for ordinary non-stock, non-profit corporations, Foundations applying for registration with the Commission shall submit the following:

a. *Modus Operandi* or Plan of Operation, executed, under oath, by the President of such Foundation, setting forth the mode of its operation, source of its funds, the proposed application of said funds, and the prospective beneficiaries of grants or endowments; and

b. Certificate of Bank Deposit in the amount of not less than P1,000,000.00, representing the funds to be used for extending grants or endowments.

Section 3. The corporate name shall contain the word "Foundation".

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Section 4. In addition to the reportorial requirements for ordinary non-stock, non-profit corporations, the registered Foundation shall submit to the Commission, together with the Financial Statements, a Statement of Funds Application, executed, under oath, by the President of the Foundation, setting forth in detail the sources and amount of funds established and the names of beneficiaries and the corresponding amounts of funds granted or endowed thereto by the Foundation.

Section 5. Upon application by an interested party, the Commission may grant exceptions to these guidelines on a case to case basis for meritorious and justifiable reasons established by the applicant and under such terms and conditions as the Commission may impose.

Section 6. All other circulars, rules, orders and issuances, or parts thereof inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.

Section 7. These Guidelines shall take effect immediately after publication in a newspaper of general circulation.

Mandaluyong City, Philippines.

20 January 2004.

LILIA R. BAUTISTA
Chairperson

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