REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

SEC MEMORANDUM CIRCULAR NO. 15
Series of 2006

TO : ALL CONCERNED

SUBJECT : GUIDELINES ON COMPLIANCE BY FOREIGN CORPORATIONS WITH REPORTORIAL AND MONITORING REQUIREMENTS

A) COVERAGE

Section 1. This Circular is issued by the Securities and Exchange Commission (SEC) pursuant to sections 141 and 143 of the Corporation Code of the Philippines and shall, subject to the provisions of SEC Memorandum Circular No. 6, Series of 2006, apply to the following entities:

a. all branch offices and representative offices of foreign corporations licensed to do business in the Philippines; and

b. all regional operating headquarters (ROHQ) and regional headquarters (RHQ) established in the Philippines by multinational companies .

B) BRANCH OFFICE AND REPRESENTATIVE OFFICE OF FOREIGN CORPORATIONS

Section 2. All branch offices and representative offices of foreign corporations shall submit the following reports to the SEC:

a. General Information Sheet (GIS), in the form prescribed by the SEC, within 30 days from the anniversary date of the issuance of the SEC license; and

b. Financial Statements (FS), stamped "received" by the Bureau of Internal Revenue, within 120 days after the end of the fiscal year indicated in the FS.

Section 3. The FS of the following foreign corporations shall be audited by an independent certified public accountant registered with the Board of Accountancy:

a. branch office of stock foreign corporation (the "stock branch office") with assigned capital of P50,000.00 or more;

b. branch office of a non-stock foreign corporation (the "non-stock branch office") with total assets of P500,000.00 or more; and

c. representative office of a foreign corporation (the "representative office") with total assets of P500,000.00 or more.

Section 4. The FS of the following foreign corporations shall, at the minimum, be certified under oath by the treasurer of the corporation:

a. stock branch office with assigned capital of less than P50,000.00;

b. non-stock branch office with total assets of less than 500,000.00; and

c. representative office with total assets of less than 500,000.00.

Section 5. The fines for failure to submit the GIS and FS within the prescribed period shall be computed on the basis of the Accumulated Income of the stock branch office and, for non-stock branch office and representative office, on their Fund Balance, as reflected in the FS of the preceding fiscal year.

For the purpose, the following scale of fines shall be used:

STOCK BRANCH OFFICE

Accumulated Income	Fines
Up to P100,000.00	P2,500.00
P100,000.01 to P500,000.00	P4, 000.00
P500,000.01 to P5,000,000.00	P6,000.00
P5,000,000.01 to P10,000,000.00	P8,000.00
Above P10,000,000.00	P10,000.00
Deficit or Negative Fund Balance	P1,500.00
Capital Deficiency	P1,000.00

NON-STOCK BRANCH OFFICE & REPRESENTATIVE OFFICE

Fund Balance	Fines
Up to P100,000.00	P1,500.00
P100,000.01 to P500,000.00	P3,000.00
P500,000.01 to P10,000,000.00	P5,000.00
P10,000,000.01 to P100,000,000.00	P7,000.00
Above P100,000,000.00	P10,000.00
	P1,000.00

The fines shall be computed on a "per report" basis, but shall not exceed P10,000.00 annually or for every year of violation.

Section 6. If the foreign corporation is not in operation, it shall submit to the SEC an Affidavit of Non-Operation signed by its resident agent, GIS and Balance Sheet within 120 days after the end of the fiscal year indicated in the FS. Partial compliance with this requirements shall be considered as non-compliance.

Section 7. The fines for failure to submit the aforesaid reports shall be as follows:

a. for the stock branch office - P2,500.00 per year; and
b. for the non-stock branch office or representative office - P2,000.00 per year.

Section 8. *In case of substitution or addition of a resident agent,* the foreign corporation shall file with the SEC a petition for change or substitution of resident agent within 30 days after the acceptance of the appointment by the new resident agent. A fine of P1,000.00 per month of delay, but not to exceed P10,000.00 per year, shall be imposed for failure to file the said petition within the prescribed period.

Section 9. Subject to the provisions of Section 126 of the Corporation Code and other applicable laws, a branch office of foreign corporation shall deposit with the SEC securities in accordance with the following schedule:

a. within 60 days after the issuance of its SEC licensee, securities within an actual market value of at least P100,000.00;

b. Additional securities shall be deposited within six months after the end of the fiscal year indicated in the FS in the following situations:

   i. if the licensee's gross income within the Philippines for that fiscal year exceeds P5,000,000.00, additional securities with an actual market value equivalent to 2% of the increase in said gross income; and

   ii. if the actual market value of the securities deposited has decreased by at least 10% per cent from the time it was deposited, additional securities with an actual market value that would cover the decrease.

Section 10. The fines for the late deposit of securities shall be as follows:

a. for the initial deposit - basic fine of P10,000.00;
and surcharge of P500.00 per month of delay

b. for the additional deposit -

	a. Initial Securities Deposit	b. Additional Securities Deposit
1st violation	basic fine of P10,000.00; surcharge of P500.00 per month of delay	basic fine of P7,000.00; surcharge of P500.00 per month of delay
2nd violation	basic fine of P10,000.00; surcharge of P1,000.00 per month of delay	basic fine of P7,000.00; surcharge of P1,000.00 per month of delay
3rd violation	basic fine of P10,000.00; surcharge of P1,500.00 per month of delay	basic fine of P7,000.00; surcharge of P1,500.00 per month of delay

A fraction of a month shall be considered as one month for purposes of computation of the surcharge.

C) REGIONAL OPERATING HEADQUARTERS AND REGIONAL HEADQUARTERS OF MULTINATIONAL COMPANIES

Section 11. All ROHQs and RHQs shall submit the following reports to the SEC:

a. GIS, in the form prescribed by the SEC, within 30 days after the issuance of the certificate of registration and license;

b. GIS, in the form prescribed by the SEC, within 30 days from the anniversary date of the issuance of the certificate of registration and license; and

c. FS, stamped "received" by the Bureau of Internal Revenue, within 120 days after the end of the fiscal year indicated in the FS.

Section 12. The FS of an ROHQ with assigned capital of P50,000.00 or more and an RHQ with total assets of P500,000.00 or more shall be audited by an independent certified public accountant registered with the Board of Accountancy.

Section 13. The FS of an ROHQ with assigned capital of less than P50,000.00, and an RHQ with total assets of less than P500,000.00 shall, at the minimum, be certified, under oath, by the treasurer of the corporation.

Section 14. The fines for the failure to file the GIS and FS within the prescribed period shall be based on the Accumulated Income of the ROHQ or Fund Balance of the RHQ, as reflected in the FS for the preceding fiscal year.

For this purpose, the following scale of fines shall be used:

ROHQ		RHQ	
Accumulated Income	Fines	Fund Balance	Fines
Up to P100,000.00	P2,500.00	Up to P100,000.00	P1,500.00
P100,000.01 to P500,000.00	P4, 000.00	P100,000.01 to P500,000.00	P3,000.00
P500,000.01 to P5,000,000.00	P6,000.00	P500,000.01 to P10,000,000.00	P5,000.00
P5,000,000.01 to P10,000,000.00	P 8,000.00	P10,000,000.01 to P100,000,000.00	P7,000.00
Above P10,000,000.00	P10,000.00	Above P100,000,000.00	P10,000.00
Deficit or Negative Fund Balance	P1,500.00		P1,000.00
Capital Deficiency	P1,000.00		---

The fines shall be computed on a "per report" basis, but shall not exceed P10,000.00 annually or for every year of violation.

Section 15. If the ROHQ or RHQ is not in operation, it shall submit to the SEC an Affidavit of Non-Operation signed by its resident agent, GIS and Balance Sheet within 120 days after the end of the fiscal year indicated in the FS. Partial compliance with this requirement shall be treated as non-compliance.

Section 16. The fines for failure to submit the aforementioned reports shall be:

a. for the ROHQ - P2,500.00 per year
b. for the RHQ - P2,000.00 per year

Section 17. Subject to the provisions of Articles 58 and 59 of the Omnibus Investments Code, as amended, the ROHQ and RHQ shall submit a certificate of inward remittance as follows:

Remittance	Period	Amount	
		ROHQ	**RHQ**
Initial	within 30 days after the issuance of the *SEC certificate of* registration and license	at least US$200,000.00 or its equivalent in other foreign currencies, converted to Philippine currency	at least US$50,000.00 or its equivalent in other foreign currencies, *converted to* Philippine currency
Annual	within 30 days from the anniversary date of the issuance of the SEC certificate of registration and license	---	at least US$50,000.00 or its equivalent in other foreign currencies, converted to Philippine currency during the past year

Section 18. The fines for the late submission of the certificate of inward remittance shall be as follows:

a. for the initial remittance - basic fine of P10,000.00; surcharge of P500.00 per month of delay

b. for the annual remittance -

1st violation	basic fine of .003 of the actual remittance; surcharge of P500.00 per month of delay
2nd violation	basic fine of .004 of the actual remittance; surcharge of P1,000.00 per month of delay
3rd violation	basic fine of .005 of the actual remittance; surcharge of P1,500.00 per month of delay

If there is no proof of inward remittance, the fine shall be based on the latest required inward remittance.

A fraction of a month shall be considered one month for purposes of computation of the surcharge.

D) LATE REPORTS AND SUBSEQUENT VIOLATIONS

Section 19. If the GIS, FS, and, where applicable, the Affidavit of Non-Operation, GIS and Balance Sheet, are filed beyond the prescribed period, but the delay does not exceed 30 days, an additional fine equivalent to 50% of the fine for non-filing shall be imposed; provided, however, that if the delay exceeds 30 days, the reports shall be considered as non-compliant.

Section 20. No extension of the period within which to comply with the reportorial and monitoring requirements shall be allowed.

Section 21. Subsequent violations of the reportorial requirements shall be penalized as follows:

a. 2nd violation - assessed fines plus 10% surcharge
b. 3rd violation - assessed fines plus 15% surcharge
c. 4th violation - revocation of the certificate of registration or license

E) USE OF THE REVISED GENERAL INFORMATION SHEET

Section 22. The branch offices and representative offices of foreign corporations shall use the revised official GIS form: **GIS-FOREIGN (v.2006)**, and ROHQs and RHQs shall use **GIS-ROHQ/RHQ (v.2006)**, copies of which are attached to this Circular.

Section 23. Upon the effectivity of this Circular, the official GIS forms shall be available for downloading at the SEC website (www.sec.gov.ph) or from any of the SEC's extension offices. Only filings that conform to the format of the official GIS forms shall be accepted. Filings that deviate from these forms shall be considered as non-compliant with this Circular.

F) TRANSITORY PROVISIONS AND EFFECTIVITY OF THE PENALTIES

Section 24. The penalties provided for in this Circular shall take effect on 01 January 2007. However, after the publication of this Circular, all registered foreign corporations are directed to visit the SEC's Company Registration and Monitoring Department before 31 December 2006 to settle any obligations they may have incurred for non-filing or late filing of the required reports. The settlement of these obligations shall be made in accordance with the old scale of fines. If no settlement is made on or before 31 December 2006, the penalties provided for in this Circular shall apply.

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

This Circular shall take effect after its publication in a newspaper of general circulation.

Mandaluyong City, Philippines.

__3__ October 2006.

DE B. BARIN
Chairperson

Attached: GIS-FOREIGN(v.2006) and GIS-ROHQ/RHQ(v.2006) forms

TVA/seccirc-penaltiesforeign

GENERAL INFORMATION SHEET (GIS)

FOREIGN CORPORATION

FOR THE YEAR _____

GENERAL INSTRUCTIONS:

1 FOR USER CORPORATION: THIS GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE ANNIVERSARY DATE OF THE ISSUANCE OF THE SEC LICENSE . ***DO NOT LEAVE ANY ITEM BLANK.*** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE OR "NONE" IF THE INFORMATION IS NON-EXISTENT.

2 THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE RESIDENT AGENT OF THE CORPORATION.

3 SUBMIT FIVE (5) COPIES OF THE GIS TO THE CENTRAL RECEIVING SECTION, GROUND FLOOR, SEC BLDG., EDSA, MANDALUYONG CITY. ALL COPIES SHALL BE ON A4 OR LETTER-SIZE PAPER WITH THE STANDARD COVER SHEET. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE. CORPORATIONS SUBMITTING A SOFT COPY OF THEIR GIS SHALL SUBMIT FOUR (4) HARD COPIES OF THE GIS, TOGETHER WITH A CERTIFICATION UNDER OATH BY ITS RESIDENT AGENT THAT THE SOFT COPY CONTAINS THE EXACT DATA IN THE HARD COPIES.

4 ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS COMPLIANT WITH EXISTING RULES AND REGULATIONS.

5 THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESIDENT AGENT/OFFICER(S) FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

☐ BRANCH OFFICE o STOCK o *DOMESTIC MARKET ENTERPRISE* o *EXPORT MARKET ENTERPRISE* o NON-STOCK	☐ REPRESENTATIVE OFFICE o STOCK o NON-STOCK

PLEASE PRINT LEGIBLY

NAME OF FOREIGN CORPORATION:		DATE OF ISSUANCE OF SEC LICENSE:
BUSINESS/ TRADE NAME		FISCAL YEAR END:
SEC LICENSE NUMBER:		CORPORATE TAX IDENTIFICATION NUMBER (TIN):
COUNTRY WHERE ORGANIZED:		WEBSITE/URL ADDRESS:
ASSIGNED CAPITAL:		EMAIL ADDRESS:
COMPLETE OFFICE ADDRESS IN THE PHILIPPINES:		TELEPHONE/FAX NUMBER(S):
COMPLETE NAME AND ADDRESS OF THE RESIDENT AGENT		TELEPHONE/FAX NUMBER(S):
BUSINESS AS STATED IN THE SEC LICENSE:		

TOTAL SECURITIES DEPOSITED:		NET PROFIT (LOSSES) BEFORE TAX DURING THE PRECEDING TAXABLE YEAR	
Kind of Securities	Amount		
ACCUMULATED INCOME/FUND BALANCE BASED ON THE FINANCIAL STATEMENT OF THE PRECEDING FISCAL YEAR		*TO BE FILLED UP BY SEC PERSONNEL*	
		INDUSTRY CLASSIFICATION CODE:	NATIONAL GEOGRAPHICAL CODE (NGC):

GENERAL INFORMATION SHEET

FOREIGN CORPORATION

========== PLEASE PRINT LEGIBLY ==========

NAME OF FOREIGN CORPORATION:

OFFICERS IN THE PHILIPPINES:

NAME *CURRENT, COMPLETE RESIDENTIAL ADDRESS*	NATIONALITY	POSITION
1.		
2		
3		
4		
5		

I, _____, RESIDENT AGENT of _____,

DECLARE UNDER THE PENALTY OF PERJURY, THAT ALL MATTERS SET FORTH IN THIS GENERAL INFORMATION SHEET WHICH CONSISTS OF TWO (2) PAGES HAVE BEEN MADE IN GOOD FAITH, DULY VERIFIED BY ME , ARE TRUE AND CORRECT *BASED* ON MY PERSONAL KNOWLEDGE AND ON AUTHENTIC RECORDS AT HAND.

I UNDERSTAND THAT THE FAILURE OF THE CORPORATION TO FILE THIS GIS FOR FIVE (5) CONSECUTIVE YEARS SHALL BE CONSTRUED AS NON-OPERATION OF THE CORPORATION AND A GROUND FOR THE REVOCATION OF THE CORPORATION'S SEC LICENSE TO DO BUSINESS IN THE PHILIPPINES. IN THIS EVENTUALITY, THE CORPORATION HEREBY WAIVES ITS RIGHT TO A HEARING FOR THE SAID REVOCATION.

DONE THIS _____ DAY OF _____, 200__ IN _____.

_____
SIGNATURE

SUBSCRIBED AND SWORN TO BEFORE ME IN _____, PHILIPPINES ON _____, AFFIANT PERSONALLY APPEARED BEFORE ME AND EXHIBITED TO ME HIS/HER COMMUNITY TAX CERTIFICATE/PASSPORT NO. _____ ISSUED AT _____ ON _____.

NOTARY PUBLIC FOR _____
Notarial Commission _____
Commission expires on December 31, _____
Roll of Attorney Number _____
PTR No. _____
IBP No. _____
Office Address _____
_____
_____

DOC NO.:_____
PAGE NO.:_____
BOOK NO.:_____
SERIES OF 200_

GENERAL INFORMATION SHEET (GIS)

REGIONAL OPERATING HEADQUARTERS AND REGIONAL HEADQUARTERS OF MULTINATIONAL COMPANIES

FOR THE YEAR _____

GENERAL INSTRUCTIONS:

1 FOR USER CORPORATION: THIS GIS SHALL BE SUBMITTED:
a.) WITHIN THIRTY (30) DAYS AFTER THE ISSUANCE OF THE SEC CERTIFICATE OF REGISTRATION AND LICENSE AND
b.) WITHIN THIRTY (30) DAYS FROM THE ANNIVERSARY DATE OF THE ISSUANCE OF THE SEC CERTIFICATE OF REGISTRATION AND LICENSE. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE OR "NONE" IF THE INFORMATION IS NON-EXISTENT.

2 THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY A RESPONSIBLE OFFICER OF THE MULTINATIONAL COMPANY.

3 SUBMIT FIVE (5) COPIES OF THE GIS TO THE CENTRAL RECEIVING SECTION, GROUND FLOOR, SEC BLDG., EDSA, MANDALUYONG CITY. ALL COPIES SHALL BE ON A4 OR LETTER-SIZE PAPER WITH THE STANDARD COVER SHEET. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE. CORPORATIONS SUBMITTING A SOFT COPY OF THEIR GIS SHALL SUBMIT FOUR (4) COPIES OF THE GIS, TOGETHER WITH A CERTIFICATION UNDER OATH BY ITS RESPONSIBLE OFFICE THAT THE SOFT COPY CONTAINS THE EXACT DATA IN THE HARD COPIES THEREOF.

4 ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS COMPLIANT WITH EXISTING RULES AND REGULATIONS.

5 THIS GIS MAY BE USED AS EVIDENCE AGAINST THE MULTINATIONAL COMPANY AND ITS RESPONSIBLE OFFICER FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

☐ REGIONAL OPERATING HEADQUARTERS ☐ REGIONAL HEADQUARTERS

PLEASE PRINT LEGIBLY

NAME OF MULTINATIONAL COMPANY:		
BUSINESS/ TRADE NAME:		SEC LICENSE NUMBER:
DATE OF ISSUANCE OF SEC LICENSE:		CORPORATE TAX IDENTIFICATION NUMBER (TIN):
COUNTRY WHERE ORGANIZED:		WEBSITE/URL ADDRESS:
FISCAL YEAR END:		EMAIL ADDRESS:
COMPLETE OFFICE ADDRESS IN THE PHILIPPINES:		TELEPHONE/FAX NUMBER(S):
BUSINESS AS STATED IN THE SEC LICENSE:		
COMPLETE NAME AND ADDRESS OF THE RESPONSIBLE OFFICER TO WHOM SUMMONS MAY BE SERVED:		TELEPHONE/FAX NUMBER(S):
INWARD REMITTANCE AS OF THE END OF THE FISCAL YEAR:	AMOUNT US$ _____ US$ _____	DATE _____ _____
ASSIGNED CAPITAL *(For ROHQ):*		ACCUMULATED INCOME/FUND BALANCE BASED ON THE FINANCIAL STATEMENT OF THE PRECEDING FISCAL YEAR

GENERAL INFORMATION SHEET

REGIONAL OPERATING HEADQUARTERS AND REGIONAL HEADQUARTERS OF MULTINATIONAL COMPANIES

========== PLEASE PRINT LEGIBLY ==========

NAME OF MULTINATIONAL COMPANY:

OFFICERS AND PERSONNEL OF THE REGIONAL OPERATING HEADQUARTERS/REGIONAL HEADQUARTERS:	NO. OF OFFICERS AND PERSONNEL:		
NAME CURRENT, COMPLETE RESIDENTIAL ADDRESS	POSITION/TITLE	NATIONALITY	SALARY
1.			
2			
3			
4			
5			

I, _____, Resident Agent of _____,

DECLARE UNDER THE PENALTY OF PERJURY, THAT ALL MATTERS SET FORTH IN THIS GENERAL INFORMATION SHEET WHICH CONSISTS OF TWO (2) PAGES HAVE BEEN MADE IN GOOD FAITH, DULY VERIFIED BY ME AND , ARE TRUE AND CORRECT BASED ON MY PERSONAL KNOWLEDGE AND ON AUTHENTIC RECORDS AT HAND.

I UNDERSTAND THAT THE FAILURE OF THE CORPORATION TO FILE THIS GIS FOR FIVE (5) CONSECUTIVE YEARS SHALL BE CONSTRUED AS NON-OPERATION OF THE REGIONAL OPERATING HEADQUARTERS/REGIONAL HEADQUARTERS AND A GROUND FOR THE REVOCATION OF THE REGIONAL OPERATING HEADQUARTERS/REGIONAL HEADQUARTERS' SEC LICENSE TO DO BUSINESS IN THE PHILIPPINES. IN THIS EVENTUALITY, THE CORPORATION HEREBY WAIVES ITS RIGHT TO A HEARING FOR THE SAID REVOCATION.

DONE THIS _____ DAY OF _____, 200__ IN _____.

_____
SIGNATURE

SUBSCRIBED AND SWORN TO BEFORE ME IN _____, PHILIPPINES ON _____, AFFIANT PERSONALLY APPEARED BEFORE ME AND EXHIBITED TO ME HIS/HER COMMUNITY TAX CERTIFICATE NO. _____ ISSUED AT _____ ON _____.

NOTARY PUBLIC FOR
Notarial Commission
Commission expires on December 31, _____
Roll of Attorney Number
PTR No.
IBP No.
Office Address

DOC NO.:_____
PAGE NO.:_____
BOOK NO.:_____