Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

SEC Memorandum Circular No. 15
Series of 2013

To : **FINANCING AND LENDING COMPANIES**

Subject : **POLICIES AND GUIDELINES ON THE ISSUANCE OF EXEMPT COMMERCIAL PAPERS**

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The Commission, in its meeting on 18 July 2013, confirmed the following existing policies and guidelines on the issuance by financing and lending companies of commercial papers (CPs) which are exempt from registration requirement pursuant to SRC Rule 9.2 of the Implementing Rules and Regulations of Republic Act 8799, otherwise known as the Securities Regulation Code (SRC).

A. REPORTS REQUIRED TO BE SUBMITTED

Financing and Lending companies with commercial paper issued and/or proposed to be issued shall comply with the following reportorial requirements:

1. Annual Information Statement

Issuer of exempt commercial papers shall submit on or before January 30 of each year an Annual Information Statement (AIS) using SEC Form 2013-IS-ECP.

2. Quarterly Report

Issuer of exempt commercial papers shall submit within thirty (30) calendar days from the end of each quarter a Quarterly Report using SEC Form Q-EPS.

B. EXEMPT COMMERCIAL PAPERS UNDER SRC RULE 9.2(2)(D)

1. Implementation of the "prior approval" requirement of SRC Rule 9.2(2)(D)(iv)

Request for exemption covering CPs already issued prior to January 2014 shall only be subject to the payment of filing fee of 1/10 of 1% of the amount of commercial papers issued plus 1% legal research fee (LRF).

Request for exemption covering CPs to be issued in January 2014 onwards and without prior filing of the request and/or approval of the Commission shall be subject to the penalty for issuance of securities without prior registration, in addition to the payment of filing fee and LRF.

2. Duration of the approval of specified amount of CPs that may be issued

For short term commercial papers (with term of 365 days or less), the exemption shall be effective from the date of approval until December 31 of the immediately succeeding year.

For long term commercial papers (with term of more than one year), the exemption shall be effective from the date of approval until December 31 of the third year succeeding the year of approval.

3. Issuance of CPs to not more than nineteen (19) lenders

The requirement of SRC Rule 9.2(2)(D)(i) that CPs shall be issued to not more than nineteen (19) lenders shall be deemed complied with if at any given time, the outstanding CPs are issued to not more than 19 non-institutional lenders. Non-institutional lenders shall refer to lenders other than those specified under SRC Rule 9.2(2)(B).

4. Conditions to be qualified for exemption

In order to be qualified for exemption, the requesting company must establish compliance with the following conditions:

a. Current Ratio of at least 1:1
b. Debt to Equity Ratio of not more than 3:1
c. Total Asset to Total Liabilities Ratio of at least 1:1

5. Basis of the computation of filing fee

In the computation of the filing fee for the request for exemption, the basis shall be the total amount of CPs issued/proposed to be issued, without deducting Php50 Million.

6. Waiver of the requirement to file request for exemption for CPs the amount of which were already reduced to Php50 Million or less as of the end of 2013

For commercial paper issuances amounting to more than Php50 Million as appearing on earlier Audited Financial Statements (AFS) but were already reduced to Php50 Million or less as of the end of 2013, the company shall no longer be required to file a request for exemption but shall still comply with the required submission of Annual Information Statement and Quarterly Report using SEC Form 2013-IS-ECP and SEC Form Q-EPS, respectively.

Issued this 18th day of July 2013, Mandaluyong City.

By the Authority of the Commission:

TERESITA J. HERBOSA
Chairperson