REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
CORPORATION FINANCE DEPARTMENT
6TH FLR. SEC BLDG. EDSA, GREENHILLS, MANDALUYONG CITY
TEL NOS. 725-8508; 726-2264 FAX:: 727-2990
Website: http://www.sec.gov.ph

SEC Memorandum Circular No. 18
Series of 2004

To : All Financing Companies
Subject: Required Paid-Up Capital of Head Office

To rationalize the implementation of Section 6(c) of the Rules and Regulations to Implement the Provisions of Republic Act No. 8556 (The Financing Company Act of 1998), the following guidelines to govern minimum capitalization required of Financing Companies proposing to have or maintaining branch offices are hereby promulgated:

1. All financing companies with Head Office in locations which require a lower minimum capital maintaining or proposing to maintain Branch Office/s in locations which require a higher minimum capital shall have a minimum paid-up capital corresponding to that of higher capitalized locations. This is in addition to the required additional capital for the Branch Office;

2. All existing financing companies affected by the above provision including those which submitted an undertaking to build up their capital shall submit a program of capital build-up within fifteen (15) days from the effectivity of this Circular;

3. The program of capital build up to be submitted shall be as follows:

No. of Years to Build up	First Year	Second Year	Third Year
3	20%	30%	50%
2	50%	50%	
1	100% (50%/6 mos.)		

4. A proof of compliance with the paid-up capital consisting of a certification under oath by the Treasurer for every indicated period shall be submitted not later than thirty (30) days following the indicated date;

5. Failure to comply with the aforesaid program shall be subject to a basic penalty of Php10,000.00 plus Php100.00 for every day of delay

This Circular shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

Issued this 18th day of November, 2004 at EDSA, Greenhills, Mandaluyong City, Philippines.

JE B. BARIN
Chairperson