Republic of the Philippines
Department of Finance
Securities and Exchange Commission

SEC MEMORANDUM CIRCULAR NO. 24
Series of 2020

TO: **ALL CONCERNED FOREIGN CORPORATIONS**

SUBJECT: **GUIDELINES ON POSTING OF:**
1. **ADDITIONAL SECURITIES DEPOSIT**
2. **SUBSTITUTION OF SECURITIES DEPOSIT AND**
3. **CHANGE OF RESIDENT AGENT**

WHEREAS, pursuant to SEC Memorandum Circular No. (SEC MC No.) 11, Series of 2020, the Commission has issued an extension on the deadline for the submission or filing of securities deposit during the Covid-19 outbreak while the Philippines was placed under the Enhanced Community Quarantine (ECQ) within thirty (30) days from lifting of the Enhanced Community Quarantine (ECQ) or until June 15, 2020;

WHEREAS, for Foreign Corporations with License to Operate as Branch Office, Memorandum Circular Nos. 17, and 18, all series of 2020, were pertinent as these extended the deadline for the submission of the audited financial statements (AFS):

a. MC No. 17 – a period of 60 calendar days from the regular filing deadlines (for companies with fiscal years ending 31 January 2020 to 31 March 2020); a period of 45 calendar days from the regular filing deadline (for companies with fiscal year ending 30 April 2020), as follows:

    1. FY ending 31 January 2020 – filing extended until 29 July 2020
    2. FY ending 28 February 2020 – filing extended until 27 August 2020
    3. FY ending 31 March 2020 – filing extended until 27 September 2020
    4. FY ending 30 April 2020 – filing extended until 12 October 2020

b. MC No. 18 –filing extended from June 29 2020 to August 7, 2020 depending on the last numerical digit of the SEC registration or license number

WHEREAS, the latest due AFS is used as basis for monitoring of branch offices in its posting of additional and/or substitution of securities deposit.

WHEREAS, the change of resident agent in foreign corporations requires posting of securities deposit that are compliant with SEC Memorandum Circular No. 17 Series of 2019.

NOW, THEREFORE, the Commission hereby resolves to EXTEND the deadline for the posting of additional securities deposit and substitution of securities deposit to align the same with the extended deadline of the AFS, subject to the following guidelines:

1. Posting of additional securities deposit for branch offices whose submission of AFS was extended pursuant to MC Nos. 17 and 18, all series of 2020 shall be extended until October 29, 2020.

2. Securities deposit that matured during the period of extension pursuant to MC Nos. 17 and 18, all series of 2020, shall likewise be extended until October 29, 2020.

3. The extension for posting of additional securities deposit and substitution of securities deposit shall automatically be applied without the need for a request from the affected branch offices.

4. Sec. 185 of the Revised Corporation Code (RCC) provides that "a corporation lawfully existing and doing business in the Philippines affected by the new requirements of this Code shall be given a period of not more than two (2) years from the effectivity of this Act within which to comply". The RCC became effective on February 23, 2019. As such, pursuant to Sec. 185, these affected corporations are given until February 23, 2021 to comply. However, pursuant to the directive under Sec. 4 (z) of Republic Act No. 11469, otherwise known as the *Bayanihan to Heal*

Published:
Manila Bulletin, August 26, 2020
Philippine Star, August 26, 2020

As One Act, to move statutory deadlines and timelines for the filing and submission of any document, payment of taxes, fees and other charges required by law and the grant of any benefit in order to ease the burden on individuals under Community Quarantine, the Commission is further extending the compliance period for these affected corporations.

Accordingly, for corporations incorporated prior to February 23, 2019, the adjustment in the computation of additional securities deposit based on the new figures of Sec. 143 of the RCC and compliance with the increase in initial deposit amounting to Five Hundred Thousand Pesos (P500,000.00) will commence on August 1, 2021, unless the foreign corporation opts to comply the minimum amount of Five Hundred Thousand Pesos (P500,000.00) imposed by the RCC.

5. For foreign corporations licensed on February 23, 2019 or onwards, the minimum of Five Hundred Thousand Pesos (P500,000.00) shall be imposed, as required by Sec. 143 of the RCC. Any additional securities deposit for these corporations shall adopt the adjustment in the computation based on the figures of Sec. 143 of the RCC.

FURTHER, in relation to the change of resident agent[1], the following applications will not incur penalty if payment of appropriate fees[2] are made on or before September 30, 2020. Hence, penalty shall commence to run on October 1, 2020:

1. Applications on request for change of resident agent filed and reviewed before March 16, 2020 with issued Payment Assessment Form (PAF)

2. Applications on request for change of resident agent filed before the quarantine period (ECQ, MECQ, GCQ, MGCQ) but issued a PAF during the quarantine period (ECQ, MECQ, GCQ, MGCQ)

3. Applications on request for change of resident agent filed and reviewed during the quarantine period (ECQ, MECQ, GCQ, MGCQ) but without issuance of PAF

This Memorandum Circular shall take effect immediately.

Signed this 24 day of August 2020, Pasay City, Philippines.

EMILIO B. AQUINO
Chairperson

[1] Please note that for change of resident agent, the approval of SEC through a Petition for Change of Resident Agent is required and within 30 days upon SEC approval, a GIS should be filed. Otherwise, penalties will be incurred.

[2] Penalty is 1,000 per month. Fraction of a month is considered as 1 month. Please note that despite community quarantine, online payment centers are readily available.