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

SEC Memorandum Circular No. 7
Series of 2013

To : **LENDING COMPANIES**

Subject : **SINGLE BORROWER LIMIT (SBL) AND CREDIT LIMIT ON DIRECTORS, OFFICERS, STOCKHOLDERS AND RELATED INTERESTS (DOSRI)**

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The Commission En Banc, in its meeting on 08 April 2013, approved the amendment of Rule 3 of the Implementing Rules and Regulations of the Lending Company Act of 2007 (Republic Act No. 9474) by requiring lending companies to comply with the Single Borrower Limit (SBL) and credit limit on directors, officers, stockholders and related interests (DOSRI). Accordingly, the said Rule is hereby amended as follows:

"***RULE 3. Requirements for Organization***

(a) Form of Organization

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(h) The total credit that a lending company may extend to its directors, officers and stockholders shall not exceed fifteen percent (15%) of its networth. For this purpose, loans and other credit extended by a lending company to the following related interests shall be deemed extended to its directors, officers and stockholders:

i. Spouse or relatives within the first degree of consanguinity or affinity, or relatives by legal adoption, of the officer, director or stockholder of the lending company;

ii. Partnership in which a director or officer or stockholder of the lending company, or their spouse or relatives referred to in the preceding item (item i) is a general partner;

iii. Corporations where a director or officer or stockholder of the lending company, or their spouse or relatives referred to in item i above is also a director or officer of the corporation;

iv. Corporations where more than twenty percent (20%) of its subscribed capital stock is owned by a director or officer or stockholder of the lending company or their spouse or relatives referred to in item i above;

v. *Corporations wholly or majority-owned or controlled by entities mentioned in items ii, iii and iv above.*

(i) The total credit that a lending company may extend to any person, company, corporation or firm shall not exceed thirty percent (30%) of its networth."

The penalties for violations of the aforesaid requirements shall be as provided below:

Violation	1st Offense	2nd Offense	3rd Offense	4th Offense
Total credit extended to the company's directors, officers, stockholders and related interests (DOSRI) exceeds 15% of the company's networth	P10,000.00 plus P100.00 per day	P10,000.00 plus P200.00 per day	P10,000.00 plus P300.00 per day	Suspension and/or revocation of Certificate of Authority after due notice/proceedings
Total credit extended to any person, whether individual, partnership or corporation (Single Borrower Limit) exceeds 30% of the company's networth	P10,000.00 plus P100.00 per day	P10,000.00 plus P200.00 per day	P10,000.00 plus P300.00 per day	Suspension and/or revocation of Certificate of Authority after due notice/proceedings

This Memorandum Circular shall be published in two (2) newspapers of general circulation in the Philippines and shall take effect fifteen (15) days after the date of such publication.

Issued this 8th of April 2013, Mandaluyong City, Philippines.

For the Commission:

TERESITA J. HERBOSA
Chairperson