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

SEC MEMORANDUM CIRCULAR NO. 8
Series of 2006

To : **ALL CONCERNED**
Re : **REVISED GUIDELINES ON FOUNDATIONS**

WHEREAS, Section 5 of Republic Act No. 8799, otherwise known as the Securities Regulation Code, in relation to Presidential Decree No.902-A, declares the need to empower the Securities and Exchange Commission (the "Commission") to protect not only the investors but the public as well, pursuant to the government's policy of promoting the equitable distribution of wealth;

WHEREAS, many of the foundations registered with the Commission have been observed to focus mainly on the fund-raising aspect of their projects;

WHEREAS, it is essential that the funds generated by the foundations are utilized in accordance with the purposes stated in their Articles of Incorporation;

IN VIEW OF THE FOREGOING, SEC Memorandum Circular No. 01-04 dated January 20, 2004 is hereby revised and the following guidelines in the registration and monitoring of foundations are hereby adopted:

Section 1. A "Foundation" is a non-stock, non-profit corporation established for the purpose of extending grants or endowments to support its goals or raising funds to accomplish charitable, religious, educational, athletic, cultural, literary, scientific, social welfare or other similar objectives.

Section 2. A Foundation applying for registration with the Commission shall, in addition to the requirements for non-stock, non-profit corporations, submit the following documents:

a. Notarized Certification of Bank Deposit of the amount of not less than One Million Pesos (P1,000,000.00); and

b. Statement of willingness to allow the Commission to conduct an audit.

Section 3. The applicant's corporate name shall contain the word "Foundation".

Section 4. Upon the effectivity of this Circular, all registered Foundations shall submit, in addition to the General Information Sheet, its Audited Financial Statement which shall include a sworn Statement of its President and Treasurer on the following information that relates to the preceding fiscal year:

a. Source and Amount of Funds;

b. Program/Activity planned, ongoing and accomplished;

i Complete name, address and contact number of project officer-in-charge;

ii. Complete address and contact number of project office; and

c. Application of Funds.

Section 5. A registered Foundation shall attach to the sworn statement mentioned in the immediately preceding paragraph a Certification from the Office of the Mayor, or the Office of the Barangay Captain, or the Head of either the Department of Social Welfare and Development or Department of Health, on the existence of the subject Program/Activity in the locality on which it exercises jurisdiction.

Section 6. In case a registered Foundation has not yet submitted to the Commission a statement of willingness to allow the conduct of an audit, it shall attach such statement when it submits the documents required in Sections 4 and 5.

Section 7. For purposes of the audit to be conducted, a registered Foundation shall allow the Commission's representatives access to its corporate and accounting books, records, names of beneficiaries, agreements entered into, correspondences and all pertinent documents for the preceding five (5) years.

Section 8. All funds of the Foundation shall be deposited in a banking institution regulated by the Bangko Sentral ng Pilipinas.

Section 9. Failure to comply with any of these rules or any violation of the provisions hereof shall render the Foundation liable to pay a fine in an amount that shall be determined by the Commission which shall not be less than Ten Thousand Pesos (P10,000.00). In case the Foundation fails to submit the

required documents for two (2) consecutive years, the Commission may, after due notice and hearing, revoke the registration of the Foundation. The penalties enumerated herein shall be without prejudice to whatever other legal action may be available under existing laws.

Section 10. All other circulars, rules, orders and issuances, or parts thereof that are inconsistent with this Memorandum Circular are hereby repealed or modified accordingly.

Section 11. These Revised Guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Mandaluyong City, Philippines.

June 22 2006.

FE B. BARIN
Chairperson