Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

SEC Memorandum Circular No. 9
Series of 2010

TO : LENDING COMPANIES
SUBJECT : SCALE OF PENALTIES FOR LENDING COMPANIES

Pursuant to the authority granted under Section 9 of the Lending Company Regulation Act of 2007 (R.A No. 9474) and Rule 8(c) of its Implementing Rules and Regulations (IRR), the Commission in its Resolution No. 473, s. of 2010 adopted during its meeting on October 14, 2010, approved the Schedule of Penalties set forth below for violation/s of the provisions of the law and its IRR.

Provisions of R.A. No. 9474 and its IRR	Description	1st Offense	2nd Offense	3rd Offense	4th Offense
Sec. 4; Rule 3	Operating a Lending Company Head Office without a Certificate of Authority from SEC	PhP 10,000.00 plus PhP 100.00 daily penalty	For blacklisting and revocation of primary franchise (for continuous non-compliance)	N/A	N/A
Sec. 4; Rule 3	Operating a Branch, Extension, Satellite or Unit Office without a Certificate of Authority from SEC	PhP 10,000.00 plus PhP 100.00 daily penalty	PhP 10,000.00 plus PhP100.00 daily penalty	Suspension of CA of Head Office	Revocation of CA of Head Office
Sec. 9; Rule 3	Failure to commence operation within 120 days from the date of grant of CA	Suspension of CA	SUSPENSION/REVOCATION OF CA (for continuous non-compliance)		
Sec. 9; Rule 3	Investment in real estate and in shares of stock in real estate development corporation and other real estate-based projects exceeding 25% of the company's networth	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA

Provisions of R.A. No. 9474 and its IRR	Description	1st Offense	2nd Offense	3rd Offense	4th Offense
Sec. 9; Rule 3	Lending of less than 51% of the company's funds	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA
Sec. 9; Rule 3	Late payment of annual fee	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA
Sec. 12; Rule 10	Misrepresentation or misleading statement/s on material facts in any application for, personal information sheet, reports, and other documents required to be submitted to the Commission (other than AFS and Interim FS)	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA
Sec. 5; Rule 4	Failure to comply with the required capital	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA
Sec. 7; Rule 6	Failure to furnish a debtor with a disclosure statement	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty per client	Suspension of CA	Revocation of CA
Sec. 9; Rule 8	Late submission of the following reports				
	Special Form of Financial Statements	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA
	Semi-Annual Financial Statements	Reprimand	PhP10,000.00 plus PhP100.00 daily penalty	Suspension of CA	Revocation of CA

The suspension of the company's secondary license as a lending company, after notice and hearing, shall generally be for a period of sixty (60) days from the date of receipt of the Order of Suspension, unless otherwise provided. The administrative penalties are without prejudice to the institution of criminal actions against responsible officers and directors for violation of Sec. 12 of R.A. No. 9474.

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

Issued this 12 day of November 2010, Mandaluyong City, Philippines.

For the Commission:

EMILIO B. BARIN
Chairperson