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

SEC Memorandum Circular No. 9
Series of 2011

To: ALL LISTED, PUBLIC AND MUTUAL FUND COMPANIES

Subject: Term Limits for Independent Directors

Pursuant to its authority under Section 72, in relation to Section 38, of the Securities Regulation Code (Republic Act No. 8799), the Commission, in its meeting on December 2, 2011, and in order to enhance the effectiveness of independent directors and encourage the infusion of fresh ideas in the boards of directors, resolved to promulgate the following rules on the election of Independent Directors in listed, public and mutual fund companies:

1. There shall be no limit in the number of covered companies that a person may be elected as Independent Director (ID), except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;

2. IDs can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated;

3. After completion of the five-year service period, an ID shall be ineligible for election as such in the same company unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company;

4. An ID re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in paragraph 2 above;

5. After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such in the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in this Circular;

6. The foregoing rules shall take effect on January 2, 2012. All previous terms served by existing IDs shall not be included in the application of the term limits subject of this Circular.

7. All past resolutions or circulars of the Commission that are inconsistent with this Circular shall be deemed repealed or modified accordingly.

Mandaluyong City, Metro Manila, December 5, 2011

For the Commission:

Teresita J. Herbosa
Chairperson