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

COMMISSION EN BANC

In the matter of:

TRADITION FINANCIAL SERVICES PHILIPPINES, INC.
rep. by JAIME F. VILLALON
Appellant,

-versus -

SEC En Banc Case No. 03-15-366

MARKETS AND SECURITIES REGULATION DEPARTMENT,
rep. by DIR. VICENTE GRACIANO P. FELIZMENIO, JR.,
Appellee.

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RESOLUTION

Before the Commission is an Appeal filed by Tradition Financial Services Philippines, Inc. ("Appellant"), assailing the Resolution dated 18 March 2015 ("Questioned Resolution") issued by the Commission's Markets and Securities Regulation Department ("MSRD").

In the Questioned Resolution, Appellant is penalized for violating SEC Memorandum Circular No. 16, Series of 2004, otherwise known as the *Risk Based Capital Adequacy Rules* ("RBCA Rules") from 2008 until the issuance of the Questioned Resolution. The dispositive portion of the Questioned Resolution partly reads:

> In view of the foregoing, the "**Certificate of Registration as Voice Broker in Government Securities**" and "**Permit to Operate as Voice Broker in Government Securities**" issued by the Commission on 02 October 2008 and 24 November 2008, respectively, in favor of Tradition Financial Services, Inc., are hereby **SUSPENDED** for at least five (5) business days from receipt of this Order and until such time that the company is able to comply with the RCBA Rules requirements.
>
> Further, the company is hereby directed to pay the penalty of **One Million (Php1,000,000.00) Pesos**, in cash, cashier's/manager's check payable to the Commission **not later than March 25, 2015**.

The Questioned Resolution was received by Appellant on 19 March 2015. On the same day, Appellant, through counsel, filed with the MSRD a *Very Urgent Motion for Suspension of the Implementation of the Order Dated 18 March 2015 Issued by MSRD*. Later, on 26 March 2015, Appellant filed its Appeal Memorandum on the Questioned Resolution with the Commission *En Banc*, through the Office of the General Counsel of the Commission. On 27 March 2015, an Order was issued by the Commission Secretary,

directing the MSRD to file its Reply Memorandum. The MSRD submitted its Reply Memorandum on 6 April 2015.

On 27 March 2015, the MSRD issued a Letter-Resolution lifting the suspension of Appellant's corporation's registration and permit as voice broker in government securities,[1] the dispositive portion of which partly reads:

> In view of the foregoing, the company's Subordinated Loan Agreement dated 24 March 2015 in the amount of Php200,000,000.00 is hereby **APPROVED**.
>
> Further, the suspension of the company's "*Certificate of Registration as Voice Broker in Government Securities*" and "*Permit to Operate as Voice Broker in Government Securities*" is hereby **LIFTED**.

On 15 April 2015, Appellant filed an *Urgent Motion to Withdraw Memorandum on Appeal*. In this *Urgent Motion*, Appellant informed the Commission of the following, *inter alia*:

1. Appellant's submission to the MSRD the following documents in compliance with the RBCA Rules:
    a. Subordinated Loan Agreement between Appellant and Tradition-Asia Pacific Pte Ltd. for the total amount of Two Hundred Million Pesos (P200,000,000.00);
    b. Proof of telegraphic transfer of the amount of Php13,572,910.00 from Tradition-Asia Pacific Pte Ltd.;
    c. Undertaking dated 26 March 2015 executed by Mr. Jaime Villalon and Carlito De Castro, president and Associated Person of the company, respectively, to the effect that they shall ensure the company will cease operations *motu proprio* in the event of violation of the RBCA Rules, particularly with respect to the minimum RBCA Ratio requirement; and
    d. Capital build-up plan and computation of Appellant corporation's compliance with the RBCA requirements.[2]
2. Appellant's payment of the penalty of One Million Pesos (P1,000,000.00) on 25 March 2015, per Official Receipt Number 1253812.[3]
3. Appellant's submission of documents to increase its authorized capital stock from Ninety Five Million Pesos (P95,000,000.00) to One Hundred Ninety Five Million Pesos (P195,000,000.00).[4]
4. MSRD's issuance of the 27 March 2015 Letter-Resolution.[5]

Likewise, Appellant has manifested that there is no longer any need to appeal the Questioned Resolution to the Commission *En Banc*, taking into account its submission of the abovementioned documents and payment of the imposed penalty, as well the Order of the MSRD lifting the suspension of Appellant corporation's registration and permit as voice broker in government securities.[6]

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[1] The MSRD admitted of this fact in par. 23 of its Reply-Memorandum.
[2] Appellant's *Urgent Motion to Withdraw Memorandum on Appeal* filed 15 April 2015, par. 5.
[3] Ibid., par. 5.
[4] Ibid., par. 5.
[5] Ibid., par. 7.
[6] Ibid., par. 8.

In *Osmeña III vs. Social Security System of the Philippines*,[7] the Supreme Court defined a moot and academic case or issue as follows:

> A case or issue is considered moot and academic when it **ceases to present a justiciable controversy** by virtue of supervening events, so that **an adjudication of the case or a declaration on the issue would be of no practical value or use**. In such instance, **there is no actual substantial relief which a petitioner would be entitled to**, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness save when, among others, a compelling constitutional issue raised requires the formulation of controlling principles to guide the bench, the bar and the public; or when the case is capable of repetition yet evading judicial review.[8]

The MSRD's issuance of the 27 March 2015 Letter-Resolution rendered the Appeal moot. An Order from the Commission directing the reversal of the Questioned Resolution will be of NO PRACTICAL VALUE or USE, since the MSRD already lifted the suspension of Appellant's permit and license and the Appellant voluntarily paid the penalty.

Considering Appellant's filing of the *Urgent Motion to Withdraw Memorandum on Appeal*, which is deemed a withdrawal of the instant Appeal, and the MSRD's issuance of the 27 March 2015 Resolution, which rendered the instant Appeal moot, it is no longer necessary to resolve the instant Appeal.

WHEREFORE, the Appeal is hereby **DISMISSED**.

SO ORDERED.

Mandaluyong City, Philippines; 6 October 2015.

TERESITA J. HERBOSA
Chairperson

MANUEL HUBERTO B. GAITE
Commissioner

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG
Commissioner

BLAS JAMES G. VITERBO*
Commissioner

* On Official Business

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[7]G.R. No. 165272, 13 September 2007, 533 SCRA 313, citing *Province of Batangas v. Romulo*, G.R. No. 152774, 27 May 2004, 429 SCRA 736, 754; *Olanolan v. Comelec*, 494 Phil. 749,759 (2005); *Paloma v. CA*, 461 Phil. 269, 276-277 (2003).
[8]Id. at 327