



## **GUIDELINES ON ACCREDITATION OF SURETY COMPANIES**

The following guidelines are hereby promulgated for the information and guidance of all duly licensed stockbrokers/dealers and their respective surety companies pursuant to Section 28.1 (b) of the Securities Regulation Code in relation to SRC Rule 28.1-5 of its implementing rules and regulations.

**Section 1. Coverage** – These Guidelines shall apply to surety companies whose surety bonds are required to be filed before the Securities and Exchange Commission (Commission).

**Section 2. Requirements for Accreditation** – No surety company shall be allowed to transact business involving surety bonds filed with the Commission unless such surety company is accredited and authorized by the Commission. The surety company shall file three (3) duly accomplished and notarized application form (SEC Form SCA-001) together with the following supporting documents:

- a. Cover letter expressing intent to be accredited as a surety company by the Commission;
- b. Certified copy of the original Articles of Incorporation and By-laws and the latest amended Articles of Incorporation and By-laws, if applicable;
- c. Certified copy of the latest General Information Sheet (GIS) stamped received by the Commission;
- d. Certified copy of the latest Audited Financial Statements stamped received by the Bureau of Internal Revenue (BIR) and the Commission;
- e. Certified copy of latest Statement of Assets and Liabilities duly stamped received by the BIR and audited Financial Statements duly stamped received by the BIR and the Commission;

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- f. Secretary's Certificate showing the surety company's authorized signatories and their specimen signatures;
- g. Personal Information Sheet of the authorized signatories and their latest 2x2 color photograph;
- h. Certified copy of the Authority to Transact Surety Business upon official recognizance, stipulations, bonds and undertakings issued by the Office of the Executive Secretary under the Office of the President;
- i. Certified copy of the current Certificate of Authority from the Insurance Commission;
- j. Certified copy of the current Certificate of Authority from the Supreme Court;
- k. Clearance Certificate from the various departments of the Commission;
- l. Pro-forma Stockbroker's/Dealer's Bond Agreement containing relevant provisions satisfying the Commission's requirements; and
- m. Such other documents as the Commission may require from time to time.

**Section 3. Filing Fees** - All applications for accreditation shall be accompanied by a basic fee of Five Thousand Pesos (P5,000.00). An additional fee of One Hundred Pesos (P100.00) shall be paid for each broker/dealer client in excess of five (5). The additional fee shall be paid on the first Monday of March of the year subsequent to the year the application was filed and approved.

For purposes of computing the additional fee, the total number of broker/dealer clients of the surety company for the corresponding accreditation period will only be based on the number of broker/dealer clients of the surety company on the first year of accreditation or the first year of renewal of accreditation as the case maybe.

**Section 4. Approval** - Within thirty (30) days from receipt of the application for accreditation with complete requirements, the Commission shall either approve the application outright or schedule a hearing to resolve issues which may result in such application being denied based on concerns that the Commission may deem important.

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If the application for accreditation is denied, the Commission shall inform the applicant surety company of the denial and the reasons therefor. The application fee shall be forfeited.

**Section 5. Validity and Effectivity of Certificate of Accreditation** – Unless revoked by the Commission, the Certificate of Accreditation shall be valid for three (3) years covering the period of January 01 of the first year following the year the initial application or renewal application was filed to December 31 of the third year.

**Section 6. Renewal of Application** – The accreditation shall be renewed once every three (3) years from the issuance of a Certificate of Accreditation by filing a duly accomplished renewal form (SEC Form SCAR-002) with the following documents:

- a. Current Certificate of Accreditation issued by the Commission; and
- b. A notarized certification that the firm is in compliance with the general qualification requirements under Section 2.

The application for renewal of the accreditation of a surety company shall be accompanied by a basic fee of Five Thousand Pesos (P5,000.00) and the additional fee mentioned in Section 3 hereof.

Renewal applications for accreditation shall be filed during the month of July of the third year of validity of the current Certificate of Accreditation of the surety company. Renewal applications for accreditation filed between August 01 and October 31 of the third year of validity of the surety company's current Certificate of Accreditation shall be deemed as new application for accreditation and must be accompanied with the application supporting documents enumerated in Section 2 and the filing fees mentioned in Section 3 hereof.

Renewal applications for accreditation filed beyond October 31 of the third year of validity of the surety company's current Certificate of Accreditation shall not be accepted by the Commission. These surety companies shall file their new application for accreditation instead on the year following the renewal year. It shall likewise be accompanied with the application supporting documents enumerated in Section 2, and the filing fees mentioned in Section 3 hereof.

**Section 7. Suspension or Cancellation of the Certificate of Accreditation** – The following are the grounds for the suspension or cancellation of the Certificate of Accreditation:

- a. Any willful misrepresentation in its application form and attached documents;

- b. The surety company has committed fraudulent or illegal acts in transacting bonds;
- c. Failure of the surety company to deliver the corresponding amount of surety bond to the Commission within thirty (30) days from receipt of notice to pay from the principal or the Commission;
- d. Non-compliance by the surety company with any of the provisions of these Guidelines;
- e. Non-renewal or cancellation of the Certificate of Authority by the Insurance Commission or Supreme Court; and
- f. Other grounds prescribed by the Commission.

**Section 8. Duty to Report** - The surety company shall notify the Commission and the parties to the action or proceeding of any act, event, or circumstances that may affect its business or operations, such as corporate rehabilitation; amendment of its articles of incorporation that shortens corporate lifetime; bankruptcy; insolvency; or issuance of writs of execution, attachment, or garnishment against it. The notice, which shall be given within ten (10) days from the occurrence of the act, event, or circumstance, shall have as attachments thereto, certified true copies or authenticated documents evidencing the same act, event or circumstance.

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or present a written notice of claim to the surety, or sue upon the bond until after the lapse of one (1) year from and after the date of expiration of the PRINCIPAL's license.

The PRINCIPAL and SURETY further agree to waive any and all defenses that may be available when a claim is presented or an action is brought: (a) by any natural or juridical person, acting individually or collectively, who may be adversely affected by any violation by the PRINCIPAL of the terms and conditions of this Bond; or (b) by the Securities and Exchange Commission when it files such claim or action pursuant to its regulatory authority, or when such filing is requested by the adversely affected persons.

The PRINCIPAL and SURETY authorize the Securities and Exchange Commission to sign, execute and deliver on their behalf any document or instrument, and/or to do any and all acts and things as may be necessary for the delivery of the proceeds of the Bond to their beneficiaries and/or their compliance with the terms and conditions of the Bond.

Finally, the PRINCIPAL and SURETY agree that in the event that a written notice of claim is presented or an action is brought for the recovery of the proceeds of the Bond as prescribed above, the PRINCIPAL shall file a new or additional Bond, as may be ordered by the Securities and Exchange Commission in the exercise of its regulatory authority.

If the PRINCIPAL fails to submit the new or additional Bond within ten (10) business days from receipt of the order of the Securities and Exchange Commission, such failure shall constitute a sufficient ground for the immediate suspension or revocation of the PRINCIPAL'S certificate of registration as a STOCK BROKER/DEALER.

WITNESS OUR HANDS AND SEAL this \_\_\_\_\_ day of \_\_\_\_\_, in the \_\_\_\_\_, Philippines.

By: \_\_\_\_\_  
(Principal)

By: \_\_\_\_\_  
(Surety)

SIGNED IN THE PRESENCE OF:

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