



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

SEC Memorandum Circular No. 7  
Series of 2011

To : All Lending and Financing Companies  
Subject : Implementation of the Truth in Lending Act to  
Enhance Loan Transaction Transparency

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The Commission, in its commitment to protect the uninformed use of credit by borrowers or users and in compliance with the Truth in Lending Act (R.A. No.3765) requiring full disclosure of the true cost of credit, resolved in its *en banc* meeting on 18 August 2011 to adopt Circular No. 730 dated 20 July 2011 of the Bangko Sentral ng Pilipinas (BSP) on updated rules implementing the Truth in Lending Act to enhance loan transaction transparency.

Non-compliance with this Circular shall subject the creditor concerned to the following penalties:

- a. First Offense : Basic fine of PhP20,000.00 and PhP100.00 for each day of continuing violation
- b. Second Offense: Basic fine of PhP25,000.00 and PhP100.00 for each day of continuing violation
- c. Third Offense : Basic fine of PhP30,000.00 and PhP100.00 for each day of continuing violation
- d. Fourth Offense: Suspension/ revocation of the Certificate of Authority to Operate as a Lending or Financing Company

This Memorandum Circular shall be published in two (2) newspapers of general circulation in the Philippines and shall take effect on 01 July 2012.

Issued this \_\_\_ September 2011, Mandaluyong City.

  
**TERESITA J. HERBOSA**  
Chairperson