



**MICROFINANCE NGO REGULATORY COUNCIL (MNRC)**

**Memorandum Circular No. 2  
Series of 2017**

**CLARIFICATION OF THE THREE-YEAR  
CONSECUTIVE MICROFINANCE OPERATIONS REQUIREMENT**

**Whereas, Rule 4** of the Implementing Rules and Regulations (IRR) of Republic Act No. 10693 (RA 10693) or the Microfinance NGOs Act provides that ***“only Microfinance NGOs that have been operating for at least three (3) consecutive years may be accredited by the Council”***;

**Whereas**, during the drafting of the IRR, this provision was intended to mean that a Microfinance NGO (MF-NGO) should be a legal entity (*i.e.*, a registered corporation) for at least three (3) years before it can be accredited under the law;

**Whereas**, due to the benefits of spinning-off the microfinance operations of MF-NGOs to a new entity, there is a clamor to allow them to do the same and still be accredited under RA 10693;

**IN VIEW OF THE FOREGOING**, in evaluating the application for accreditation of a newly registered MF-NGO which is a spin-off of an old one, the length of microfinance operations of the old entity shall be added in the computation to determine if the requirement of three (3) consecutive years of microfinance operations is met. The new MF-NGO should, however, prove that it is only continuing the operations of the old one and must submit the following documents:

1. Audited Financial Statements of the old entity for the last three (3) years;
2. Microfinance Operations Report of the old entity for the last three years;
3. Proof that the Officers/Trustees of the old and new entities are the same;
4. Certification from the existing entity stating that the new entity is established for the microfinance operations of the existing entity; and
5. Other documents that the Council may require.

29 November 2017. Pasay City.

  
**TERESITA J. HERBOSA**  
Chairperson