



MICROFINANCE NGO REGULATORY COUNCIL

**Memorandum Circular No. 2
Series of 2018**

CLARIFICATORY AMENDMENT TO MEMORANDUM CIRCULAR NO. 1, SERIES OF 2018 AND CONTINUOUS EFFECTIVITY OF CNDI FOR ACCREDITATION

Whereas, Section 10 of Republic Act No. 10693 (RA 10693) or the Microfinance NGOs Act provides that “[u]pon effectivity of this Act, Microfinance NGOs which are certified by the SEC to have no derogatory information shall be deemed accredited for one (1) year, unless earlier revoked by the Council for good cause after review;”

Whereas, on the basis of the foregoing provision, the Securities and Exchange Commission (SEC) issued Certificates of No Derogatory Information (CNDIs) to several Microfinance NGOs in 2016 and 2017. It also provided the BIR, through letters dated 31 March 2017 and 09 August 2017, lists of the Microfinance NGOs which are certified to have no derogatory information starting 2016;

Whereas, on 20 February 2018, the Microfinance NGO Regulatory Council issued Memorandum Circular No. 1, series of 2018 which promulgated the standards for the accreditation of Microfinance NGOs. Certificates of Accreditation shall be issued to the Microfinance NGOs upon their compliance with the requirements set forth in the said Circular;

Whereas, upon consultation with the Bureau of Internal Revenue and based on Revenue Memorandum Order No. 2-2018, certificate of accreditation issued for MF-NGOs are applied on a prospective basis;

IN VIEW OF THE FOREGOING,

1. Section 1 and Section 4 of MC Circular No.1, Series of 2018 is amended as follows:

Section 1. The Performance Standard for MF-NGOs (attached hereto as Annex 1 and made an integral part of MC No. 1, Series of 2018) shall be used to accredit MF-NGOs beginning 2018. Relevant information in the Audited Financial Statements of MF-NGOs and operational reports shall be used as basis in the computation of ratios and indicators embodied in the Performance Standards. Existing policies and procedures of the MF-NGOs shall also be used as basis to determine compliance to the standards on social performance and governance.

Section 4. The Certificate of Accreditation for 2018 until March 2019 shall be issued upon submission of the following:

- a. Latest Certificate of No Derogatory Information (CNDI) issued by Securities and Exchange Commission (SEC);

- b. Certification from the Chairperson of the Board, President and Chief Financial Officer or his/her equivalent indicating the adoption of the Standard Chart of Accounts in the submission of 2018 Audited Financial Statements and every year thereafter;
 - c. Results of self-rated assessment of 2017 Microfinance operations using the Performance Standards. The downloadable report card template posted at the SEC website shall be used in the self-rated assessment.
2. MF-NGOs which were issued CNDI on or before March 31, 2018 are deemed accredited until March 31, 2018.
3. MF-NGOs complying with the requirements under amended section 4 of MC No. 1, Series of 2018 shall be accredited for 2018 up to the first quarter of 2019.

This Circular shall take effect immediately.

23 May 2018. Pasay City.


TERESITA J. HERBOSA
Chairperson