



**SEC Memorandum Circular No. 2  
Series of 2019**

**SUBJECT: Amendments to Rule 5.8.2 of the Investment Company Act Implementing Rules and Regulations**

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The Commission, in its en banc meeting dated 24 January 2019, resolved to amend Rule 5.8.2 of the Investment Company Act Implementing Rules and Regulations (ICA-IRR). The amended Rule reads as follow:


**"5.8.2. Responsibilities of Independent Accountants or Auditors.** The following shall be the duties and responsibilities of the independent accountants and auditors in the performance of their financial audit function:

- a) To observe the principles on the expectation for an effective audit function issued by the Commission under Financial Reporting Bulletin No. 19 and any amendments thereto;
- b) Perform the audit of financial statements of the Investment Company, Fund Managers, and Fund Distributor in accordance with the requirements of the Philippine Standards on Auditing, the Ethical Standards under International Ethics Standard Board of Accountants (IESBA) Code of Ethics for Professional Accountants, and the relevant regulatory issuances of the Commission such as SRC Rule 68, as amended and Financial Reporting Bulletin;
- c) Report to the Commission any non-compliance by the Investment Company, Fund Manager, and Fund Distributor with their contractual and regulatory requirement, based solely on the matters discovered from performing the audit. The engagement contract between the said companies and the independent auditor shall contain a provision that the disclosure of information by the independent auditor to the Commission shall not constitute a breach of confidentiality nor shall it be ground for civil, criminal or disciplinary proceedings against the independent auditor".

These amendments shall take effect fifteen (15) days from their publication in a newspaper of general circulation in the Philippines and shall be applicable beginning 2018 audit engagement.

Signed this 7th day of February 2019, Pasay City, Philippines.

For the Commission:

  
**EMILIO B. AQUINO**  
Chairperson