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SEC REVOKES REGISTRATION OF 836 UNAUTHORIZED LENDERS

The Securities and Exchange Commission (SEC) continues its crackdown on illegal lending, revoking the registration of 836 more companies engaged in lending activities without the necessary license.

On July 16, the SEC Corporate Governance and Finance Department (CGFD) revoked the registration of the latest batch of corporations and partnerships that registered as lending companies but failed to obtain the required Certificate of Authority to Operate as Lending Company (CA), as resolved by the Commission *En Banc* during its July 4 meeting.

Section 4 of Republic Act No. 9474, or the Lending Company Regulation Act of 2007, requires that a lending company be established only as a corporation. It further provides that “no lending company shall conduct business unless granted an authority to operate by the SEC.”

Any person who shall engage in the business of lending without a validly subsisting authority to operate from the SEC may face a fine ranging from P10,000 to P50,000 or imprisonment of six months to 10 years or both, under Section 12 of the Lending Company Regulation Act.

On November 14, 2016, the Commission allowed SEC-registered lending companies without the required CA to apply for and secure it on or before April 30, 2017.

To date, a total of 2,783 lending companies have obtained the required certificate of authority from the SEC in order to engage in the business.

On the other hand, the Commission has revoked the registration of 2,080 lending companies. It continues to validate the authority of more corporations that engage in lending activities.

The Commission *En Banc* also resolved on July 4 to revoke the certificate of authority of Z.C. Buen Mano Lending Corporation for failure to comply with the reportorial and other compliance requirements prescribed by the Commission.

“Lending companies could play an important role in realizing the aspiration of Filipinos for a comfortable life by providing them access to funds for unforeseen and emergency



expenses, major purchases as well as investments in their future,” SEC Chairperson Emilio B. Aquino said.

“To protect both the integrity of legitimate lending companies and the interests of borrowers, the Commission will remain relentless in going after informal lenders as well as those engaging in predatory, abusive and unfair lending practices.”

As part of its efforts to formalize small lending businesses in the country, the SEC issued Memorandum Circular No. 18, Series of 2016, to streamline the documentary requirements for financing and lending companies.

Under the memorandum circular issued on November 8, 2016, the Commission no longer requires financing and lending companies to submit quarterly reports of issuers of exempt commercial paper, certification of the corporate secretary on the attendance of directors to board meetings and corporate governance scorecard.

The [List of Revoked and Suspended Lending Companies](#) is available on the Commission’s website.

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