CORPORATE GOVERNANCE AND FINANCE DEPARTMENT

NOTICE

The Commission hereby requests comments on the attached draft Memorandum Circular on Disclosure Requirements on Advertisements of Financing Companies and Lending Companies and Reporting of Online Platforms.

Please submit duly signed written comments on the exposure draft to the Corporate Governance and Finance Department of this Commission within ten (10) days from the date hereof, by way of any of the following:

| Letter | Corporate Governance and Finance Department  
| Ground Floor, North Wing Hall, Secretariat Bldg.  
| PICC Complex, Vicente Sotto St.  
| 1307 Pasay City |
| Email | cgfd@sec.gov.ph |
| Fax No. | (02) 818-5990 |

All interested parties are requested to use the attached Comments Table in submitting comments and proposed revisions.

Issued on 06 August 2019.
SEC Memorandum Circular No. __
Series of 2019

TO : ALL FINANCING AND LENDING COMPANIES

SUBJECT : DISCLOSURE REQUIREMENTS ON ADVERTISEMENTS OF FINANCING COMPANIES AND LENDING COMPANIES AND REPORTING OF ONLINE PLATFORMS

DATE : _______ 2019

WHEREAS, the Commission is aware that Financing Companies (FCs) and Lending Companies (LCs) make their services known through various modes of advertisement, e.g., television, radio, billboard, websites, social media, etc. (Advertisements);

WHEREAS, the Commission also notes the proliferation of online lending platforms such as websites and mobile applications that are readily downloadable from mobile application stores (Online Platforms);

WHEREAS, the Commission has been receiving several inquiries as to the registration and legitimacy of FCs and LCs, especially those that operate through Online Platforms;

WHEREAS, the Commission exercises regulatory and supervisory authority over FCs and LCs by virtue of Republic Act No. 8556, or the Financing Company Act of 1998, as amended, and Republic Act No. 9474 or the Lending Company Regulation Act of 2007;

WHEREFORE, IN VIEW OF THE FOREGOING, FCs and LCs are hereby required to observe the following in their Advertisements and Online Platforms:

SEC. 1. Disclosure. – FCs and LCs are required to fully disclose their corporate name, SEC Registration Number and Certificate of Authority to Operate a Financing/Lending Company (CA) Number in a conspicuous portion of the Advertisement and Online Platforms.

SEC. 2. Advisory. – FCs and LCs are required to provide an advisory to their prospective borrowers to study the terms and conditions in the Disclosure Statement before proceeding with the loan transaction.
SEC. 3. Registration of Trade Name. – FCs and LCs are required to register all their Online Platforms as trade names in accordance with SEC Memorandum Circular No. 13 series of 2019.¹

SEC. 4. Report to the Commission. – FCs and LCs are required to submit an Affidavit of Compliance (Form 1 - Existing Online Platforms) to the Corporate Governance and Finance Department (CGFD) of the Commission containing a report of all their existing Online Platforms, within ten (10) days from the effectivity of this Circular. Said report shall include, but not limited to, the following information:

1. Name of Online Platform/s;
2. Proof of compliance with Section 3 hereof;
3. Images of the Online Platform/s as they appear to the public; and
4. Illustrations of the Online Platforms showing how the required Disclosure and Advisory shall be displayed.

Online Platforms that are to be developed and/or utilized by LCs and FCs shall likewise be reported to the Commission through an Affidavit of Compliance (Form 2 - Prospective Online Platforms), not later than ten (10) days before commencement of the operations of said Online Platform/s.

SEC. 5. Penalties. – The penalties below shall be imposed for the following violations:

a. Non-compliance with Sections 1 (Disclosure) and 2 (Advisory)

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<th>COMPANY</th>
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b. Non-compliance with Section 3 (Registration of Trade Name)

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¹ Amended Guidelines and Procedures on the Use of Corporate and Partnership Names
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<td>FC</td>
<td>Subject to the facts, circumstances and gravity of the offense, the Commission, at its discretion, may impose a Fine of not less than twice the basic penalty but not more than P1 Million (1,000,000) Pesos; or Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of Certificate of Authority to operate as a Financing or Lending Company, as appropriate for each circumstance.</td>
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The foregoing penalties shall be without prejudice to any other penalties that may be imposed by the Commission pursuant to Presidential Decree No. 902-A, Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, and all other relevant laws, rules and regulations being implemented by the Commission, which may include the suspension or revocation of the FC/LC’s primary license and/or disqualification of its directors and officers; and further, to the penalties that may be imposed by the courts or other government agencies in the exercise of their respective mandates.

This Circular shall take effect fifteen (15) days after complete publication in two (2) national newspapers of general circulation.

Pasay City, Philippines. ________________

For the Commission:

EMILIO B. AQUINO
Chairperson
AFFIDAVIT OF COMPLIANCE

REPUBLIC OF THE PHILIPPINES)
CITY OF ______________________) S.S.

I, ____________________________, citizen, of legal age, with office address at ___________________________________, for and in behalf of ______________________ (Name of company) ___________________________________, (the “Company”), after being sworn in accordance with law, hereby depose and say that:

1. I am the (President/Chief Executive Officer/Compliance Officer) of the Company;

2. The following existing Online Platforms are owned/operated/utilized by the Company:
   a. __________________________
   b. __________________________
   c. __________________________
   d. __________________________
   e. __________________________

3. On ________ (date) ____, I have registered/caused to be registered the above-mentioned Online Platform/s as trade name/s of the Company, and have attached herewith as Annex “A”, (A01/Amended AO1/Receipt for the application for the amendment of AO1) to prove the same;

4. I have attached herewith Annex “B” to show images of the foregoing existing Online Platform/s as they appear to the public and Annex “C” to show compliance with the required disclosure and advisory; and

5. I am executing this Affidavit in compliance with the Securities and Exchange Commission Memorandum Circular No. ______ and to attest to the truth of the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand this ______ day of _________, ______ in the City of ________________, Philippines.

__________________________
Affiant

SUBSCRIBED AND SWORN to before me, in the City of ________________, this ______ day of _________, ______, by ______________________, who exhibited to me his/her ______________________ No. ____________, issued at _____________ on _____________.

______________________________
NOTARY PUBLIC

Doc No.: ___
Page No.: ___
Book No.: ___
Series of 20 ___
AFFIDAVIT OF COMPLIANCE

REPUBLIC OF THE PHILIPPINES
CITY OF ___________________________ S.S.

I, ___________________________ citizen, of legal age, with office address at ___________________________, for and in behalf of ___________________________ (Name of company) (the "Company"), after being sworn in accordance with law, hereby depose and say that:

1. I am the (President/Chief Executive Officer/Compliance Officer) of the Company;

2. The Company intends to develop/operate/utilize the following Online Platforms:
   a. ___________________________
   b. ___________________________
   c. ___________________________
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3. The Company proposes to commence operations of the foregoing prospective Online Platforms on ___________________________;

4. On (date), I have caused to be registered the above-mentioned Online Platform/s as trade name/s of the Company, and have attached herewith as Annex "A", (Amended AOI/Receipt for the application for the amendment of AOI) to prove the same;

5. I have attached herewith Annex "B" to show images of the foregoing prospective Online Platform/s as they will appear to the public and Annex "C" to show compliance with the required disclosure and advisory; and

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Form 1- Existing Online Platforms

**AFFIDAVIT OF COMPLIANCE**

REPUBLIC OF THE PHILIPPINES)  
CITY OF ___________________ S.S.

I, ____________________, ________ citizen, of legal age, with office address at ____________________, for and in behalf of ________ (Name of company) ________ (the “Company”), after being sworn in accordance with law, hereby depose and say that:

1. I am the (President/Chief Executive Officer/Compliance Officer) of the Company;

2. The following existing Online Platforms are owned/operated/utilized by the Company:
### RULES/FORMS

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3. On *(date)*, I have registered/caused to be registered
the above-mentioned Online Platform/s as trade name/s of the
Company, and have attached herewith as Annex “A”, *(AOI/Amended
AOI/Receipt for the application for the amendment of AOI)*, to prove
the same;

4. I have attached herewith Annex “B” to show images of the
foregoing existing Online Platform/s as they appear to the public and
Annex “C” to show compliance with the required disclosure and
advisory; and

5. I am executing this Affidavit in compliance with the Securities
and Exchange Commission Memorandum Circular No. ___ and to
attest to the truth of the foregoing.

**IN WITNESS WHEREOF,** I have hereunto set my hand this
___ day of _____, _____, in the City of ________,
 Philippine.

____________________

*Affiant*

**SUBSCRIBED AND SWORN** to before me, in the City of
__________, this ___ day of _____, ____, by
__________, who exhibited to me his/her
__________, No. __________, issued at
__________, on ______.
### AFFIDAVIT OF COMPLIANCE

REPUBLIC OF THE PHILIPPINES)
CITY OF ___________________) S.S.

I, ________________, __________ citizen, of legal age, with office address at ________________, for and in behalf of ________ (Name of company) ________ (the "Company"), after being sworn in accordance with law, hereby depose and say that:

1. I am the (President/Chief Executive Officer/Compliance Officer) of the Company;

2. The Company intends to develop/operate/utilize the following Online Platforms:
   a. __________________
   b. __________________
   c. __________________
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3. The Company proposes to commence operations of the foregoing prospective Online Platforms on ________________;

4. On __________ (date), I have caused to be registered the above-mentioned Online Platform/s as trade name/s of the Company, and
have attached herewith as Annex "A", [Amended AOI/Receipt for the application for the amendment of AOI], to prove the same;

5. I have attached herewith Annex "B" to show images of the foregoing prospective Online Platform/s as they will appear to the public and Annex "C" to show compliance with the required disclosure and advisory; and

6. I am executing this Affidavit in compliance with the Securities and Exchange Commission Memorandum Circular No. ____ and to attest to the truth of the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of ________, ____, in the City of __________, Philippines.

__________________________

Affiant

SUBSCRIBED AND SWORN to before me, in the City of __________, this ____ day of ________, ____, by __________, who exhibited to me his/her No. ________, issued at ________ on ________.

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