SEC Memorandum Circular No. 19
Series of 2019

TO : ALL FINANCING AND LENDING COMPANIES

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

DATE : 17 SEPTEMBER 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, and social media (Advertisements);

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

WHEREAS, the Commission has been receiving several inquiries as to the registration and legitimacy of FCs and LCs, especially those that operate through Online Lending 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, the Commission shall require FCs and LCs to provide the necessary information in their Advertisements and Online Lending Platforms:

SEC. 1. Required Disclosures – FCs and LCs shall fully disclose in their Advertisements and Online Lending Platforms the following:

A. Corporate Name, SEC Registration Number and Certificate of Authority to Operate a Financing/Lending Company (CA) Number in a conspicuous portion of their Advertisements and Online Lending Platforms; and

B. An advisory for their prospective borrowers to study the terms and conditions in the Disclosure Statement before proceeding with the loan transaction.

Published:
 Philippine Star, September 20, 2019
 Manila Times, September 20, 2019
SEC. 2. Registration of Business Name. – FCs and LCs shall register all their Online Lending Platforms as business names, in accordance with SEC Memorandum Circular No. 13, Series of 2019.¹

SEC. 3. Report to the Commission. – FCs and LCs shall submit to the Corporate Governance and Finance Department (CGFD) of the Commission an Affidavit of Compliance (SEC Form 1 - Existing Online Lending Platforms) containing a report of all their existing Online Lending Platforms, within ten (10) days from the effectivity of this Circular. Said report shall include, but shall not be limited to, the following information:

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

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

SEC. 4. Penalties. – The penalties below shall be imposed for the following violations:

a. Non-compliance with Items A and B of Section 1 (Required Disclosures)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>BASIC PENALTY</th>
<th>DAILY PENALTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FC</td>
<td>₱100,000.00</td>
<td>₱500.00</td>
</tr>
<tr>
<td>LC</td>
<td>₱50,000.00</td>
<td>₱300.00</td>
</tr>
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b. Non-compliance with Section 2 (Registration of Business Name)

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<tr>
<th>COMPANY</th>
<th>BASIC PENALTY</th>
<th>DAILY PENALTY</th>
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<td>₱300.00</td>
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</tbody>
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c. Non-compliance with Section 3 (Report to the Commission)

<table>
<thead>
<tr>
<th>VIOLATION</th>
<th>COMPANY</th>
<th>BASIC PENALTY</th>
<th>DAILY PENALTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to submit the Affidavit of Compliance (SEC Form 1) containing a</td>
<td>FC</td>
<td>₱50,000.00</td>
<td>₱400.00</td>
</tr>
<tr>
<td>report of all existing Online Lending Platforms</td>
<td>LC</td>
<td>₱25,000.00</td>
<td>₱200.00</td>
</tr>
<tr>
<td>Submission of the Affidavit of Compliance (SEC Form 1) with incomplete</td>
<td>FC</td>
<td>₱50,000.00</td>
<td>₱400.00</td>
</tr>
<tr>
<td>information/list of all</td>
<td>LC</td>
<td>₱25,000.00</td>
<td>₱200.00</td>
</tr>
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¹ Amended Guidelines and Procedures on the Use of Corporate and Partnership Names
<table>
<thead>
<tr>
<th>existing Online Lending Platforms</th>
<th>FC</th>
<th>LC</th>
</tr>
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<tbody>
<tr>
<td>Failure to submit the Affidavit of Compliance (SEC Form 2) containing a report of all prospective Online Lending Platforms that are to be developed/utilized</td>
<td>₱50,000.00</td>
<td>₱25,000.00</td>
</tr>
<tr>
<td>Commencement of operations of the Online Lending Platform/s without submission of the required Affidavit of Compliance (SEC Form 2)</td>
<td>₱50,000.00</td>
<td>₱25,000.00</td>
</tr>
</tbody>
</table>

**d. Continuous non-compliance/submission of false or fraudulent Affidavit of Compliance**

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>PENALTY</th>
</tr>
</thead>
<tbody>
<tr>
<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 One Million Pesos (₱1,000,000); 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>
</tr>
<tr>
<td>LC</td>
<td></td>
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</tbody>
</table>

The foregoing penalties shall be imposed 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 registration and/or disqualification of its directors and officers; as well as 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 publication in two (2) newspapers of general circulation in the Philippines.

Pasay City, Philippines. **18 September 2019**

For the Commission:

[Signature]

**EPHYRO LUIS B. AMATONG**

*Officer-in-Charge*
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 Lending Platforms are owned/operated/utilized by the Company:
   a. __________________________
   b. __________________________
   c. __________________________
   d. __________________________
   e. __________________________

3. On ___ (date) ___, I have registered the above-mentioned Online Lending Platform/s as business 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 Lending 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 SEC Memorandum Circular No. ______, Series of 2019 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 in ____________ 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:

   2.1. Develop/operate/utilize the following Online Lending Platforms:
   
   a. __________________________
   
   b. __________________________

   2.2. Amend the following existing Online Lending Platforms:

   a. __________________________
   
   b. __________________________

3. The Company proposes to commence operations of the foregoing prospective Online Lending Platforms on ________________;

4. On ___________ (date) __________, I have registered the above-mentioned Online Lending Platform/s as business 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 Lending 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 SEC Memorandum Circular No. __________, Series of 2019 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 in __________ on __________.

NOTARY PUBLIC

Doc No.: __________
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Series of 20__.