

NOTICE

TO : MICROFINANCE NGOS, MICROFINANCE NGO CLIENTS, MICROFINANCE INDUSTRY STAKEHOLDERS AND ALL INTERESTED PARTIES

SUBJECT : REQUEST FOR COMMENTS ON THE EXPOSURE DRAFT OF THE MNRC MEMORANDUM CIRCULAR ON THE COMPLIANCE OF MICROFINANCE NGOS WITH REPUBLIC ACT NO. 9510 OR THE CREDIT INFORMATION SYSTEM ACT

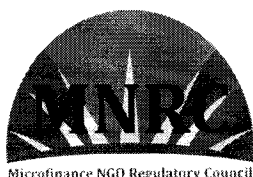
During its 34th Meeting held on 20 February 2020, the Microfinance NGO Regulatory Council ("MNRC" or the "Council") approved, for public exposure the Draft MNRC Memorandum Circular on the Compliance of Microfinance NGOs with Republic Act No. 9510 or the Credit Information System Act ("CISA").

The Council is inviting microfinance NGOs, their clients, industry stakeholders and all interested parties to submit their written comments on the attached draft circular to the MNRC Secretariat through any of the following modes no later than 17 March 2020:

Letter	MNRC Secretariat SEC 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) 8818-5990

Please use the attached *Comments Table* in submitting the comments and proposed revisions.

24 February 2020



MICROFINANCE NGO REGULATORY COUNCIL

Memorandum Circular No. ____
Series of 2020

COMPLIANCE OF MICROFINANCE NGOS WITH REPUBLIC ACT NO. 9510 OR THE CREDIT INFORMATION SYSTEM ACT

Whereas, the Credit Information System Act ("CISA") established and created the Credit Information Corporation ("CIC") to address the need for a comprehensive, centralized and reliable credit information system¹;

Whereas, Microfinance NGOs ("MF-NGOs") are referred to as submitting entities under the CISA and a 'submitting entity' is defined as "any entity providing credit facilities and required by [Republic Act ("R.A.") No. 9510, or the CISA, and its implementing rules and regulations ("IRR")] to submit information or data about a borrower [to the CIC], including, but not limited to, banks, quasi-banks, trust entities, investment houses, financing companies, cooperatives, non-governmental, micro-financing organizations, credit card companies, insurance companies and government lending institutions"²;

Whereas, submitting entities are required to submit current, objective, factual and basic credit data, both positive and negative, to the CIC regularly on a monthly basis, which is on or before the 5th working day of the month³;

Whereas, regular updates on the data shall be submitted by the submitting entities within thirty (30) calendar days from the time they are made available to them by their data subjects in accordance with their credit policy and the CISA's IRR⁴;

Whereas, the Securities and Exchange Commission ("SEC") required MF-NGOs to submit before the SEC a certification stating that the MF-NGO has fully complied with the requirements under the CISA within fifteen (15) days from the date of its compliance⁵;

Whereas, the Microfinance NGO Regulatory Council ("MNRC") is an accrediting entity created under R.A. No. 10693, otherwise known as the *Microfinance NGOs Act*, to require regular submission of reports by MF-NGOs, among others⁶;

¹ Section 4 of R.A. No. 9510.

² Rule 3(t) of the IRR of R.A. No. 9510.

³ CIC Letter Circular No. 2017-01.

⁴ Rule 4.2 of the IRR of R.A. No. 9510.

⁵ SEC Memorandum Circular No. 7, Series of 2016.

⁶ Section 11(e) of R.A. No. 10693.

NOW THEREFORE, all accredited MF-NGOs are enjoined to comply with the following obligations of a submitting entity pursuant to the CISA, its IRR and CIC issuances:

1. Inform their borrowers in writing of the submitting entities' obligation to submit their basic credit data and other credit information to the CIC;
2. Adopt the following letter template to notify their existing borrowers of the submitting entities' obligation under the CISA:

"Dear valued client,

This is to notify you that pursuant to Republic Act No. 9510, or the Credit Information System Act, and its Implementing Rules and Regulations (IRR), creating the Credit Information Corporation (CIC), we are mandated to submit your basic credit data, as defined under the said law and its IRR, as well as any regular updates or corrections thereof, to the CIC for consolidation and disclosure as may be authorized by the CIC.

Consequently, your basic credit data may thus be shared with other lenders authorized by the CIC and other credit reporting agencies duly accredited by the CIC for the purpose of establishing your creditworthiness.

For more information, please contact [Name of the Submitting Entity] or visit our website [Website of the Submitting Entity].

Thank you.

[Name of Submitting Entity]"

3. Adopt the following notification clause template to be inserted in the submitting entities' loan/credit applications for data subjects to read and sign:

"I hereby acknowledge and authorize the following: (1) the regular submission and disclosure of my basic credit data (as defined under Republic Act No. 9510, or the Credit Information System Act, and its Implementing Rules and Regulations) to the Credit Information Corporation (CIC), as well as any updates or corrections thereof; and (2) the sharing of my basic credit data with other lenders, as authorized by the CIC and other credit reporting agencies duly accredited by the CIC; and for the sole purpose of establishing my creditworthiness.";

4. Maintain copies of the letter notification and when so required by the CIC, submit the same to the latter;
5. Maintain a copy of the Deposit and/or Fund Waiver if the same is executed by a borrower, and when so required, submit it to the CIC;
6. Regularly submit the basic credit data of all of their borrowers to the CIC, as contained in their respective databases, files or systems, not later than on the 5th day of the month, and in the form/format and manner prescribed by the CIC;

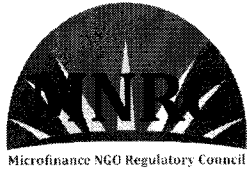
7. Ensure that the basic credit data of their borrowers submitted with the CIC are accurate, complete, correct and current up to the relevant update cycle date of the CIC;
8. Whenever error reports are received from the CIC, rectify the errors in the relevant files and send the corrected files to the CIC within a period of three (3) working days;
9. Develop an internal dispute resolution process by which a data subject can dispute information recorded in his own consolidated credit data, and by which said dispute may be investigated and resolved within a period of five (5) working days;
10. Extend full, complete and timely cooperation to the CIC with respect to disputes brought before it by data subjects who allege that the credit information pertaining to them is erroneous, incomplete or misleading; and
11. Inculcate in their borrowers the importance of maintaining a good credit record.⁷

This circular shall take effect within fifteen (15) days after its publication in two (2) newspapers of general circulation in the Philippines.

Issued this _____, Pasay City.

EMILIO B. AQUINO
Chairperson

⁷ Section 4 of CIC Circular No. 2015-01.



**COMMENTS ON THE PROPOSED MNRC MEMORANDUM CIRCULAR
ON THE COMPLIANCE OF MICROFINANCE NGOS WITH R.A. NO. 9510 OR THE CREDIT INFORMATION SYSTEM ACT**

NAME: _____

COMPANY: _____

PROVISIONS	COMMENTS	PROPOSED REVISIONS	ESTIMATED COST IMPLICATIONS TO COMPLY WITH MEMORANDUM CIRCULAR ¹
1. Inform their borrowers in writing of the submitting entities' obligation to submit their basic credit data and other credit information to the CIC;			
2. Adopt the following letter template to notify their existing borrowers of the submitting entities' obligation under the CISA: <p align="center"><i>"Dear valued client,</i></p> <p align="center"><i>This is to notify you that pursuant to Republic Act No. 9510, or the Credit Information System Act, and its Implementing Rules and Regulations (IRR), creating the Credit Information Corporation (CIC), we are mandated to submit your basic credit data, as defined under the said law and its IRR, as well as</i></p>			

¹ Please indicate cost item/particular and estimated amount, e.g. Labor Cost - P537.00/day

PROVISIONS	COMMENTS	PROPOSED REVISIONS	ESTIMATED COST IMPLICATIONS TO COMPLY WITH MEMORANDUM CIRCULAR ¹
<p><i>any regular updates or corrections thereof, to the CIC for consolidation and disclosure as may be authorized by the CIC.</i></p> <p><i>Consequently, your basic credit data may thus be shared with other lenders authorized by the CIC and other credit reporting agencies duly accredited by the CIC for the purpose of establishing your creditworthiness.</i></p> <p><i>For more information, please contact [Name of the Submitting Entity] or visit our website [Website of the Submitting Entity].</i></p> <p><i>Thank you.</i></p> <p><i>[Name of Submitting Entity]"</i></p>			
<p>3. Adopt the following notification clause template to be inserted in the submitting entities' loan/credit applications for data subjects to read and sign:</p>			

PROVISIONS	COMMENTS	PROPOSED REVISIONS	ESTIMATED COST IMPLICATIONS TO COMPLY WITH MEMORANDUM CIRCULAR ¹
<p><i>"I hereby acknowledge and authorize the following: (1) the regular submission and disclosure of my basic credit data (as defined under Republic Act No. 9510, or the Credit Information System Act, and its Implementing Rules and Regulations) to the Credit Information Corporation (CIC), as well as any updates or corrections thereof; and (2) the sharing of my basic credit data with other lenders, as authorized by the CIC and other credit reporting agencies duly accredited by the CIC; and for the sole purpose of establishing my creditworthiness.";</i></p>			
<p>4. Maintain copies of the letter notification and when so required by the CIC, submit the same to the latter;</p>			
<p>5. Maintain a copy of the Deposit and/or Fund Waiver if the same is executed by a borrower, and when so required, submit it to the CIC;</p>			
<p>6. Regularly submit the basic credit data of all of their borrowers to the CIC, as contained in their respective databases, files or systems, not later than on the 5th day</p>			

PROVISIONS	COMMENTS	PROPOSED REVISIONS	ESTIMATED COST IMPLICATIONS TO COMPLY WITH MEMORANDUM CIRCULAR ¹
of the month, and in the form/format and manner prescribed by the CIC;			
7. Ensure that the basic credit data of their borrowers submitted with the CIC are accurate, complete, correct and current up to the relevant update cycle data of the CIC;			
8. Whenever error reports are received from the CIC, rectify the errors in the relevant files and send the corrected files to the CIC within a period of three (3) working days;			
9. Develop an internal dispute resolution process by which a data subject can dispute information recorded in his own consolidated credit data, and by which said dispute may be investigated and resolved within a period of five (5) working days;			
10. Extend full, complete and timely cooperation to the CIC with respect to disputes brought before it by data subjects who allege that the credit information pertaining to them is erroneous, incomplete or misleading; and			
11. Inculcate in their borrowers the importance of maintaining a good credit record. ²			

² All of the enumerated obligations herein are based on Section 4 of CIC Circular No. 2015-01.