



NOTICE

TO : ALL CONCERNED

SUBJECT : FREQUENTLY ASKED QUESTIONS (FAQs) ON SEC MEMORANDUM CIRCULAR NO. 1, SERIES OF 2021 GUIDELINES IN PREVENTING THE MISUSE OF CORPORATIONS FOR ILLICIT ACTIVITIES THROUGH MEASURES DESIGNED TO PROMOTE TRANSPARENCY OF BENEFICIAL OWNERSHIP (“BO TRANSPARENCY GUIDELINES”)

In answer to numerous inquiries received by the Commission regarding compliance with SEC Memorandum Circular No. 1, Series of 2021 (*BO Transparency Guidelines*), the public is hereby notified of the following replies to the Frequently Asked Questions (FAQs) as guide in complying with the requirements under the said Circular:

QUESTION	ANSWER
1. Who are required to make the disclosures under MC 1, Series of 2021?	Those required to make the disclosures under MC 1, Series of 2021 are: <ol style="list-style-type: none"> a. The incorporators/directors/trustees/shareholders of corporations applying for registration, both stock and non-stock (<i>Section 6</i>). b. Nominee directors/trustees/shareholders of existing stock and non-stock corporations (<i>Section 7</i>).
2. Are foreign corporations required to make the disclosures under MC 1, Series of 2021?	It is the nominee directors/trustees/shareholders themselves of the corporation who are directly required to make the disclosures. Since foreign corporations are organized in accordance with the laws of their country of incorporation, the directors /trustees/ stockholders /incorporators of such foreign corporations are not subject to the requirement under Sections 6 and 7.
3. Are all incorporators, directors/trustees, and shareholders of corporations applying for registration required to disclose under Section 6 of MC 1, Series of 2021?	Yes. The following are required to disclose under Section 6 of MC 1, Series of 2021: <ol style="list-style-type: none"> a. Incorporators of corporations that apply for registration on or after the effective date of the Circular (29 January 2021) are required to disclose their nominators/principals and the person(s) on whose behalf the registration of the corporation was applied for. b. Nominee directors/trustees and nominee shareholders of such corporations are also required to disclose their principals.

	<p>c. If the directors /trustees/ shareholders/ incorporators of such corporations are not nominees and the corporation was not applied for on behalf of another person, this fact must also be disclosed.</p>
<p>4. What are required to be submitted under Section 6 of MC 1, Series of 2021?</p>	<p>The following are required to be submitted under Section 6 of MC 1, Series of 2021:</p> <p>a. <i>Beneficial Ownership Transparency Declaration (BOTD) Form and Consent Agreement Form</i> for:</p> <ol style="list-style-type: none"> i. incorporators who registered the corporation for or on behalf of another person or persons; and ii. nominee incorporators, nominee directors/trustees, and nominee shareholders. <p>b. <i>Declaration and Consent Agreement Form</i> for:</p> <ol style="list-style-type: none"> i. incorporators who are not acting as such for and on behalf of another person; and ii. those who are not nominee incorporators/ nominee applicants/ nominee directors/ nominee shareholders. <p>The Declaration for non-nominees is incorporated in the information to be provided in the Google Form link.</p>
<p>5. Are all directors/trustees and shareholders of existing corporations required to disclose under Section 7 of MC 1, Series of 2021?</p>	<p>No. Only nominee directors/trustees and nominee shareholders/subscribers of existing corporations are required to disclose under Section 7 of MC 1, Series of 2021.</p> <p>Non-nominee directors/trustees and shareholders of existing corporations are NOT required to make any disclosure under Section 7 of the Circular.</p>
<p>6. What are required to be submitted under Section 7 of MC 1, Series of 2021?</p>	<p>The BOTD Form and Consent Agreement Form are required to be submitted by nominee directors/trustees and nominee shareholders.</p>
<p>7. Are Sections 6 and 7 applicable only to natural persons?</p>	<p>The nominee directors/trustees/shareholders /incorporators refer to natural persons. The nominator or principal may be a natural person or juridical entity.</p>
<p>8. Do we need to submit the BOTD Form even if we already submitted the General Information Sheet (GIS) with Beneficial Ownership Declaration with it?</p>	<p>Yes. This is a requirement for those acting as nominee directors, trustees, and shareholders which is different from what is required to be disclosed in the GIS. It is not the corporation that is required but the nominee director, trustee or shareholder concerned.</p> <p>Further, the natural person referred to in the Beneficial Ownership Declaration Page of the GIS refers to natural persons who own or control the corporation through nominee directors/shareholders. Under MC 1, Series of 2021, the person to be disclosed need not be the natural person who owns or controls the corporation. It is enough that the person disclosed is the principal or nominator on whose behalf the nominee director/shareholder appears or acts as director or</p>

	shareholder. Moreover, the principal or nominator may either be a natural person or a juridical entity or a trust.
9. Should the nominees/declarants personally fill out and submit the BOTD Form or can another person fill it out and/or submit it on their behalf?	<p>The declarants may be assisted by any person in filling out and submitting the BOTD Forms provided that the Consent Agreement Form is signed by the nominee/declarant himself/herself and a valid ID of the nominee/declarant is uploaded together with the signed Consent Agreement Form.</p> <p>By signing the Consent Agreement Form, it is understood that the declarant has reviewed and has full knowledge of the facts disclosed in the BOTD Form. The personal email address of the declarant should likewise be indicated in the Form. The submission of falsified forms will be dealt with accordingly.</p>
10. May the Corporate Secretary of a certain company fill out and/or submit the BOTD Forms on behalf of all the nominees/declarants of such company?	<p>The Corporate Secretary may assist the declarants in filing out and/or submitting the BOTD Forms using the company email addresses submitted to the SEC pursuant to SEC Memorandum Circular No. 28, Series of 2020 (<i>Creation and/or Designation of Company's Official E-mail Account Address and Cellphone Number</i>).</p> <p>By signing the Consent Agreement Form, it is understood that the declarant has reviewed and has full knowledge of the facts disclosed in the BOTD Form. The personal email address of the declarant should likewise be indicated in the Form. The submission of falsified forms will be dealt with accordingly.</p>
11. When is the deadline for the submission of the BOTD Forms?	<p>The deadline for the submission of the accomplished BOTD Forms is as follows:</p> <p>Disclosures Under Section 6:</p> <ul style="list-style-type: none"> • For corporations whose certificates of incorporation were issued on or after effective date of the Circular (29 January 2021) but before 23 February 2021, submission of the required forms must be made on or before 31 March 2021. • For corporations whose certificates of incorporation were issued on or after 23 February 2021, submission shall be made within 30 days from issuance of such certificates. <p>Disclosures Under Section 7:</p> <ul style="list-style-type: none"> • For those already nominees of existing corporations, submission shall be made on or before 31 March 2021. • All others, submission shall be made within 30 days from the date they became or started acting as nominees.
12. Are we required to submit the hard copies of the BOTD Forms	No. Compliance with Sections 6 and 7 of the Circular is fully online. No hard copies of the accomplished forms are required.

and Consent Agreement Form to SEC?	
13. If there is no nominee incorporator/ director/trustee/ shareholder, who will sign the Consent Agreement Form?	<p>Under MC 1, Series of 2021, it is the declarant who signs the Consent Agreement Form.</p> <p>Non-nominees are required to declare such fact pursuant to Section 6 of the Circular. Said declarant shall sign the Consent Agreement Form.</p> <p>Non-nominees of existing corporations need not submit anything pursuant to Section 7 of the Circular.</p>
14. Is a Nominee/Alternate Nominee of a One Person Corporation covered under this Circular considering that he/she is not holding any shares in the Corporation?	The nominee in a One Person Corporation is not the nominee referred to under MC 1, Series of 2021, unless the nominee acts for and on behalf of another person as a director/trustee or shareholder of the corporation.
15. Are the directors of Covered Persons under the Anti-Money Laundering Act, as amended (AMLA) still required to comply given the exemption under Section 9 of MC 1, Series of 2021?	Nominee directors of covered persons are included. It is only when the nominee arrangement is related to the products and services that they offer that the exemption applies.
16. The form requires the disclosure of the date when one assumed the role of or became a nominee director /trustee/ shareholder of your nominator/principal. Should this be required also of those who have been nominees of an existing corporation for a long time already?	If the nominee director/trustee/shareholder has been a long time nominee even before the date of effectivity of MC 1, Series of 2021, there is no need to indicate the exact date. It is enough to state that the nominee has been a nominee even prior to the effectivity of the circular. Only those who became nominees on or after the effective date of the circular are required to indicate the date of their assuming the role of or becoming a nominee.

For other questions on MC No. 1, Series of 2021, you may email eipd-amld@sec.gov.ph.

The public is also notified that the SEC will be conducting a series of webinars to further discuss the requirements under this Circular. Webinar schedules will be posted on the SEC website.

For information and guidance.