



28 February 2022

SEC GRANTS SEEDIN TECHNOLOGY, EASTERN SECURITIES CROWDFUNDING LICENSES

The Securities and Exchange Commission (SEC) has allowed SeedIn Technology, Inc. and Eastern Securities Development Corporation to act as crowdfunding intermediaries and operate crowdfunding portals, providing the country's small, medium, and emerging enterprises (SME) with more funding options.

In its meeting on February 23, the Commission *En Banc* approved the respective applications of SeedIn Technology and Eastern Securities for registration as crowdfunding intermediaries, subject to the companies' compliance with certain remaining requirements.

SeedIn Technology

The Commission granted SeedIn Technology a permanent license in lieu of a one-year provisional license. The company's operations, however, will be subject to frequent monitoring by the SEC Markets and Securities Regulation Department for one year.

SeedIn is a debt-based crowdfunding platform that facilitates lending by all types of investors, including retail investors, accredited investors, and institutional investors to Philippine-based SME borrowers.

The company's platform matches debt issuers with its registered investors, who must have a registered bank account with a licensed Philippine financial institution.

Investors may also lend money through SeedIn Technology's platform using funds from an overseas bank account, subject to compliance with all relevant laws, including foreign exchange requirements.

SeedIn Technology is majority-owned by Singapore-based SeedIn Technology Holding Pte. Ltd., which primarily offers management consultancy services.

Eastern Securities

Eastern Securities secured a permanent license from the Commission in lieu of a one-year provisional license. The company's operations will be subject to frequent monitoring by the SEC, wherein the Commission, from time to time, may request operational data from the company for its first two years of operation.

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Eastern Securities, a duly registered stock brokerage, will be operating Round One Platform – which will be the first equity-based crowdfunding platform licensed in the Philippines. Through the platform, issuer-users can initiate and conduct fundraising campaign activities, while investor-users can commit investible funds to those campaigns.

Potential issuers through Round One must provide Eastern Securities with the details of the offering, including share price, total fundraising target, and total equity offered, among others. Prospective investors may browse the list of active campaigns available on the site.

The grant of the permanent license to crowdfunding intermediaries and funding portals is part of the Commission's efforts to promote crowdfunding as a safe and sustainable investment option for Filipino investors and to provide more fundraising options for the country's SMEs.

Lending-based and equity-based crowdfunding activities involve the offer of securities in the form of debentures or shares, subjecting them to securities regulation in many jurisdictions.

In the Philippines, Section 8 of Republic Act No. 8799, or The Securities Regulation Code, provides that securities shall not be sold or offered for sale or distribution, without a registration statement duly filed and approved by the SEC.

However, crowdfunding securities may be exempted from registration, provided that the issuer, intermediary, and investors comply with SEC Memorandum Circular No. 14, Series of 2019, or the Rules and Regulations Governing Crowdfunding.

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