

SEC MEMORANDUM CIRCULAR NO. 13

Series of 2024

TO : **ALL CONCERNED**

SUBJECT : **ENHANCED COMPLIANCE INCENTIVE PLAN**

WHEREAS, it is the responsibility of corporations and registered partnerships to timely submit reportorial requirements pursuant to Section 177 of the Republic Act (RA) No. 11232 or the “Revised Corporation Code of the Philippines” (RCC);

WHEREAS, under Section 177 of the RCC, a corporation may be placed under delinquent status in case of failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years;

WHEREAS, the Securities and Exchange Commission (SEC or “the Commission”), as a regulating entity, continuously desires to afford businesses an opportunity to be in good standing relative to their reportorial requirements, especially those meeting the grounds for revocation or delinquency status pursuant to the RCC;

WHEREAS, the Commission endeavors to promote good corporate governance and broaden investor participation by actively implementing reforms and programs that encourage compliance of its regulated entities;

WHEREAS, the Commission has strictly imposed an updated scale of fines and penalties on 01 April 2024 for certain reportorial requirements, which aims to encourage, among others, strict compliance with reportorial obligations and good corporate housekeeping;

WHEREAS, more than 81,700 companies availed of the SEC Amnesty Program in 2023, and successfully complied with the reportorial requirements;

WHEREAS, following the Amnesty Program and integral to the updating of the database of regulated entities, the Commission identified the delinquent corporations and posted their corporate names through a Notice in the SEC website;

WHEREAS, to continue the progress brought about by the 2023 Amnesty Program in encouraging regulatory compliance and maintaining a reliable database of active and inactive corporations, the Commission deems it necessary and beneficial to launch another program with the same objective;

NOW, THEREFORE, the Commission hereby resolves to adopt an **Enhanced Compliance Incentive Plan (ECIP)** with the following guidelines:

SECTION 1. Covered Violations. Unless otherwise provided in this Circular, the ECIP shall cover unassessed, i.e., not yet assessed or without issued Payment Assessment Form, and/or uncollected fines and penalties by the Commission, i.e., already assessed but not yet paid, for the following violations by corporations, including branch offices, representative offices, regional headquarters, and regional operating headquarters of foreign corporations:

- a. Non-filing of General Information Sheet (GIS) for the latest and prior years;
- b. Late filing of GIS for the latest and prior years;
- c. Non-filing of Financial Statements (AFS for brevity), whether audited or certified, including fines for its attachments [e.g., Certificate of Existence of Program/Activity (COEP), Non-Stock and Non-Profit Organization (NSPO) Forms] for the latest and prior years; and
- d. Late filing of AFS, including fines for its attachments (e.g., COEP, NSPO Forms), for the latest and prior years.

In addition, the ECIP shall also cover violations under Memorandum Circular (MC) No. 28, s. 2020, or the “Requirement for Corporations, Partnerships, Associations, and Individuals to Create and/or Designate E-mail Account Address and Cellphone Number for Transactions with the Commission” (MC 28).

SECTION 2. ECIP Rates. The applicable rates under this Circular will be as follows:

A. Non-compliant Corporations, including delinquent corporations:

Violation	ECIP Fee
1. Late and Non-Filing of GIS; 2. Late and Non-Filing of AFS; or 3. Non-compliance with MC 28	Php 20,000

The foregoing rate shall apply, ***provided*** that, the applicant corporation or entity will (i) submit the latest reportorial requirement due at the time of application; AND (ii) comply with MC No. 28 through the [MC28 Submission Portal](#).

Payment of the ECIP fee, in itself, does not confer compliant status to availing corporations. Corporations are required to submit supporting documents as outlined in the subsequent portions of this Circular.

B. Suspended and Revoked Corporations:

The ECIP rate for Suspended and Revoked Corporations, including those which have filed for the lifting of suspension/revocation, are as follows:

Violation	ECIP Fee and other penalties
Petition Fee	Php 3,060; and
1. Late and Non-Filing of GIS; 2. Late and Non-Filing of AFS; or 3. Non-compliance with MC. 28	50% of the assessed fines¹

The foregoing rate shall apply, subject to payment of the filing/petition fee and the appropriate proceedings with the Company Registration and Monitoring Department (CRMD) and Extension Offices (EOs), as well as compliance with the other requirements under this Circular. The ECIP fee shall only correspond to violation on timeliness; penalties for erroneous entries (i.e., content) in reportorial reports shall be dealt separately.

Payment of the ECIP fee does not automatically lift the suspension and revocation. Corporations with suspended and revoked registration, or Certificates of Authority (CAs) in the case of Financing Companies (FCs) and Lending Companies (LCs), are still required to file a Petition to Lift Order of Suspension/Revocation of Certificate of Registration and submit supporting documents as outlined in the subsequent portions of this Circular.

SECTION 3. Filing of Application and Supporting Documents. The duly authorized representative or resident agent of the corporation ("Applicant") shall file a web-based Expression of Interest Form (EOI) and Application for Availment of ECIP via the Electronic Filing and Submission Tool (eFAST) and upload the following requirements:

- a. For Domestic Corporations (Ordinary Stock and Non-Stock):
 - i. Latest due AFS and its attachments²;

¹ Covers violations stated in Section 1; basis of the computation is derived from the retained earnings/fund balance of submitted FS

² Non-Stock and Non-Profit Organizations, including Foundations are required to submit NSPO Forms as well as Certificate of Existence of Program/Activity under the SRC Rule 68, as revised in 2019, together with the AFS.

- ii. Latest due Amended AFS, if any;
 - iii. Latest due GIS; and
 - iv. Latest due Amended GIS, if any.
- b. For Foreign Corporations (Branch Offices, Representative Offices, Regional Area Headquarters, and Regional Operating Headquarters):
 - i. Latest due AFS and its attachments;
 - ii. Latest due Amended AFS, if any;
 - iii. Latest due GIS; and
 - iv. Latest due Amended GIS, if any.

3.1. Application and Payment Procedures for Non-Compliant and Delinquent Corporations.

Non-Compliant corporations include corporations who: (i) have not complied with the prescribed submission of GIS and AFS intermittently or consecutively in the previous years; and/or (ii) have not complied with MC 28. Delinquent Corporations are those corporations declared as such pursuant to SEC MC No. 19, s. 2023.

Corporations that fall under this type of category shall accomplish a web-based EOI Form through the eFAST. After submission of the EOI, the eFAST will automatically generate a Payment Assessment Form ("PAF") amounting to Twenty Thousand Pesos (Php 20,000.00) reflecting the fixed ECIP amount. The Applicant must settle this fee through the Electronic System for Payment to SEC (eSPAYSEC), where the electronic Official Receipt (eOR) is generated. Once the payment is settled, the Applicant shall upload the requirements cited in Section 3 of this Circular. **Subsequently, once the submitted documents have been evaluated and deemed compliant, a Confirmation of Payment will be issued to their registered email address.**

3.2. Application and Payment Procedures for Revoked and Suspended Corporations. Similar to the non-compliant corporations under Section 3.1, Revoked and Suspended corporations eligible for ECIP under this Circular are those who failed in submitting their AFS and GIS, intermittently or consecutively, in the previous years, non-compliant with MC No. 28, or both. Corporations that fall under this type of category shall accomplish a web-based EOI. Further, the applicant is directed to pay its corresponding petition fee first via eSPAYSEC, through a PAF that will be generated by the system. **After the petition fee has been settled, the Applicant shall upload the other requirements cited in Section 3 of this Circular through the eFAST and wait for the assessment of the 50% of their fines and penalties covered in Section 1 to be sent to their registered email addressed.**

For corporations whose Certificates of Incorporation have been suspended or revoked, the **Petition to Lift Order of Suspension/Revocation, alongside the following supporting documents, must also be submitted to the designated SEC emails depending on their respective jurisdictions:**

1. Directors' or Trustees' Certificate;
2. Latest due AFS, and its attachments, as received by the SEC and Bureau of Internal Revenue (BIR);
3. Latest due GIS, as received by the SEC;
4. Copies of Certificate of Incorporation and latest Certificate of filing of Amended Articles or By-laws (if any) together with latest Articles of Incorporation and By-laws;
5. Copy of registration of stock and transfer book or membership book;
6. Secretary's Certificate of No Intra Corporate Controversy;
7. Sworn Certification by the External Auditor;
8. Proof of ongoing operation, such as but not limited to:
 - Audited Financial Statements;
 - Income Tax Returns;
 - Mayor's or Business Permits;
 - Contracts;
 - Receipts showing payment of Real Estate Tax;

For NSPO Form 6, please revise the contents thereof, as applicable.

For additional information, you may refer to the [SRC Rule 68](#), as revised in 2019 for the forms. For COEP guidelines, refer to page 1 of the [SEC Notice dated 18 April 2023](#).

- Certification/Recognitions/Annual Conventions; or
 - Any similar/related documents.
9. Latest Mayor's/Business Permit;
 10. BIR Certificate of Registration;
 11. Certification from the Corporate Secretary that the Latest Financial Statement and Income Tax Return was received by the SEC and BIR, respectively; and
 12. Compliance with SEC Memorandum Circular No. 28, Series of 2020.

After submission of the documents, **the Applicant should wait for the verification of its corporate status.** Once the conduct of assessment and monitoring process is completed to determine the total amount of fines and penalties, the Applicant will receive an auto-generated email notification from the system with the PAF that contains the amount reflecting the 50% of the total assessed fines to be paid through eSPAYSEC. **After payment has been settled, and submitted documents have undergone monitoring and evaluation, the Applicant shall receive a Confirmation of Payment for ECIP through their registered email address. A corporation's status will be updated, subject to the processing and issuance of the Lifting of Revocation and/or Order of Revival.**

SECTION 4. Issuance of Confirmation of Payment. Corporations which have fully complied with all the conditions set forth in these rules, including the payment of the relevant fines and penalties, shall be issued with a Confirmation of Payment for ECIP. The same is final and irrevocable, covering the period/s indicated in the said Confirmation.

However, if, upon initial evaluation, the required documents are found to be incomplete, the application will be reverted. The reason for the reversion will be communicated to the corporation's official email address as declared in its compliance with MC 28.

The issuance of the Confirmation of Payment for ECIP shall not exempt the corporation from filing its subsequent mandatory reportorial requirements in a timely manner.

SECTION 5. Exceptions. The following entities are excluded from the coverage of the ECIP under this Circular:

- a. Corporations whose securities are listed on the Philippine Stock Exchange ("PSE");
- b. Corporations whose securities are registered but not listed on the PSE;
- c. Corporations considered as Public Companies;
- d. Corporations with intra-corporate dispute;
- e. Corporations with disputed GIS;
- f. Corporations with expired corporate term; and
- g. Other corporations covered under Sec. 17.2 of RA No. 8799 or the "Securities Regulation Code."

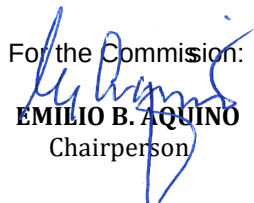
SECTION 6. Forfeiture of ECIP Fees. Should an applicant-corporation fail to submit the complete set of requirements, as indicated in the preceding paragraphs, within the prescribed period stated in Section 8 of this Circular, the ECIP fee of Php20,000.00 for non-compliant and delinquent corporations and 50% of the total assessed penalties for suspended/revoked corporations, as well as the initial petition fee of Php3,060.00 applicable to suspended/revoked corporations, shall be forfeited.

SECTION 7. Refund of Overpayment. Refund of the ECIP fees for non-compliant corporations shall not be accommodated, except in highly meritorious cases, and subject to existing accounting and auditing rules and regulations.

SECTION 8. Period. Applications for the ECIP shall be accepted starting from **02 September 2024 to 30 November 2024.**

SECTION 9. Effectivity and Repealing Clause. This Circular shall take effect immediately upon completion of its publication in a newspaper of general circulation. Further, the implementation of SEC Resolution No. 435, s. 2010, is hereby suspended.

Done this 30 August 2024, Makati City, Philippines.

For the Commission:

EMILIO B. AQUINO
 Chairperson