Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

SEC MEMORANDUM CIRCULAR NO. 2
Series of 2015

TO : ALL LISTED COMPANIES AND ACCREDITED INSTITUTIONAL TRAINING PROVIDERS ON CORPORATE GOVERNANCE

SUBJECT : ADDITIONAL GUIDELINES ON CORPORATE GOVERNANCE TRAINING PROGRAMS AND LECTURES

I. Guidelines for Accreditation of Corporate Governance Speakers/Resource Persons

1. All speakers/resource persons shall have relevant experience or training in the subject matter/s to be discussed. Their most recent *curriculum vitae* shall be submitted for SEC evaluation;

2. All speakers/resource persons shall attend at least once a year a roundtable discussion conducted by the Commission. The discussion will pertain to SEC matters, i.e., updates on corporate governance requirements, amendments to pertinent laws, ACGR, etc; and

3. Only speakers/resource persons who shall obtain an average mark of at least four (4), or above average, in the SEC authorized evaluation form (Evaluation Form attached as Annex "A") shall be accredited. The evaluation form shall be filled up by participants after each training and forwarded to the Commission by the accredited training provider or company conducting in-house training, as the case may be.

II. Additional Guidelines for Accredited Institutional Training Providers

1. The training program, including the course outline and training materials and list of SEC accredited trainers, shall be submitted to the Commission for approval at least one (1) month before the scheduled training program;

2. The accredited training provider shall not change any of the speakers/resource persons included in the list approved by the Commission. In case of inability of the speaker to lecture on the scheduled date, the company shall inform the Commission in writing of the reason for the same. It shall also name a replacement speaker, **who must also be SEC accredited**, and submit his/her *curriculum vitae* at least five (5) days before the scheduled training;

3. In case of cancellation or postponement of scheduled training/seminar, the accredited training provider shall notify the Commission at least ten (10) days prior to date of seminar/training and provide reason for cancellation of the same;

4. In case of changes in the course outline and materials, the accredited training provider shall furnish the Commission with the revised outline and materials at least seven (7) days prior to date of seminar/training

5. The Certificates of Attendance of participants in the training/seminar shall be released by the accredited training providers within three (3) days from conclusion of training/seminar;

6. Within fifteen (15) days from completion of the training/seminar, the accredited training provider shall submit the following to the Commission:

    a. Completion Report of Training;
    b. Signed attendance sheet of participants;
    c. Filled-up SEC authorized evaluation forms of participants (Evaluation Form attached as Annex "A"); and
    d. Summary of the evaluation results.

7. The Commission shall have the option to send one (1) representative to observe and monitor the conduct of a training program; and

8. The accredited training providers shall not allow non-accredited speakers to give lectures in any of its training programs. Further, it shall ensure the accreditation of its speakers by requiring them to attend at least once a year a roundtable discussion given by the Commission and by submitting the SEC authorized evaluation form mentioned in number four (4) to this Commission.

III. <u>Guidelines for In-House Corporate Governance Training Seminars</u>

In-House Corporate Governance Training Seminars may either be (1) those conducted by a company on its own; or (2) those conducted in partnership with accredited training providers.

A. Conducted by a company on its own

1. The Corporation shall file with the Commission a written request for approval of each in-house corporate governance training at least one (1) month before a scheduled training;

2. Together with the written request, it shall file a Certification that it has been conducting in-house corporate governance training for the company and that it can guarantee a qualified line-up of SEC accredited trainers, which include at least one experienced corporate director/CEO, who can effectively deliver, as a minimum, the required training in accordance with the Revised Code of Corporate Governance with special emphasis on the mandated topics provided in Part V (Updated Mandated Topics);

3. The Corporation shall submit for the Commission's examination a copy of its course outline and training materials for its own training programs together with the credentials of its resource speakers;

4. The requirement for SEC accredited trainers applies to local speakers only. For foreign speakers, the company shall submit the speaker's credentials for the Commission's prior approval;

5. Only lectures/trainings conducted by SEC accredited trainers or approved foreign speakers shall be counted as compliance with SEC Memorandum Circular No. 20, Series of 2013;

6. A processing fee of Two Thousand Pesos (P2,000.00) shall be paid for each application for approval of in-house corporate governance training filed with the Commission;

7. Prior notice of at least five (5) days must be given to the Commission before any change in speaker/resource person is made. In case of inability of the speaker to lecture on the scheduled date, the company shall inform the Commission in writing of the reason for the same. It shall also name a replacement speaker, who for local speakers shall be SEC accredited and for foreign speakers shall be subject to SEC's prior approval, and submit his/her *curriculum vitae;*

8. In case of cancellation or postponement of scheduled training/seminar, the company shall notify the Commission at least ten (10) days prior to date of seminar/training and provide reason for cancellation of the same;

9. In case of changes in the course outline and materials, the company shall furnish the Commission with the revised outline and materials at least seven (7) days prior to date of seminar/training

10. Within ten (10) days from completion of the training/seminar, the company shall submit the following to the Commission:

    a. Completion Report of Training;
    b. Signed attendance sheet of participants;
    c. Filled-up SEC authorized evaluation forms of participants (Evaluation Form attached as Annex "A");
    d. Summary of the evaluation results;
    e. Certificate of Attendance of participants; and

11. The Commission shall have the option to send one (1) representative to observe and monitor the conduct of the training program.

B. In Partnership with an Accredited Training Provider

The same guidelines provided under Part II (Additional Guidelines for Accredited Institutional Training Providers) will apply.

IV. Updated Mandated Topics

a. Revised Code of Corporate Governance
b. ASEAN Corporate Governance Scorecard and SEC Annual Corporate Governance Report;
c. Board Responsibilities
d. Illegal activities of corporations/directors/officers;
e. Insider trading;

f. Protection of minority shareholders;
g. Short Swing Transactions;
h. Liabilities of Directors;
i. Confidentiality;
j. Conflict of Interest;
k. Related Party Transactions;
l. Case studies;
m. Financial Reporting and Audit;

All the mandated topics are required to be discussed during the **first training** of each director or key officer. Subsequent or follow-up trainings may focus in more detail on any of the mandated topics appropriate to the needs of the directors or officers. Other relevant corporate governance issues may also be the subject matter of subsequent trainings.

V. <u>Seminars through Videoconference</u>

Directors and Key Officers who are unable to physically attend a scheduled corporate governance training/seminar may participate through videoconference subject to the following conditions:

1. The accredited training provider or the company conducting the in-house training shall advise the Commission if there are directors or key officers who will participate through videoconference at least two (2) week before the scheduled training;

2. The accredited training provider shall assume the following responsibilities:

    a. To safeguard the integrity of the training/seminar via videoconferencing;
    b. To record and properly document the training/seminar;
    c. To store for safekeeping the recording; and
    d. To forward to the Commission a copy of the recording; and

3. The Commission shall have the option to send at least one (1) representative to observe and monitor the conduct of the said training program.

VI. <u>Duration of Training</u>

1. All key officers and directors of publicly-listed companies (PLCs) are required to attend a minimum of four (4) hours of training every year. This is to cover all the mandated topics including financial reporting and audit; and

2. Key officers, for purposes of these guidelines, refer to all officers provided in the company's by-laws, all members of the Audit Committee, Internal Auditor and Compliance Officer.

VII. <u>Exemption from SEC Memorandum Circular No. 20, Series of 2013</u>

1. Directors and key officers of publicly-listed companies who will be accredited as speakers/training providers and will conduct at least one (1) CG training per year, either through an accredited training provider or through an approved in-house

corporate governance training, will be considered as exempt from compliance with SEC Memorandum Circular No. 20, Series of 2013;

2. Directors and key officers of publicly-listed companies who are of known probity and of a well-recognized stature, influence and reputation in the business community. The company to which they are affiliated must stand as testimonies to good corporate governance. The company must present proof of and attest to the director or key officer's good standing and the company's good corporate governance;

3. Foreign directors who have previously attended corporate governance trainings covering the mandated topics of the Commission. Proof of attendance to said trainings must be presented to the Commission, which would include the subject matter of said training; and

4. Filipino directors who have previously attended foreign trainings on corporate governance covering the mandated topics of the Commission. Proof of attendance to said trainings must be presented to the Commission, which would include the subject matter of said training.

This Memorandum Circular shall take effect immediately.

Mandaluyong City, Philippines, 8 January 2015.

For the Commission:

TERESITA J. HERBOSA
Chairperson

< ITP LOGO and NAME>
<Date, Venue and Time>

EVALUATION SHEET

Please take time to fill out this form as part of our compliance with the SEC requirement.
All information will be kept confidential.

Seminar Title: ______________________________ **Date**: ____________________

Name of Participant: ____

Designation: ____

Please rate the program/lecturer according to the following criteria:
(please check off the corresponding box)

1 = *Poor* **2** = *Below Average* **3** = *Average* **4** = *Above Average* **5** = *Excellent*

Over-all Program

	1	2	3	4	5
1. Registration procedure	☐	☐	☐	☐	☐
2. Venues' atmosphere is conducive for training/seminar	☐	☐	☐	☐	☐
3. Relevance of subject-matter discussed in the training	☐	☐	☐	☐	☐
4. Value for money	☐	☐	☐	☐	☐

Resource Materials

	1	2	3	4	5
1. Adequacy, completeness and accuracy of resource materials	☐	☐	☐	☐	☐
2. Sufficient time alloted for each topic	☐	☐	☐	☐	☐
3. Presentation and organization of resource materials	☐	☐	☐	☐	☐

< ITP LOGO and NAME>
<Date, Venue and Time>

EVALUATION SHEET

Please rate the program/lecturer according to the following criteria:
(please check off the corresponding box)

1 = *Poor* **2** = *Below Average* **3** = *Average* **4** = *Above Average* **5** = *Excellent*

Q & A / Feedback Mechanism

	1	2	3	4	5
1. Adequate time for Q & A	☐	☐	☐	☐	☐
2. Appropriate Feedback Mechanism	☐	☐	☐	☐	☐

Resource Speaker/s

Name of Resource Speaker: (to be provided by the ITP)

	1	2	3	4	5
1. Clarity of discussion	☐	☐	☐	☐	☐
2. Ability to build rapport with audience	☐	☐	☐	☐	☐
3. Use of visual aids/handouts	☐	☐	☐	☐	☐
4. Mastery of subject-matter presented	☐	☐	☐	☐	☐
5. Proper use of allotted time to discuss subject-matter	☐	☐	☐	☐	☐
6. Ability to address questions raised	☐	☐	☐	☐	☐

Comment/Suggestion/Recommendation

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