Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

SEC MEMORANDUM CIRCULAR NO. 20
Series of 2026

TO: ALL CONCERNED

SUBJECT: Guidelines Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies and Lifting the Moratorium on Online Lending Platforms

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WHEREAS, the Securities and Exchange Commission (SEC or Commission) exercises regulatory and supervisory authority over financing companies (FCs) and lending companies (LCs) pursuant to Republic Act (R.A.) No. 8556, otherwise known as the *Financing Company Act of 1998* (FCA), as amended, and R.A. No. 9474, otherwise known as the *Lending Company Regulation Act of 2007* (LCRA), as amended;

WHEREAS, Section 5 of the LCRA expressly authorizes the Commission to prescribe a higher minimum capitalization requirement for LCs when warranted by prevailing circumstances;

WHEREAS, Section 6 of R.A. No. 10881, otherwise known as an *Act Amending Investment Restrictions in Specific Laws Governing Adjustment Companies, Lending Companies, Financing Companies and Investment Houses Cited in the Foreign Investment Negative List and For Other Purposes* provides that the SEC has the authority to adjust the minimum paid-up levels of FCs as it deems warranted by its prudential oversight requirements and consistent with the objectives of the Act;

WHEREAS, R.A. No. 11765, otherwise known as the *Financial Products and Services Consumer Protection Act* (FCPA) and its Implementing Rules and Regulations (IRR), declares it a policy of the State to ensure that appropriate mechanisms are in place to protect the interests of consumers of financial products and services under conditions of transparency, fair and sound market conduct, and fair, reasonable, and effective handling of financial consumer disputes, consistent with global best practices, and to safeguard the rights of financial consumers to: (a) equitable and fair treatment; (b) disclosure and transparency of financial products and services; (c) protection of consumer assets against fraud and misuse; (d) data privacy and protection; and (e) timely handling and redress of complaints;

WHEREAS, R.A. No. 3765, otherwise known as the *Truth in Lending Act* (TILA), declares it a policy of the State to protect its citizens from a lack of awareness of the true cost of credit by ensuring full and clear disclosure of such costs, with a view to preventing the uninformed use of credit to the detriment of the national economy;

Published on:
Philippine Star, 08 July 2026
Manila Standard, 08 July 2026

Filed with UP Law Center: 07 July 2026

WHEREAS, R.A. No. 10173, otherwise known as the *Data Privacy Act of 2012* (DPA), recognizes the vital role of information and communications technology in nation-building and mandates the protection and security of personal information and communications systems in both the public and private sectors;

WHEREAS, it is the policy of the State to place the operations of FCs and LCs in a sound, efficient, and stable condition to derive the optimum advantages from them as an additional source of credit and to ensure that FCs and LCs have sufficient financial resources to operate viably, mitigate risks, and comply with regulatory standards, ultimately enhancing stability and protecting stakeholders' interests;

WHEREAS, on 05 November 2021, the Commission issued SEC Memorandum Circular No. 10, Series of 2021 (MC 10), imposing a moratorium on the recording of new Online Lending Platforms (OLPs), which likewise applies to existing FCs and LCs operating such platforms;

WHEREAS, the Commission recognizes the need to lift the moratorium imposed under MC 10 in order to promote responsible innovation, stimulate economic activity among FCs and LCs, and ensure that the operation of OLPs is aligned with consumer protection, market integrity, prudential objectives, financial inclusion, ease of market access, and alignment with the global trend of digitalization;

WHEREAS, in furtherance of its mandate, the Commission has drafted this Circular to prescribe, among others, the documentary requirements, process, qualifications, and regulatory standards applicable to FCs and LCs in relation to the disclosure and operation of its respective OLPs;

NOW, THEREFORE, in view of the foregoing premises, and pursuant to the powers vested in the Commission under the Revised Corporation Code, FCA, LCRA, R.A. No. 10881, FCPA, TILA, and without prejudice to the application of other pertinent laws, rules, and regulations, the Commission hereby issues these Guidelines Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies and to Lift the Moratorium on OLPs superseding MC 10.

PART I — GENERAL PROVISIONS

Section 1. Coverage. This Circular shall apply to all FCs and LCs, whether existing, newly registered, those interested in registering, or those with pending applications for registration, that currently offer or intend to offer financing or lending products and services through OLPs, traditional lending channels, brick-and-mortar operations, or any combination thereof. Purely internal administrative, accounting, treasury, human resources, infrastructure, or other non-lending technologies that are not directly used in, and do not materially affect, financing or lending activities are not covered by this Circular.

Section 2. Definition of Terms. For purposes of this Circular, the following definitions shall apply:

a. **Articles of Incorporation (AOI)** shall refer to the constitutive document of a corporation approved and registered before the SEC pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines (RCCP), which confers juridical personality upon the entity.

b. **Branch Office** shall refer to any fixed place of business, other than the principal office, maintained or operated by an FC or LC, where loan processing activity, credit evaluation or underwriting, loan approval or decision-making, pricing determination, execution of loan agreements, receipt of loan applications, or release of loan proceeds are performed.

   A kiosk, booth, or other temporary location shall likewise be deemed a Branch Office if it represents itself to the public as authorized to receive, process, approve, or release loans on behalf of the FC or LC, regardless of its name, designation, or nomenclature.

   The following shall not be considered Branch Offices:
   - merchant partner locations under a point-of-sale (POS) lending model;
   - temporary booths or promotional setups;
   - locations used solely for marketing, product introduction, or customer assistance;
   - facilities providing access to digital platforms (e.g., tablets, QR codes, or links); and
   - other similar off-site locations engaged solely in facilitation or referral activities.

   For the avoidance of doubt, the mere presence of marketing, customer interaction, or application facilitation activities, without authority to receive loan applications, release loan proceeds, or perform other lending functions, shall not, by itself, result in classification as a Branch Office.

c. **Certificate of Authority (CA)** shall refer to the certificate issued by the SEC authorizing a stock corporation to engage in the business of financing or lending pursuant to the FCA, the LCRA, and its respective IRRs. For regulatory purposes, this shall be synonymous with the corporation's secondary license.

d. **Certificate of Incorporation (COI)** shall refer to a certificate issued by the SEC granting juridical personality to an entity in accordance with the RCCP. For regulatory purposes, this shall be synonymous with the corporation's primary license.

e. **Credit** shall mean any loan, mortgage, financial lease, deed of trust, advance, discount, or forbearance of money; any conditional sale, contract to sell, or sale or contract of sale of property or services, whether for present or future delivery, under which all or part of the price is payable subsequent to the consummation of the transaction; and any transaction or series of transactions having a similar purpose or economic effect, including any option, demand, lien, pledge, or other claim against, or for the delivery of, money or property arising from the foregoing.

f. **Data Servers** refers to any physical or cloud-based infrastructure used primarily for the storage, processing, or transmission of data, including databases, hosting environments, and related backend systems, which do not by themselves enable borrower interaction, loan application, credit decision-making, or loan servicing.

g. **Finance Charge** refers to the total cost of credit payable by the borrower, including interest, fees, and other charges directly related to the loan, as required to be disclosed under applicable laws and regulations, particularly the TILA and its implementing rules.

h. **Financial Technology (FinTech)** refers to technologies, systems, software, applications, platforms, tools, or processes that are specifically designed, deployed, or used to facilitate, enable, support, or materially affect financing or lending activities involving prospective or existing borrowers that are directly used in, integral to, or have a direct and material impact on the financing or lending product life cycle, including borrower acquisition, onboarding, loan application, credit assessment, approval, disbursement, servicing, repayment, collection, and other loan processing activities.

FinTech shall not include general information technology systems, infrastructure, or internal tools that are not directly used in, do not form part of, and do not have a direct and material impact on the financing or lending product life cycle or borrower-facing financing or lending activities.

i. **Financing Companies (FCs)** shall refer to corporations, except banks, investment houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under special laws, which are primarily organized for the purpose of extending credit facilities to consumers and to industrial, commercial, or agricultural enterprises, by direct lending, discounting or factoring of commercial papers or accounts receivable, buying and selling of contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable or immovable property, as defined under the FCA.

j. **Lending Companies (LCs)** shall refer to corporations engaged in granting loans from its own capital funds or from funds sourced from not more than nineteen (19) persons, as defined under the LCRA. The term shall not include banks, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives, and other credit institutions regulated under other laws. The term shall be synonymous with lending investors.

k. **Loan Processing Activities** shall refer to acts or functions performed by an FC or LC, or by any person acting on its behalf, that directly involve or materially affect the evaluation, approval, creation, disbursement, administration, or enforcement of a loan or credit facility, including credit assessment, underwriting, approval, contract execution, disbursement control, loan servicing, account management, and collection or recovery activities.

Loan Processing Activities shall be limited to functions that involve decision-making authority, control over loan terms or disbursement, or responsibility for the management or enforcement of credit obligations, and shall not include activities that are purely marketing, promotional, informational, or facilitative in nature, including lead generation, advertising, provision of digital access tools, or customer assistance that does not involve the exercise of discretion or authority over the loan.

l. **Marketing**, as used in this Circular, shall refer to the use of digital channels, platforms, or technologies to advertise or promote the products, services, or brand of an FC or LC, without engaging in loan processing activities.

m. **Net Worth** is the excess of assets over liabilities as reflected in the latest due audited financial statements.

n. **Official Website** shall refer to the website owned, controlled, or maintained by an FC or LC where its official disclosures, announcements, consumer information, and contact details are made available to the public.

o. **Online Lending Platform (OLPs)** are any borrower-facing digital platform, application or system whether web-based, mobile-based, or otherwise, operated under a distinct name, brand, or identity and used to facilitate, process, service, manage, support, or otherwise perform financing or lending activities, including loan application, loan processing, credit evaluation, borrower onboarding, loan servicing, repayment, collection, or other borrower-facing lending functions, through which prospective or existing borrowers may directly access, apply for, obtain, manage, repay, or otherwise transact with respect to financing or lending products or services.

For purposes of this Circular:

a) An OLP shall be identified primarily based on its distinct name, brand, or borrower-facing identity, including mobile application names, platform names, or similar identifiers presented to the public;
b) A single OLP may utilize multiple domains, systems, or technological infrastructures, provided that such components operate under the same borrower-facing identity; and
c) Any platform or system that directly interfaces with borrowers as part of the lending process may be considered part of an OLP, provided that such platform or system operates under, or is presented to the public as part of, the borrower-facing identity of the OLP.

Systems or platforms that perform preparatory, assistive, or support functions, including those undertaken by third-party service providers, and which do not independently establish a borrower-facing identity, shall not be considered separate OLPs.

p. **OLP Name** refers to the borrower-facing name, brand, business name, trade name, application name, or similar identifier under which the FC or LC performs loan processing activities.

The term does not include the name of a third-party application, URLs, domain names, websites, marketplace names, social media platforms, digital ecosystem or payment portal, or similar platform through which the OLP or loan product is accessed.

q. **Paid-Up Capital** shall mean the portion of the authorized capital stock which has been both subscribed and paid. Revaluation Surplus, Additional Paid-In Capital, Retained Earnings, and Advances shall not be considered as Paid-Up Capital in determining compliance with the capital requirements under this Circular.

r. **Third-Party Service Providers (TPSPs)** refer to any natural or juridical person, that is affiliated with the FC or LC, that is engaged to perform debt collection, marketing, and/or transacting with borrowers for its products and services.

PART II — LICENSING AND BRANCH OFFICE DISCLOSURE

A. Certificate of Authority to Operate a Lending or Financing Company

Section 3. Single CA Policy. Each FC or LC incorporated after the effectivity of this Circular shall be issued only one (1) CA, which shall cover its financing or lending activities, regardless of the number of its branches or geographical location.

The CA shall likewise cover all financing or lending activities conducted by the FC or LC through any OLP or similar borrower-facing channel that the FC or LC operates, owns, or controls. No separate CA shall be issued for OLP. OLPs shall not be treated as separate legal entities, branches, or independently authorized units, but as operational channels of the FC or LC, without prejudice to applicable requirements on establishment, disclosure, and recording under this Circular.

Section 4. Registration and Disclosure of OLP Names. All OLP Names used by an FC or LC shall be duly registered and disclosed to the Commission as business names or trade names of the FC or LC in accordance with the Commission's applicable Guidelines and Procedures on the Use of Corporate and Partnership Names.

Each OLP Name shall be uniquely associated with a single FC or LC and shall not be used in a manner that may mislead borrowers as to the identity of the financing or lending company responsible for the OLP.

This Section shall be deemed ineffective upon the establishment of the Commission's OLP Registry.

Section 4.1. Changes Relating to OLP Names. The discontinuance, replacement, renaming, transfer, migration, merger, consolidation, or other modification of an OLP shall be disclosed in such form and manner as may be prescribed by the Commission.

Such change or modification shall not extinguish, impair, or otherwise affect any liabilities, obligations, borrower claims, pending complaints, investigations, enforcement actions, or regulatory proceedings arising from or relating to the operation of such OLP.

FCs and LCs shall clearly disclose their corporate name, SEC registration number, and CA number through their OLPs and other borrower-facing channels in such form and manner as may be prescribed by the Commission.

Section 4.2. Lock-in Period for OLP Names. Within the period of sixty (60) months from the disclosure of its OLP name in accordance with this Circular, FCs and LCs are prohibited from changing or modifying their OLP names unless allowed under existing rules and regulations or as approved by the Commission.

Section 5. Branch Office Disclosure and Recording. Any company granted the CA to operate either as a financing or lending company may establish or operate a Branch Office/s. No separate CA shall be required or issued for the establishment, operation, relocation, or maintenance of a Branch Office.

FCs and LCs shall notify the Commission prior to the establishment, operation, closure, relocation, or material changes relating to its Branch Offices, in such form and manner as may be prescribed by the Commission.

For each Branch Office, the following minimum information shall be disclosed and recorded with the Commission:
a) Complete address of the Branch Office;
b) Contact number, whether landline or mobile;
c) Date of commencement of operations; and
d) Any other information as may be required by the Commission.

Section 5.1. Centralized Branch Registry. The Commission may establish and maintain a centralized recording or registry system for Branch Offices to facilitate monitoring, supervision, and consumer protection. The Commission will subsequently issue a public notice regarding its implementation.

Section 5.2. Disclosure of Agencies, Extension Offices, Units, Satellite Offices, Service Centers, Customer Assistance Centers, and Similar Operational Arrangements. Agencies, extension offices, units, satellite offices, service centers, customer assistance centers, collection centers, and similar operational arrangements established or maintained by an FC or LC that do not otherwise fall within the definition of a Branch Office shall likewise be disclosed to the Commission prior to establishment or operation, in such form and manner as may be prescribed by the Commission.

For the avoidance of doubt, any agency, extension office, unit, satellite office, service center, customer assistance center, collection center, or similar arrangement that performs the functions of a Branch Office as defined under this Circular shall be treated as a Branch Office regardless of nomenclature and shall be subject to the applicable requirements governing Branch Offices.

No separate CA shall be required for locations covered by this Section. The disclosure requirement under this Section is intended solely to promote regulatory visibility, monitoring, and consumer protection and shall not be construed as conferring Branch Office status upon such locations.

Section 5.3. Clarification on Field Collection Activities. For purposes of this Circular, the occasional or incidental conduct of field collection activities, borrower visits, payment pick-ups, inspections, verifications, or similar collection-related activities by employees, agents, or authorized representatives of an FC or LC outside its principal office or disclosed branch office shall not, by itself, be deemed the establishment or operation of a branch office.

Section 6. Transition and Disclosure of Existing Branches. Within one hundred eighty (180) days from the effectivity of this Circular, all existing FCs and LCs shall disclose to the Commission all Branch Offices existing and operating as of the effectivity date of this Circular, in such form and manner as may be prescribed by the Commission.

During such a period, existing Branch Offices may continue to operate, provided that the required disclosure is timely submitted within the prescribed period. Failure to disclose existing Branch Offices within the prescribed period shall subject the FC or LC to the applicable penalties under this Circular.

This Section shall apply only to Branch Offices existing as of the effectivity of this Circular and shall not be construed as exempting newly established Branch Offices from compliance with the disclosure requirements prescribed herein.

PART III. CAPITAL AND NET WORTH REQUIREMENTS

Section 7. Required Paid-Up Capital.

A. Requirements for New Companies

All FCs or LCs incorporated after the effectivity of this Circular shall, as a condition for the issuance of a CA, comply with the following minimum paid-up capital requirements, without prejudice to any higher capitalization requirement imposed under Section 8.1 of this Circular or under other applicable laws, rules, or regulations:

Company Type	Required Minimum Paid-up Capital
FC	₱15,000,000.00
LC	₱5,000,000.00

The capital requirements apply uniformly across the country. The required amount remains the same regardless of the main office location or the number and locations of physical branch offices.

B. Requirements for Existing Companies

Existing FCs and LCs are not required to adjust its capital immediately, unless it expands its operations. If an existing company opens new physical branches, it must immediately increase its capital to meet the minimum requirements stated in Item A, Section 7. If existing companies operate an OLP or additional OLPs, they must comply with the capital requirements set forth in Section 8.

Section 8. Paid-Up Capital Requirement for OLP Operations. All FCs and LCs, whether existing or incorporated after the effectivity of this Circular, seeking to own, operate, control, or utilize one or more OLPs shall possess and maintain paid-up capital commensurate with the scale, complexity, and risk of its digital lending operations.

In no case shall any FC or LC be allowed to own, operate, control, or utilize more than **five (5) OLPs** as a prudential limit intended to ensure effective supervision, adequate governance, and manageable consumer risk exposure. Existing FCs and LCs shall remove OLPs in excess of the limit and shall disclose remaining OLPs in accordance with Sections 9 and 18 of this Circular.

The following capital levels shall apply:

A. For FCs:

Required Paid-Up Capital	Maximum Number of Allowable OLPs
₱20,000,000.00	1 OLP
₱40,000,000.00	2 OLPs
₱60,000,000.00	3 OLPs
₱80,000,000.00	4 OLPs

Required Paid-Up Capital	Maximum Number of Allowable OLPs
₱100,000,000.00	5 OLPs

B. For LCs

Required Paid-Up Capital	Maximum Number of Allowable OLPs
₱10,000,000.00	1 OLP
₱20,000,000.00	2 OLPs
₱30,000,000.00	3 OLPs
₱40,000,000.00	4 OLPs
₱50,000,000.00	5 OLPs

For purposes of this Section, each OLP shall be determined on the basis of a distinct borrower-facing brand, name, application, or digital identity under which lending services are offered to the public. Multiple brands or applications that appear to borrowers as separate platforms shall be treated as separate OLPs, notwithstanding the use of shared systems or infrastructure.

The number of OLPs shall serve as a prudential proxy for platform-related and market conduct risk, including consumer exposure, operational complexity, and supervisory burden, and shall not be interpreted as the sole determinant of capital adequacy.

Any increase in the number of OLPs shall be subject to the applicable regulatory treatment under this Circular.

Section 8.1. Other Applicable Capitalization Requirements. Compliance with the capitalization requirements prescribed under this Part shall be without prejudice to compliance with any higher or additional capitalization requirements imposed under applicable laws, rules, or regulations, including, where applicable, the Foreign Investments Act (FIA), as amended.

Section 8.2. Minimum Net Worth Requirement. For purposes of determining continuing compliance with the capitalization requirements under this Circular, the relevant measure shall be Net Worth, as reflected in the latest due audited financial statements. Accordingly, every FC and LC shall, at all times, maintain a Net Worth equivalent to or greater than the applicable minimum capitalization requirement prescribed under Sections 7, 8, or 8.1 of this Circular, as the case may be.

Section 9. Transitional Period Requirements. Existing FCs and LCs that, upon the effectivity of this Circular, own, operate, control, or utilize one or more OLPs shall comply with the applicable paid-up capital requirements corresponding to the number of their existing OLPs within twelve (12) months from the effectivity of this Circular.

Within one hundred eighty (180) days from the effectivity of this Circular, FCs and LCs that do not intend to comply with the capital requirements corresponding to all existing OLPs may reduce and disclose only those OLPs supported by their existing capital level. Any OLP not so disclosed shall be deemed delisted and may no longer be operated or utilized.

During the transition period, FCs and LCs shall not introduce or operate additional OLPs unless and until full compliance with the applicable paid-up capital requirements has been achieved.

Existing FCs and LCs that elect not to own, operate, control, or utilize any OLP may continue its operations, subject to the following conditions:

a) It shall not own, operate, control, or utilize any OLP;
b) It shall limit its operations to a localized, non-digital business model within its declared areas of operation, which shall be identified at the city or municipality level and reflected in its business plan and disclosures to the Commission. For purposes of this Section, declared areas of operation refer to the city or municipality where the FC or LC intends to conduct financing or lending operations and shall not be determined by the residence, relocation, or temporary location of individual borrowers;
c) It shall not introduce, deploy, or operate any OLP unless they first comply with the applicable capital requirements under this Circular; and
d) Any expansion of operations, including but not limited to the establishment of new branch offices, expansion beyond its declared areas of operation, or extension of services beyond the declared city or municipality, shall require prior compliance with the applicable capital requirements under Sections 7 and 8 of this Circular.

Section 10. Failure to Comply After Transition Period. Upon expiration of the transition period prescribed under Section 9 of this Circular, any FC or LC that fails to comply with the applicable minimum paid-up capital requirements under Sections 7 or 8, whichever is applicable, shall be penalized under Section 27(B) of this Circular.

PART IV. ANNUAL LICENSING FEES

Section 11. Annual Licensing Fees (ALF). In view of the adoption of the Single CA Policy and the removal of branch-level annual fees, the ALF is hereby imposed at the entity level to reflect the cost of continuing supervision, monitoring, and regulatory oversight of FCs and LCs, including those operating through digital or platform-based channels.

The ALF prescribed under this Section shall replace the annual licensing fees previously imposed on FCs and LCs, including branch-level annual fees, and shall constitute the annual fee payable by FCs and LCs under the Single CA Policy, unless otherwise provided by the Commission.

All FCs and LCs shall pay an ALF computed based on the total assets reflected in the latest due audited financial statements required to have been filed with the Commission as of the ALF due date. The ALF shall be exclusive of the Legal Research Fee and Documentary Stamp Tax and shall be imposed at the following graduated rates:

A. For FCs

Total Assets	Applicable Rate
Not exceeding ₱75,000,000.00	Fixed amount of ₱3,000.00
Greater than ₱75,000,000 but not exceeding ₱500,000,000.00	0.004%
Greater than ₱500,000,000 but not exceeding ₱1,500,000,000.00	0.006%
Greater than ₱1,500,000,000 but not exceeding ₱3,000,000,000.00	0.008%
Greater than ₱3,000,000,000.00	0.01%, capped at ₱300,000.00

B. For LCs

Total Assets	Applicable Rate
Not exceeding ₱65,000,000.00	Fixed amount of ₱2,000.00
Greater than ₱65,000,000.00 but not over ₱500,000,000.00	0.003%
Greater than ₱500,000,000.00 but not exceeding ₱1,000,000,000.00	0.004%
Greater than ₱1,000,000,000.00 but not over ₱2,500,000,000.00	0.006%
Greater than ₱2,500,000,000.00	0.008%, capped at ₱200,000.00

The foregoing graduated rates shall apply beginning 01 January 2027, and shall govern the computation of the ALF due on 31 December 2027 and annually thereafter.

Section 12. Due Date. The ALF shall be due and payable on or before **31 December of each calendar year**. For newly registered FCs and LCs, the first ALF shall be payable on

31 December of the calendar year immediately following the date of issuance of the CA, regardless of the month of issuance.

Failure to pay on or before the prescribed deadline shall subject the FC or LC to surcharges, penalties, and other administrative sanctions under the applicable Circular.

Section 12.1. Transition to the ALF Regime. FCs and LCs that have paid the annual fees due under the rules and regulations existing prior to the effectivity of this Circular shall not be required to pay any additional annual fees covering the same assessment period. The first ALF prescribed under this Circular shall be due and payable on or before 31 December 2027.

Section 13. Continuing Obligation to Pay ALF. The obligation to pay the ALF shall continue for as long as the CA remains valid and subsisting, and shall cease only when:

a) the CA has been formally revoked by the Commission;
b) a Cease and Desist Order (CDO) has become final and permanent; or
c) a Certificate of Dissolution has been issued by the Commission, whichever occurs earlier.

Section 14. Relief Upon Cessation of Operations. An FC or LC that has fully ceased operations and is unable to initiate formal dissolution for justifiable reasons may apply to the Commission for a suspension of the payment of ALF, provided that it shall submit the following documents through eFAST:

a) it files a formal Notice of Cessation of Business within thirty (30) days of ceasing operations;
b) it submits proof that no OLPs or Branch Offices remain active; and
c) it undertakes to file for formal dissolution or surrender of the CA within one (1) year from the date of cessation.

Upon approval of such application, the payment of ALF shall be suspended during the pendency of dissolution proceedings. If the FC or LC fails to complete dissolution within the prescribed period without justifiable cause, the suspended ALF obligations shall become immediately due and demandable.

The mere issuance of a CDO shall not, by itself, relieve the FC or LC from payment of ALF, unless a formal cessation application has been approved under this Section, or in case the CDO has become final and permanent.

PART V. BUSINESS PLAN, OLP DISCLOSURE AND OPERATIONAL REQUIREMENTS

A. Business Plan Requirements

Section 15. Original Business Plan. New companies that will be incorporated as FCs or LCs subsequent to the effectivity of this Circular shall submit the business plan within sixty (60) days from the date of issuance of its CA to Operate as an FC or LC.

Upon submission, these FCs or LCs may immediately implement the contents of the original business plan.

Any FC or LC that implements any portion of the original business plan that violates the conditions of its CA or any applicable law, rules, or issuances of the Commission will be subjected to administrative sanctions. The same rule applies to the implementation of any material financing or lending operations not included in the original business plan.

Section 16. Amendment of Business Plans. In case of amendments, FCs and LCs must submit an amended business plan, underlining the changes therein, and secure the Commission's prior approval before implementing any material change thereto.

Section 17. Guidelines on Business Plan Submissions or Amendments. A separate issuance on the prescribed format, materiality of changes, and mode of filing of the Business Plan, among others, shall be issued by the Commission.

B. Establishing an OLP

Section 18. Establishment of OLPs. All FCs and LCs operating an OLP shall disclose and maintain accurate and updated information regarding each OLP, including its name, borrower-facing identity, website, mobile application, domain names, platform links, and such other information as may be required by the Commission.

For this purpose, FCs and LCs shall submit and update the required information through such electronic portal, registry, or system as may be prescribed by the Commission. The Commission may establish and maintain a centralized registry of OLPs and prescribe the manner, form, and frequency of submitting, updating, validating, and publishing information relating thereto.

Until such a portal, registry, or system becomes operational, the Commission will prescribe alternative modes of submission and disclosure as it may deem appropriate.

The Commission may, at any time, determine whether a platform constitutes an OLP based on its actual operation, functionality, and overall structure. The Commission may, *motu proprio*, refuse, suspend, delist, reclassify, or otherwise modify the recording of an OLP found to be in violation of this Circular or other applicable laws, rules, and regulations.

C. Operational Requirements

Section 19. Operational Requirements for OLPs. FCs and LCs shall not operate or allow the operation of an OLP unless such OLP, including any website, application, software, or platform forming part thereof, possesses the operational features and functionalities as required in this Circular. OLPs shall maintain appropriate system controls, including audit logs, transaction traceability, and access controls, sufficient to ensure the integrity, security, and verifiability of all borrower interactions and transactions.

Section 20. TILA Disclosures. Upon opening of the OLP, or at the latest prior to loan confirmation, FCs and LCs shall ensure that its OLPs clearly, prominently, and comprehensibly disclose to the borrower the computation showing the true cost of credit, in accordance with the TILA, its IRR, and any amendments thereto.

At a minimum, the following information shall be disclosed to and acknowledged by the borrower:

a) Total loan amount of the approved loan;
b) Total amount to be disbursed to the borrower;
c) Applicable interest rate(s), expressed on a monthly basis, and the corresponding effective interest rate, where applicable;
d) All other fees, charges, or costs forming part of the total cost of credit;
e) Payment schedule, including the due dates and corresponding amounts, with a clear notice that late payments may be subject to additional charges;
f) Exact loan term expressed in days or months; and
g) Any other material information required under applicable laws and regulations, or which may reasonably affect the borrower's decision to proceed with the loan.

The foregoing disclosures shall be presented in a manner that is clear, prominent, and easily understandable, and shall be displayed in a single view or in a logically connected sequence of screens that allows the borrower to fully review the information prior to loan confirmation.

The borrower shall be required to provide an affirmative acknowledgment of the disclosures prior to loan confirmation.

All FCs and LCs shall use the Loan Disclosure Statement prescribed under the Annex of this Circular.

For mobile applications, websites, and other digital interfaces, the prescribed form may be presented through layered or responsive disclosures to accommodate the limitations of mobile devices, provided that all mandatory information required under the Annex remains complete, readily accessible, and expressly acknowledged by the borrower prior to the consummation of the loan transaction.

Upon the borrower's acceptance of the loan, the FC or LC shall likewise transmit to the borrower a complete and unaltered electronic copy of the duly accomplished Loan Disclosure Statement prescribed in the Annex through the borrower's registered email address or through any other electronic or digital means designated by or consented to by the borrower, including, but not limited to, secure in-application messaging, SMS containing a secure retrieval link, Viber, Telegram, iMessage, Facebook Messenger, or similar electronic communication platforms capable of retaining and reproducing the disclosure.

Section 21. Data Privacy, Automation, and Profiling Safeguards. FCs and LCs, as Personal Information Controllers, and its TPSPs, as Personal Information Processors, shall ensure full compliance with the Data Privacy Act of 2012, its IRR, and all relevant issuances of the National Privacy Commission.

In this regard, FCs and LCs shall ensure that its operations, including those conducted through OLPs, comply with applicable requirements regarding lawful processing, transparency, data subject rights, and the implementation of reasonable and appropriate organizational, physical, and technical security measures, in accordance with the DPA or any amendments thereto and NPC regulations or issuances.

Section 22. Credit Information Corporation (CIC) Registration and Use of Credit Information. All FCs and LCs operating OLPs shall comply with the requirements of the Credit Information System Act (CISA), its IRR, and all relevant issuances of the CIC.

In this regard, FCs and LCs shall:
a) be duly registered with the CIC as submitting entities and accessing entities, as applicable;
b) regularly submit complete, accurate, and timely Credit Data Information in accordance with CISA and its implementing rules; and
c) adopt and implement a documented credit risk assessment framework that considers available and relevant credit information, including, where appropriate, credit reports and data obtained from the CIC and other lawful sources.

All FCs and LCs are encouraged to use CIC data in its internal credit evaluation processes, consistent with its risk-based underwriting policies and business model, as disclosed in its approved Business Plan.

Failure to register with the CIC or to submit required credit data in accordance with CISA shall constitute a violation of this Circular and shall be subject to appropriate administrative sanctions under Section 27(F).

Section 23. Limitations on Advertisements and Marketing Activities of OLPs. All marketing activities including but not limited to advertisements, promotions, or communications of FCs and LCs relating to its financing or lending products, services, or credit facilities, including those conducted through OLPs, whether in print, broadcast, outdoor, digital media or any other forms/method of marketing activities, shall comply with applicable laws, rules, and regulations, including the FCPA, its IRR and other related issuances.

FCs and LCs shall ensure that all marketing activities are accurate, fair, and clear. It shall not contain any representation or omission that may deceive or mislead borrowers as to the nature, cost, terms, or availability of the credit product.

At a minimum, all marketing activities shall clearly and prominently disclose, in a manner appropriate to the medium used:

a) The registered name of the financing or lending company, and, where applicable, the name of the OLP through which the product is offered;
b) The fact that the entity is duly registered with and regulated by the Securities and Exchange Commission; and
c) The official contact details or channels through which borrowers may direct inquiries or complaints.

FCs and LCs shall be responsible for addressing the queries and complaints raised by the borrowers and shall remain fully responsible and accountable for any marketing activities conducted on its behalf, including those undertaken by TPSPs, agents, affiliates, or digital platforms.

Section 24. No Unauthorized Disbursement and Automatic Renewal. No FC or LC shall permit the disbursement of loan proceeds—whether automated, system-initiated, or otherwise—unless the borrower has first provided explicit and informed confirmation of the final loan terms.

Such confirmation shall be obtained only after the borrower has been presented with the complete and accurate loan disclosures required under applicable laws, rules, and regulations and has been given a reasonable opportunity to review the same.

FCs and LCs shall ensure that such confirmation is properly recorded, time-stamped, and retrievable, and is demonstrably linked to the specific loan transaction and the disclosures provided to the borrower.

Any disbursement made in violation of this Section shall be considered unauthorized, without prejudice to the borrower's rights and to the imposition of administrative sanctions under this Circular and other applicable laws, rules, and regulations.

Section 25. Collection Requirements and Method. In collecting payments from borrowers, FCs and LCs shall ensure that all collection communications, whether made directly or through any TPSP, are conducted in a manner that is fair, transparent, and not misleading, and are consistent with applicable laws, rules, and regulations.

All collection communications shall clearly and reasonably identify, in a manner appropriate to the medium used:

a. the registered name of the FC or LC; or

b. the specific OLP or application on whose behalf the collection is being made, provided that such identification is sufficient to reasonably inform the borrower of the source of the communication; or
c. other information as the Commission may deem necessary.

Any collection communication, whether automated, system-generated, or pre-programmed messages, that fails to reasonably identify the FC or LC or the relevant OLP shall be deemed unauthorized, and the borrower shall have the right to disregard such communication, without prejudice to the borrower's rights under applicable laws.

FCs and LCs must strictly comply with MC No. 18, Series of 2019, the SEC-FCPA IRR, and all subsequent amendments or related issuances.

In no case shall any person appearing in the borrower's contact list, character references, or similar personal information be treated, represented, or contacted as a guarantor, surety, co-maker, or person liable for the borrower's loan obligation, unless such person has separately and expressly agreed in writing to assume such legal obligation.

PART VI. LIFTING THE MORATORIUM ON OLPS.

Section 26. Lifting of the OLP Moratorium. Subject to full compliance with the requirements prescribed under this Circular, the Commission hereby lifts and supersedes MC No. 10, **effective 01 August 2026**, and allows the disclosure and recording of new OLPs to be owned, operated, controlled, or utilized by FCs and LCs.

The lifting of the moratorium under this Section shall not be construed as an automatic or unconditional approval of any OLP. All FCs and LCs, whether existing or newly incorporated, shall remain subject to the disclosure, business plan, minimum paid-up capital, operational, consumer protection, data privacy, and supervisory requirements prescribed under this Circular and other applicable laws, rules, and regulations.

Applications for the incorporation of new FCs and LCs shall be processed under the provisions of this Circular and shall remain subject to the approval of the Commission. Likewise, the disclosure and recording of new OLPs by duly incorporated FCs and LCs shall be subject to compliance with the applicable requirements prescribed under this Circular and such approval or action as may be required by the Commission.

PART VII. ENFORCEMENT AND PENALTIES

Section 27. Administrative Penalties. If, after due notice and hearing, the Commission finds that there is a violation of this Circular or any other related issuances, the Commission has the discretion to impose any or all of the following penalties:

A. Business Plan Requirements

1. Violation of Section 15 on Original Business Plans.

Violation	Penalty
Late Submission of Original Business Plan	FCs – ₱10,000.00 plus daily penalty of ₱200.00, maximum of ₱100,000.00
	LC – ₱10,000.00 plus daily penalty of ₱100.00, maximum of ₱60,000.00
Non-submission of Original Business Plan	FCs – Suspension of CA and ₱100,000.00 OR Revocation of CA
	LCs – Suspension of CA and ₱60,000.00 OR Revocation of CA
Implementation of the Contents of the Original Business Plans in violation of the conditions of its CA or any applicable law, rules, or issuances of the Commission, or Implementation of any material financing or lending operation not included in the original business plan	FCs – Suspension of CA for a period of sixty (60) days AND ₱100,000.00 OR Revocation of CA
	LCs – Suspension of CA for a period of sixty (60) days AND ₱60,000.00 OR Revocation of CA

2. Violation of Section 16 on Amendment of Business Plans.

Violation	Penalty
1st Offense	FCs – ₱100,000.00
	LCs – ₱60,000.00
2nd Offense	Suspension of CA for a period of sixty (60) days AND a monetary penalty equivalent to the first offense as applicable.
3rd and succeeding Offenses	Subject to the facts and circumstances of the offense and at the Commission's discretion, a fine of One Million Pesos (₱1,000,000) OR Revocation of CA to operate as an FC or LC, as the case may be.

B. Failure to Comply with the Minimum Capitalizations Requirement under Sections 7 and 8 and Failure to Comply After the Transition Period under Section 10

Frequency	Penalty
1st Offense	1/5 of 1% of the paid-up capital, but not less than ₱20,000
2nd Offense	½ of 1% of the paid-up capital, but not less than ₱40,000
3rd Offense	1% of the paid-up capital, but not less than ₱60,000
Succeeding Offenses	Suspension of CA for Sixty (60) Days AND monetary penalty equivalent to the amount imposed for the 3rd Offense

C. Failure to maintain the Minimum Net Worth Requirement under Section 8.2

Frequency	Penalty
1st Offense	FCs - ₱50,000
	LCs - ₱30,000
2nd Offense	FCs - ₱100,000
	LCs - ₱60,000
Succeeding Offenses	Suspension of CA for Sixty (60) Days AND monetary penalty equivalent to the amount imposed for the 2nd Offense

D. Failure to comply with the Registration and Disclosure of OLP Names under Section 4, Changes Relating to OLP Names under 4.1, or Lock-in Period for OLP Names under Section 4.2

Company	Penalty
FC and LC	Basic penalty of ₱100,000.00 for every count of violation

E. Failure to comply with the required TILA disclosure form under Section 20, and for the imposition of hidden fees and charges.

Frequency	Penalty
1st Offense	A monetary penalty of ₱30,000.00
2nd Offense	For FC – A monetary penalty of ₱100,000.00
	For LC – A monetary penalty of ₱60,000.00
Succeeding Offenses	Suspension of CA for Sixty (60) Days AND monetary penalty equivalent to the amount imposed for the 2nd Offense

F. Failure to comply with NPC and/or CIC requirements under Sections 21 and 22

Frequency	Penalty
1st Offense	A monetary penalty of ₱30,000.00
2nd Offense	For FC – A monetary penalty of ₱100,000.00
	For LC – A monetary penalty of ₱60,000.00
Succeeding Offenses	Suspension of CA for Sixty (60) Days AND monetary penalty equivalent to the amount imposed for the 2nd Offense

G. Violation of Section 23 on the Limitations on Advertisements and Marketing Activities of OLPs and/or Section 25 on Collection Requirements and Method

Frequency	Penalty
1st Offense	A monetary penalty of ₱30,000.00
2nd Offense	For FC – A monetary penalty of ₱100,000.00
	For LC – A monetary penalty of ₱60,000.00
Succeeding Offenses	Suspension of CA for Sixty (60) Days AND monetary penalty equivalent to the amount imposed for the 2nd Offense

H. Commission of Unfair Debt Collection Practices under Applicable Laws and Regulations and all subsequent amendments or related issuances.

Frequency	LC	FC
First Offense	₱60,000.00	₱100,000.00
Second Offense	₱250,000.00	₱500,000.00
Third Offense/Succeeding Offenses	Subject to the facts, circumstances, and gravity of the offense, the Commission, at its discretion, may impose a fine of not less than twice the fine for the second offense but not more than One Million Pesos (₱1,000,000) and/or Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of CA to operate as a Financing or Lending Company, as appropriate for each circumstance. The computation for the progression of offenses shall lapse every five (5) years from the last penalty imposed.	

I. Other Penalties

Any violation of this Circular not mentioned in the preceding paragraphs shall be liable for the following penalties:

Violation	Penalty
1st Offense	FCs – P100,000.00
	LCs – P60,000.00
2nd Offense	Suspension of CA for a period of sixty (60) days AND a monetary penalty equivalent to the first offense as applicable.
3rd and succeeding Offenses	Subject to the facts and circumstances of the offense and at the Commission's discretion, a fine of One Million Pesos (₱1,000,000) OR Revocation of CA to operate as a Financing or Lending Company and COI, as the case may be.

Nothing herein shall be construed as precluding the Commission from imposing the penalties granted to it, and are within its power under the relevant and applicable laws, rules and regulations, if warranted by the facts, circumstances, nature and/or gravity of the violation.

PART VIII. FINAL PROVISIONS

Section 28. No Vested Right Clause. Nothing in this Circular shall be construed as granting a vested right to continue operating an OLP in a manner inconsistent with this

Circular. All approvals and disclosures shall remain subject to the Commission's continuing supervisory and enforcement authority.

Section 29. Anti-Circumvention. No FC or LC shall engage in, participate in, facilitate, or permit any act, scheme, arrangement, transaction, restructuring, fragmentation, replication, rebranding, white-labeling, migration, transfer, outsourcing arrangement, corporate restructuring, or other conduct that has the purpose or effect of avoiding, evading, defeating, impairing, or circumventing the requirements, limitations, obligations, restrictions, or supervisory framework prescribed under this Circular.

For purposes of this Section, compliance shall be determined based on the substance, economic reality, and actual conduct of operations rather than the form, nomenclature, branding, contractual arrangement, technological structure, ownership arrangement, or other mechanism adopted by the FC or LC.

Without limiting the generality of the foregoing, the Commission may, for purposes of preventing circumvention, determining regulatory responsibility, enforcing compliance, or attributing ownership, control, operation, or utilization of an OLP, treat multiple OLPs, brands, applications, websites, digital channels, business arrangements, affiliated entities, outsourced arrangements, or other operational structures as a single OLP, or as being owned, operated, controlled, utilized, or otherwise attributable to an FC or LC, where the facts and circumstances show that such structures were established or maintained for the purpose or effect of avoiding the requirements of this Circular.

Provided, however, that nothing in this Section shall be construed to reduce, consolidate, or otherwise affect the determination of the number of OLPs for purposes of compliance with the capitalization requirements under Section 8 of this Circular. Multiple brands, applications, platforms, or borrower-facing identities that are considered separate OLPs under Section 8 shall continue to be counted separately, notwithstanding any determination made by the Commission under this Section.

Section 30. Applicability of Certain Laws and Regulations. The provisions of the FCA, LCRA, TILA, FCPA, and its respective IRRs, as well as other relevant rules and regulations issued by the Commission, shall have suppletory application insofar as they are applicable and not inconsistent herewith.

Section 31. Separability Clause. If any portion or provision of this Circular is held unconstitutional or invalid, all other provisions not thereby affected shall remain valid.

Section 32. Repealing Clause. All internal rules, memoranda, or circulars, and other regulations or parts thereof which are inconsistent with the provisions of this Circular, are hereby repealed, amended, or modified accordingly.

Without limiting the generality of the foregoing, the following issuances are hereby expressly repealed, amended, or modified:

- SEC MC No. 7, Series of 2011;
- SEC MC No. 18, Series of 2019 on Penalties;
- SEC MC No. 19, Series of 2019;
- SEC MC No. 10, Series of 2021;
- SEC MC No. 3, Series of 2022 on Business Plan; and
- The specific provisions of SEC MC No. 5, Series of 2023 that are inconsistent herewith.

Section 33. Effectivity. This Circular shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Signed this _7_th day of July, 2026, Makati City.

For the Commission:

FRANCISCO ED. LIM
Chairperson

Securities and Exchange Commission

BAGONG PILIPINAS

Annex A
[Company Details]
LOAN DISCLOSURE STATEMENT
(As Required under R.A.3765, Truth in Lending Act)
Per product/service offered

COMPLETE NAME OF THE BORROWER: ***(As it appears in the government-issued IDs)***	
COMPLETE HOME ADDRESS	
CONTACT NUMBER/S:	
EMAIL ADDRESS:	

1. LOAN GRANTED (Amount Financed): Php ____________
2. TYPE OF LOAN: ____________________
3. WITH COOLING OFF PERIOD
☐ **YES** Until: ___(DATE)___ **Amount Charge:** Php ______
☐ **NO**

4. FINANCE CHARGES:

a. Nominal Interest Rate: ___% per month
b. Advance Payment (if applicable) Php ____________
c. Pre-termination fee (if applicable) Php ____________
d. Loan Balance (if applicable) Php ____________

5. NON-FINANCE CHARGES:

a. Processing Fee: Php ____________
b. Credit Risk Fee: Php ____________
c. Documentary Stamp: Php ____________
d. Notarial Fee: Php ____________
e. Insurance (if any) Php ____________
f. Other Charges:
i. ____________ Php ____________
ii. ____________ Php ____________
iii. ____________ Php ____________
iv. ____________ Php ____________

g. TOTAL NON-FINANCE CHARGES: Php ____________ (__%)

6. TOTAL FINANCE AND NON-FINANCE CHARGES: Php ____________
7. NET PROCEEDS OF LOAN (Item 1 less Item 5): Php ____________

8. LATE PAYMENT FEE: ___% of the overdue principal amount
9. EFFECTIVE MONTHLY INTEREST RATE (EIR): ___% per month
10. ANNUAL PERCENTAGE RATE (APR): ___% annually *(if applicable)*
11. SCHEDULE OF PAYMENT:
a. Loan Term (Number of Installments): ____________
b. Monthly Payment: Php ____________

Applicable Month		**Due Date**	**Amount**			**Outstanding Principal Balance**
			Amortization	**Interest**	**Principal**	
1						
2						
3						
4						
(use additional sheet if needed)						
Total						

I acknowledge receipt of this statement and I fully understand and agree with all the terms and conditions thereof. The same was explained to me **PRIOR** to the consummation of the credit transaction.

Conformé. ______________________________
Printed Complete Name and Signature of the Borrower
Date Signed: ____________

Certified Correct: ______________________________
Printed Complete Name and Signature and Position
Date Signed: ____________

Should there be any concern/s AFTER the execution of this Disclosure, please refer to the contact information below:
Complaints Desk Email/s: ____________________
Complaints Desk Hotline/s: ____________________