

QAU Memo No. 26, s2020



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The Securities and Exchange Commission (SEC) has issued the following Memorandum Circulars (MC):

- SEC MC No. 29, s2020 2020 Guidelines on the Submission and Monitoring of the Money Laundering and Terrorist Financing Prevention Program;
- SEC MC No. 30, s2020 Revision of the General Information Sheet (GIS) of Foreign Corporations to Include Beneficial Ownership Information;
- SEC MC No. 31, s2020 Non-Imposition of Fines and Other Monetary Penalties for Non-Filing, Late and Failure to Comply with Compulsory Notification and Other Reportorial Requirements; and
- SEC MC No. 32, s2020 Basis of Preparation of Audited Financial Statements for BSFIs.

R.S. BERNALDO & ASSOCIATES

TAKING YOU FURTHER

2020 Guidelines on the Submission and Monitoring of the Money Laundering and Terrorist Financing Prevention Program (MTPP)

To: All SEC Covered Persons

The Commission has issued the “**2020 Guidelines on the Submission and Monitoring of the Money Laundering and Terrorist Financing Prevention Program (MTPP)**” herein referred to as the “**2020 MTPP Submission and Monitoring Guidelines**”.

This Circular applies to all Covered Institutions (Covered Persons) as defined in the [2018 Ant-Money Laundering and Combating Financing of Terrorism for SEC Covered Institutions \(“2018 AML/CFT Guidelines”\)](#).

All Covered Persons registered after the effectivity of the 2018 AML/CFT Guidelines (November 23, 2018) but before the effectivity of this Circular (November 25, 2020) without a submitted MTPP/ revised MTPP shall submit, within two (2) months from the effective date of this Circular, hard and soft copies of their MTPPs **duly approved by their Board of Directors** or by **the country/regional/area head or its equivalent for local branches of foreign covered persons** to the Anti-Money Laundering Division of the Enforcement and Investor Protection Department (AMLD-EIPD).

Covered Persons registered or issued its secondary license on or after the effective date of this Circular shall submit hard and soft copies of its MTPP in accordance with its undertaking in its sworn certification.

The MTPP **supersedes** the Anti-Money Laundering Operating Manual referred to in [SEC Memorandum Circular No. 2 Series of 2010](#). **The MTPP will not be included in the required documents by the Company Registration and Monitoring Department (CRMD) for Covered Persons applying for registration; and issuance of a secondary license.**

In line with this, an applicant Covered Person shall submit, together with its application a sworn certification signed by the Compliance Officer, Corporate Secretary or Resident Agent that the applicant’s MTPP has been prepared, noted, and approved by its Board of Directors or by the country/regional/area head or its equivalent for local branches of foreign covered persons. The applicant shall submit a copy furnish of said sworn certification to the AMLD-EIPD which would be stamped received by the AMLD-EIPD before they can be accepted by the CRMD.

The sworn certification shall include an undertaking that the applicant shall submit hard and soft copies of its MTPP to the AMLD-EIPD within ten (10) days from receipt of its Certificate of Registration and/or secondary license from the Commission ([SEC MC No. 29](#) with ANNEX “A” as the Sworn Certification Form).

Financing Companies (FCs) and Lending Companies (LCs) whose minimum paid-up capital shall at any time reach Ten Million Pesos (Php10,000,000.00) or whose foreign equity shall reach more than forty percent (40%), must submit hard and soft copies of their MTPPs to the AMLD-EIPD within sixty (60) days from the fact that the foreign ownership threshold or the minimum paid-up capital has been reached. An FC or LC that has reached the minimum threshold for the capitalization or foreign equity that qualifies it as a Covered Person shall continue to be considered as such for purposes of compliance with the AMLA, as amended, the 2018 AML/CFT Guidelines, and these Guidelines even if such capitalization or applicable foreign equity unless otherwise declared by the Commission.

Failure to comply with these Guidelines in the revision and submission of the MTPP shall subject the Covered Person to the penalties provided for under the 2018 AML/CFT Guidelines. The AMLD-EIPD in coordination with the other Operating Departments of the Commission shall monitor and ensure compliance with the requirement to submit the MTPP and impose the prescribed penalties for non-compliance thereto.

All rules, regulations, orders, circulars and issuances of the Commission that are inconsistent with this Memorandum Circular are hereby amended and/or repealed accordingly.

This Memorandum Circular shall take effect after November 20, 2020.

SEC MC No. 29 s 2020: <https://www.sec.gov.ph/mc-2020/mc-no-29-s-2020/>

2020 Revision of the General Information Sheet (GIS) of Foreign Corporations to Include Beneficial Ownership Information

To: All SEC Registered Foreign Corporations

This circular was released by SEC to widened the coverage of [SEC Memorandum Circular No. 15, s2019 \("2019 Revision of the GIS"\)](#) to include not only all domestic corporations but also all registered foreign corporations.

All other provision of [SEC Memorandum Circular No. 15, s2019](#) applies to registered foreign corporations except in case where the Commission, after due notice and hearing, finds that the resident, agent, country or regional head of the reporting corporation, without any lawful cause, failed to exercise the due diligence required in issuing the compliance with the requirement to disclose beneficial ownership information in accordance with Section 4 hereof resulting in no beneficial owner(s) being timely disclosed in the GIS or in the non-submission of the GIS containing such information within the prescribed period, they shall be penalized in accordance with Section 11 (ii) of SEC memorandum, Circular No. 15, Series of 2019.

All rules, regulations, orders, circulars, and issuances of the Commission that are inconsistent with this Memorandum Circular are hereby amended and/or repealed accordingly.

This Circular shall take effect immediately on November 25, 2020.

SEC MC No. 30 s2020: <https://www.sec.gov.ph/mc-2020/mc-no-30-s-2020/>

Non-Imposition of Fines and Other Monetary Penalties for Non-Filing, Late and Failure to Comply with Compulsory Notification and Other Reportorial Requirements

To: All Concerned

In implementation of paragraph www of Section 4 of the Republic Act No. 11494, otherwise known as the “Bayanihan to Recover As One Act”, signed into law on September 11, 2020, the Commission hereby promulgates the following guidelines to implement the directive from the President:

1. Violations for purposes of this Circular shall refer to non-filing and late filing of General Information Sheet (GIS) and Audited Financial Statements (AFS) including other reportorial requirements that the Commission may require, and non-compliance with compulsory notification.
2. For violations incurred that will fall due from 14 September 2020 until 19 December 2020, there will be no imposition of fines and other monetary penalties.
3. Corporations may still apply for monitoring from September 2020 until December 2020 to secure monitoring clearance.
4. Accordingly, all other violations that are incurred outside the covered period of 14 September 2020 until 19 December 2020 will result to computation of fines and penalties.
5. This Circular shall also apply to all Foreign Corporations except on matters pertaining to Securities deposits and Change of Resident Agent whose guidelines shall observe MC No. 24, s2020.

This Circular shall take effect immediately on November 5, 2020.

SEC MC No. 31 s2020: <https://www.sec.gov.ph/mc-2020/mc-no-31-s-2020/>

Basis of Preparation of Audited Financial Statements for BSFIs

To: All BSP Supervised Financial Institutions (BSFIs)

Due to the adverse impact of the COVID-19 pandemic, the Bangko Sentral ng Pilipinas has issued a memorandum that allows the following regulatory reliefs:

- a) Staggered booking of allowance for credit losses over a maximum period of five years;*
- b) Reclassification of debt securities measured at fair value to amortized cost category;*
- c) Exclusion of eligible loans from past due and non-performing classification until 31, December 2021; and*
- d) Any other regulatory relief that will be issued for prudential reporting due to COVID-19 pandemic;*

Once adopted and recorded for financial reporting purposes, the Commission approved the adoption of an industry-specific framework, to be referred to as the **PFRS, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC.**

Accordingly, BSFIs have the option to prepare their financial statements using said industry-specific framework or full PFRS for the duration and terms allowed by the BSP. BSFIs that will adopt this industry-specific framework, should specify in the “Basis of Preparation of the Financial Statements” section of the financial statements the reliefs availed of and indicate that the availment thereof covers only current-year transactions. For consistency of presentation, BSFIs should comply with the following prescribed wordings:

“The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards, as modified by the application of the following financial reporting reliefs issued by the Bangko Sentral ng Pilipinas and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic: (enumerate reliefs availed of). The reliefs cover only current-year transactions/ events and do not impact the comparative period/s.”

BSFIs that availed the reliefs but only had immaterial effect on its financial statements, may still represent in the notes that the financial statements are presented in full compliance with PFRS. Disclosure regulations are not mandatory under such instances.

Where the external auditor has been engaged to perform an audit engagement in accordance with PSA on these annual financial statements, which have been prepared using PFRS, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC, the external auditor shall reflect in the opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements. In addition, the external auditor shall include an **Emphasis of Matter** paragraph in the auditor’s report to draw attention to the basis of accounting that has been used in the preparation of the financial statements.

Issued, November 17 2020.

SEC MC No. 32 s2020: <https://www.sec.gov.ph/mc-2020/mc-no-32-s-2020/>

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