

# QAU Memo No. 11, s2021



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The Securities and Exchange Commission issued SEC Memorandum Circular No. 3 Series of 2021; Schedule and Procedure for the Annual Financial Statements, General Information Sheet and Other Annual Reports.

# R.S. BERNALDO & ASSOCIATES

## TAKING YOU FURTHER

## **SCHEDULE AND PROCEDURE FOR THE FILING OF ANNUAL FINANCIAL STATEMENT, GENERAL INFORMATION SHEET AND OTHER ANNUAL REPORTS**

### **TO: ALL CONCERNED CORPORATIONS**

The Commission will soon allow entities to file their audited financial statements (AFS), General Information Sheet (GIS) and other annual reports in electronic format through their newly developed Online Submission Tool (OST) and will no longer accept hard copies of the reports unless otherwise provided in SEC Memorandum Circular No. 3, s 2021.

The OST that will be rolled out shall be in line with the Commission's efforts to further limit face-to-face contact during the COVID-19 pandemic, commit to sustainable practices by minimizing paper trail in order to conserve energy and operationalize the mandate given by Section 180 of the Revised Corporation Code of the Philippines, in consistency with the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

In connection of this initiative, the Commission has issued SEC Memorandum Circular (MC) No. 3 for the schedule and procedure for the filing of annual financial statements, general information sheet and other annual reports.

### **REPORTS TO BE ACCEPTED THROUGH THE OST**

The Commission will roll out the OST in time for this year's filing season and shall likewise accept:

- Audited Financial Statements (AFS)
  - i) Duly stamped received by the Bureau of Internal Revenue (BIR) or proof of filing with the BIR should be attached to their AFS.
  - ii) Duly signed Auditor's Report.
  - iii) Statement of Management's Responsibility duly signed by authorized signatories.
  - iv) Compliant with all the AFS requirements as stated in the checklist available on the SEC website.
- General Information Sheet (GIS)
- Sworn Statement of Foundation (SSF)
- General Form of Financial Statements (GFFS)
- Special Form of Financial Statements (SFFS)
- Affidavit of Non-Operation (ANO) together with GIS or AFS
- Affidavit of Non-Holding of Annual Meeting (ANHAM) together with the GIS

### **SEC OFFICES IN CHARGE**

For the initial implementation, the Systems Operations Division, Information and Communications Technology Department (SOD ICTD) shall initially handle the provision of access to the OST through a validation process. Subsequently, for validation on the registration of a corporation, this will be handled by the Company Registration and Monitoring Department (CRMD), in order to verify the authenticity of registration documents submitted by the corporation, and subsequently, all SEC departments requiring the relevant reports.

## MANDATORY ENROLLMENT TO OST

All corporations and partnership registered with the Commission are covered to enroll in the OST except otherwise provided by the Commission.

## ENROLLMENT PROCEDURE

The enrollment process of OST for all covered entities will **start on March 15, 2021** and shall proceed as follows:

1. Fill out the application form through <https://ciffs-ost.sec.gov.ph>
2. Attach the following documents:
  - i) Board Resolution, as embodied in a Secretary's Certificate, from the corporation authorizing the Company's representative to file reports on behalf of the corporation. Corporations shall follow the prescribed format of the above-Board Resolution, which may be downloaded from the OST.
  - ii) MC28 Report, as stated in Annexes D to G required under SEC Memorandum Circular No. 28, s. of 2020 or the Requirement for Corporations, Associations, and Individuals to Create and/or Designate E -mail Account Address and Cellphone Number for Transactions with the Commission and/or General Information Sheet (version 2020 or Notification Update Form) for Foreign Corporations submitted to the SEC.

*The online enrollment shall be open for both corporations and firms providing related services to corporations including, but not limited to law firms and consultancy firms (the Firms provided that there is a Board Resolution to that effect, as abovementioned.*

*The role of the authorized filer is to submit and upload documents on the company's behalf, as authorized by the company in the Board Resolution. The company may function as its own authorized filer or nominate a different email address as its authorized filer, in a case where a company either outsources the filing of its documents through an external party or uses a different email address within its own company for submission. If a company chooses to function as its own filer, then no additional steps for enrollment are required.*

*As to subsequent enrollments, the Firms need not enroll again as an authorized filer provided that an email address already existing under its account will be allowed by the enrolled corporation as an authorized filer. Also, its account should be activated first before it can file documents for the corporation even without enrollment.*

*The enrolled company may activate its authorized filer using the email address authorized by the corporation.*

*But if the corporation provides another email address to the authorized filer different from the existing email address, as enrolled in the OST, the authorized filer needs to enroll again for the new corporation. The email address provided by the enrolled corporation will serve as the access key for the authorized filer to be accepted in the OST.*

*The enrollment is a one-time process for the reporting corporation. In the event the corporation decides to change its/their authorized filer, the reporting company shall enroll a new filer and replace the old one, revising and updating in the same enrollment form*

*submitted by the reporting entity when it originally enrolled in provided for the company under the OST.*

3. Upload the form, together with the aforementioned attachments.
4. Wait for the approval through email and the access key (User ID and Password) to file reports through the OST.
5. If the application is pending for approval, wait for a notification through the registered email for additional requirements to be uploaded, if any. If all requirements are met, an access key will be given to the applicant.
6. The enrollment is a one-time process for the company. If the company shall decide to change their authorized filer, they shall enroll a new filer to replace the old one, in the same enrolment form provided for the company under the OST.
7. The issued access key (User ID and Password) shall be used only by the registered filer to access the OST and file the reports.

## **REQUIRED FORMAT FOR SUBMISSION**

The General Information Sheet must be submitted in two (2) formats:

- Multi-Page PDF with Text Layer of the accomplished but unsigned form; and
- Multi-Page PDF High Resolution Scan (at least 100x100 dpi) of the document with the Signatories Page and the Notarization Page

The following reports must be submitted in the format stated below:

- Annual Financial Statements – PDF (Multi Page PDF High Resolution Scan (at least 100x100 dpi) of the document with the Signatories Page and the Notarization Page)
- Sworn Statement for Foundation – PDF (Multi Page PDF High Resolution Scan (at least 100x100 dpi) of the document with the Signatories Page and the Notarization Page)
- General Form of Financial Statements – Excel
- Special Form of Financial Statements – Excel
- Affidavit of Non-Operation attached to AFS/GIS – PDF
- Affidavit of Non-Holding of Annual Meeting attached to GIS – PDF

The responsibility for ensuring the accuracy and completeness of the abovementioned applicable reports lies with the filers or the authorized signatories.

The Commission will post on the OST website and its official website a step-by-step guide on the conversion of the documents to be filed in the OST.

## **REVIEW OF THE QUALITY OF THE IMAGE OF THE REPORT; FINAL ACCEPTANCE OF THE REPORT**

After initial acceptance, the submitted reports will be for review by the SEC—Electronics Management Division (SEC-ERMD) with regards to the quality of the image. After passing the quality assurance, a QR Code will be issued to filers online.

## **SORTING OF REPORTS FOR PUBLIC ACCESS**

The SEC ERMD Receiving Officer will sort and classify the pages of the report for public access and/or for department requirement particularly those to be treated as confidential.

## OTHER REQUIREMENTS FOR AUDITED FINANCIAL STATEMENTS

1. The Audited Financial Statements, other than the consolidated financial statements, shall be stamped “received” by the Bureau of Internal Revenue (BIR) or its authorized banks, unless the BIR allows an alternative proof of receipt, as approved by the BIR for its mode of submission.
2. The basic components of the AFS as prescribed under Revised SRC Rule 68, as amended, shall be submitted by the filers. Failure to comply with any of the formal requirements under the said Rule, including the prescribed qualifications for independent auditors and/or any material deficiency or misstatement that may be found upon evaluation of the specific contents thereof, shall be considered as sufficient ground for the imposition of penalties by the Commission. The acceptance and receipt by the Commission of the financial statements shall be without prejudice to such penalties.
3. The General Financial Reporting Requirements as stated in the Revised SRC Rule 68, dated August 19, 2019, states the threshold for an AFS as follows:
  - a) Stock corporation with total assets or total liabilities of six hundred thousand pesos (P600,000) or more;
  - b) Non-stock corporations with total assets or total liabilities of six hundred thousand pesos (P600,000) or more;
  - c) Branch Offices/Representative offices of stock foreign corporations with assigned capital in the equivalent amount of one million pesos (P1 Million) or more;
  - d) Branch Offices/Representative offices of non-stock foreign corporations with total assets in the equivalent amount of one million pesos (P1 Million) or more;
  - e) Regional operating headquarters of foreign corporations with total revenues in the equivalent amount of One Million Pesos (P1 Million) or more;
  - f) Financial Statements of branch offices of foreign corporations licensed to do business in the Philippines by the Commission shall comply with the requirements of this Rule unless otherwise determined by the Commission as not applicable.
4. Corporations which do not meet the threshold stated in No. 3, may submit their Annual Financial Statements accompanied by a duly notarized Treasurer’s Certification only (rather than an Auditor’s report).

Regulated entities must comply with all the required documents on Audited Financial Statements submission, including but not limited to, other documents to be filed together with the AFS, Schedules and other requirements, pursuant to the Revised SRC Rule 68.

## OTHER OPTIONS FOR THE SUBMISSION OF REPORTS

### KIOSKS

All covered entities are required to submit their reports OST. However, if filer cannot enroll and submit through the OST, kiosks shall be provided in SEC offices to accommodate the submissions.

The OST kiosks shall only be available for nine (9) months from March 15, 2021 to December 15, 2021. Subsequent submissions shall be done remotely.

### **OVER-THE-COUNTER SUBMISSION OF REPORTS AT THE SEC EXTENSION OFFICES (EOS)**

In case of OST problems encountered during the enrollment process and/or submission, the SEC Main Office, all SEC EOs, and Satellite Offices, may accept over-the-counter submission of the reports provided that the filers present the Notice of the problems encountered in the OST. EOs will follow the existing procedure in filing of reports over the counter, including transmittal to the Head Office after encoding.

### **REPORTS TO BE SUBMITTED THROUGH EMAIL**

All other reports aside the mentioned reports above shall be filed in PDF format through email at [ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph).

### **DEADLINES**

All stock Corporations are required to enroll within the system starting March 15, 2021.

Non-stock Corporations are given the option whether they will enroll and submit their reports through OST or proceed to SEC kiosk for assistance in the enrollment process or submit their reports over the counter.

By the year 2022, all corporation, whether stock or non-stock are required to enroll and submit their reports through the OST.

All corporation shall submit their GIS thirty (30) days after their Annual Meeting or Actual Meeting.

**All stock corporations with fiscal year ending December 31**, including branch offices, representative offices, regional headquarters and regional operating headquarters of foreign corporations, shall enroll and file their AFS through OST depending on the numerical digit if their SEC registration or license number in accordance with the **following schedule**:

June 1-30:	1
July 1-31:	2
August 1-31:	3 & 4
September 1-30	5 & 6
October 1-31	7 & 8
November 1-30	9 & 0

Submission prior to their respective coding schedule is allowed for all stock corporations. Failure to submit the reports within the above coding schedule shall not be allowed to file over-the-counter and shall still file through the OST.

GFFS and SFFS must be filed within 30 days from the deadline of AFS submission. The Certification under oath required in SEC Memorandum Circular No. 6 s2006 is no longer required.

### **CORPORATIONS WITH DIFFERENT FILING SCHEDULES**

The below are the corporations that are exempted from the schedule stated above:

- a) Corporations with fiscal year-end other than December 31. These corporations shall submit the required reports within 120 days after the end of their fiscal year.

Broker Dealers whose fiscal year ends on December 31 shall file SEC Form 52-AR depending on the last numerical digit of its registration number as prescribed by the Commission. Broker Dealers whose fiscal year ends on a date other than December 31 shall file SEC Form 52-AR 110 calendar days after the close of their fiscal year.

- b) Corporations whose securities are listed and/or registered in the PSE and Public Companies covered under Section 17.2 of the Securities Regulation Code (SRC), these entities shall continue to observe the due date of filing their AFS (105 days after the end of fiscal year), as an attachment to their Annual Reports (SEC Form 17-A), in accordance with the IRR of Revised SRC Rule 68.
- c) Corporations whose AFS are being audited by the Commission on Audit (COA) with the following attachments:
  - i. Affidavit signed by the President and Treasurer attesting to the fact that the company has timely provided COA with the financial statements and supporting documents and that the audit of COA had just been concluded; and
  - ii. Letter from COA confirming the information provided in the above affidavit.

#### **OST OPERATING HOURS**

The OST will be operational 24 hours a day. However, submissions shall only be accepted from Mondays to Fridays.

#### **DATE RECEIPT OF THE REPORT**

The date that shall be considered as date of receipt of reports shall be the date of initial submission, if the filed reports are compliant with the existing requirements.

A report which was reverted or rejected is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

#### **FEES AND CHARGES**

No fine and charge at the initial implementation (3 months) of the OST shall be imposed by the Commission.

#### **INQUIRIES**

For inquiries/clarifications on the OST, the following contact details are available:

- 1. Enrollment Process:  
0975 223 3958  
0926 628 9813
- 2. Submission Process:  
0906 620 2298  
0906 404 2252
- 3. For Inquiries;  
[inquiry\\_ost1@sec.gov.ph](mailto:inquiry_ost1@sec.gov.ph)  
[inquiry\\_ost2@sec.gov.ph](mailto:inquiry_ost2@sec.gov.ph)

#### **MODIFICATION/AMENDMENT**

All other circulars, memoranda and implementing rules and regulations that may be inconsistent with the foregoing provisions shall be deemed modified or amended accordingly.

#### **EFFECTIVITY**

This Memorandum Circular shall take effect immediately after publication in two (2) newspapers of general circulation.

SEC MC No. 3, s2021: <https://www.sec.gov.ph/mc-2021/mc-no-03-s-2021/>

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