Securities and Exchange Commission PHILIPPINES

ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT

S E C A D V I S O R Y

The Commission has received reports that there has been a proliferation of offering and solicitation of investments for the purpose of setting up **FITNESS GYMS** or for **ESTABLISHING NEW FITNESS GYM BRANCHES** in the guise of a **franchise agreement**, **co-franchisee agreement**, **partnership agreement**, **co-ownership contract** and/or other forms of contract that offers to the public an opportunity to invest in their company and earn profit through income sharing.

These **FITNESS GYM COMPANIES** usually offer the following:

1. Percentage of shares in the company or in a specific fitness gym branch;
2. Partnership Agreement, where a fitness gym will be co-owned by several partners; and
3. Co-Franchisee Contract wherein a single fitness gym will be franchised and owned by several co-franchisees.

In the said offers, management and operation of the fitness gym will be the responsibility of the company. The investors will just have to place their money, sign the contract, then wait for the monthly or quarterly distribution of profits. Some would even offer a guaranteed profit by claiming that the loss will be shouldered by the company through their contingency funds.

The Commission reminds the public that these kinds of contracts or investment schemes, no matter how they are called, would squarely fall under the definition of an "**investment contract**" and/or subscription of **"shares of stocks."** Therefore, in the eyes of the law they are considered as **securities** under the regulatory jurisdiction of the Commission. The public solicitation of securities is mandated by *Republic Act No. 8799* or the *Securities Regulation Code* to be registered with the Commission. Thus, any offer and/or sale of **unregistered securities** is illegal.

Further, R.A. No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA) also prohibits investment fraud which is defined under the law as any form of deceptive solicitation of investments from the public which includes Ponzi Schemes and such other schemes involving the promise or offer of profits or returns sourced from the investments or contribution made by the investors themselves and the offering or selling of investment schemes to the public without a license or permit from the SEC.

We wish to inform the public that the SEC website, thru the link https://www.sec.gov.ph/registered-firms-individuals-and-statistics/registered-firms-and-individuals/ contains the exclusive list of registered issuers of securities with corresponding Permit to Offer and Sell Securities. Investments not included in the list are deemed to be unregistered and therefore not authorized to be offered to the public. On the other hand, the Capital Market Participants Registry System (CMPRS) thru the link http://cmprs.sec.gov.ph/ lists down the capital market institutions and individuals authorized to solicit investments such as broker dealers in securities and salesmen.

The Commission warns that those who act as salesmen, brokers, dealers or agents of these **FITNESS GYM COMPANIES** in selling or convincing people to invest in the scheme being offered by said entities including solicitations and recruitment may be prosecuted and be held liable under **Section 28 of the Securities Regulation Code (SRC and Section 11 of the FCPA,** both penalized separately with a maximum fine of **Five Million Pesos (PhP 5,000,000.00)** or penalty of **Twenty-One years of imprisonment** or both pursuant to Section 73 of the SRC.

Also, those who act as salesmen, brokers, dealers or agents, representatives, promoters, uplines, recruiters, influencers, endorsers and enablers who invite or recruit others to join or invest in such venture or offer investment contracts or securities to the public may incur criminal liability, or otherwise be sanctioned or penalized accordingly as held by the Supreme Court in the case of *Securities and Exchange Commission vs. Oudine Santos* (G.R No. 195542, 19 March 2014).

The Public is hereby advised to **exercise caution** in dealing with these **FITNESS GYM COMPANIES** or persons purporting to be their representatives and **NOT TO INVEST or STOP INVESTING** in these entities.

Should you have any information regarding any investment solicitation by any individuals or group of individuals on behalf of these **FITNESS GYM COMPANIES**, please send your report to the **ENFORCEMENT AND INVESTOR PROTECTION DEPARTMENT(EIPD)** at epd@sec.gov.ph.

For the guidance of the public.

Makati City, 24 October 2025.