Securities and Exchange Commission PHILIPPINES

OFFICE OF THE GENERAL ACCOUNTANT

N O T I C E

Subject: REQUEST FOR PUBLIC COMMENTS ON THE DRAFT AMENDMENTS TO THE REVISED SRC RULE 68 ON THE APPLICATION AND DEFINITION OF TERMS IN RELATION TO THE ADJUSTMENT OF THE AUDIT THRESHOLD

The Commission hereby requests comments and/or inputs on the attached draft Memorandum Circular relative to the amendments to the application and definition of terms under the Revised SRC Rule 68 in relation to the adjustment of the audit threshold.

All written comments on the exposure draft shall be submitted to secoga@sec.gov.ph **within fifteen (15) days from the date of issuance of this Notice or until December 24, 2025**.

Issued on 09 December 2025 in Makati City.

SEC MEMORANDUM CIRCULAR NO. _____
Series of 2025

TO	:	**ALL COVERED COMPANIES**
SUBJECT	:	**AMENDMENTS TO THE APPLICATION AND DEFINITION OF TERMS UNDER THE REVISED SRC RULE 68 IN RELATION TO THE ADJUSTMENT OF THE AUDIT THRESHOLD**
DATE	:	December _, 2025

WHEREAS*,* Section 177 of the Revised Corporation Code (RCC) requires corporations to submit annual financial statements, and further provide that corporations with total assets or total liabilities of less than Six Hundred Thousand Pesos (P600,000), in lieu of audited financial statements, submit financial statements certified under oath by the treasurer or president and treasurer for One Person Corporations (OPCs);

WHEREAS, Section 68 of the Securities Regulation Code (SRC), in relation to Section 5 thereof, authorizes the Commission to formulate, amend, or repeal accounting and reporting rules, standards, and requirements applicable to corporations under its supervision;

WHEREAS, the existing audit threshold of less than ₱600,000 in total assets or total liabilities, set under the Revised SRC Rule 68 pursuant to the RCC, no longer reflects current economic conditions nor the present-day definition of micro enterprises under Philippine law;

WHEREAS, micro enterprises face disproportionate compliance costs resulting from mandatory audit requirements despite their limited scale of operations;

WHEREAS, Section 74 of the RCC authorizes the Commission, subject to the approval of the Department of Finance (DOF), to revise the prescribed audit threshold;

WHEREAS, increasing the audit threshold to above ₱3,000,000 total assets or total liabilities aligns the Commission's financial reporting requirements with national MSME policy, supports ease of doing business, and reduces unnecessary regulatory burden without compromising oversight;

WHEREAS, the DOF, in a letter dated November 18, 2025, approved and concurred that the proposed revision to the audit threshold aligns with efforts to stimulate economic growth, while underscoring the necessity of strengthened compliance monitoring and heightened accountability of certifying officers where audited financial statements are not required;

NOW THEREFORE, the Commission, in the exercise of its rule-making authority, hereby amends the relevant provisions of the Revised SRC Rule 68, pursuant to the provisions of Section 74 of the RCC, specifically the *Application and Definition of Terms*, as follows:

SECTION 1. AMENDMENT TO PART I, SECTION 1(A) OF THE REVISED SRC RULE 68 (Application and Definition of Terms – Application of this Rule)

Part I, Section 1(A)(i)(a)–(b) of the Revised SRC Rule 68 is hereby amended to read as follows:

"A. Application of this Rule

(i) This Rule (together with subsequent official pronouncements, interpretations, and rulings on accounting and reporting matters which may be issued by the Securities and Exchange Commission, hereinafter referred to as the "Commission") states the requirements applicable to the form and content of financial statements required to be filed with the Commission by corporations which meet the threshold, as follows:

a) **Stock corporations with total assets or total liabilities of more than Three Million Pesos (₱3,000,000)**, as prescribed under the Revised Corporation Code of the Philippines (RCC) and any of its subsequent revisions, or such amount as may be subsequently prescribed;
b) **Non-stock corporations with total assets or total liabilities of more than Three Million Pesos (₱3,000,000)**, as prescribed under the Revised Corporation Code and any of its subsequent revisions, or such amount as may be subsequently prescribed."

SECTION 2. COVERAGE OF AUDIT REQUIREMENT

Corporations with total assets or total liabilities **at or below** the prescribed threshold shall **not** be required to submit audited financial statements. Such corporations shall instead submit financial statements certified **under oath both by the President and Treasurer or Chief Financial Officer as duly authorized by the Board of Directors,** who shall assume full responsibility for the accuracy and completeness of the submitted financial statements. Any financial statements that are incomplete, inaccurate, false, or misleading shall be subject to penalties under the provisions of the SRC and RCC, without prejudice to the Commission's authority to require audited financial statements when necessary for investor protection, regulatory enforcement, or matters of public interest.

This exemption shall **not** apply to entities classified as Group A, Group B, or Group C as enumerated under Part I, Section 3 (B) of the Revised SRC Rule 68, nor to corporations that the Commission may determine as vested with public interest pursuant to the provisions of the RCC through subsequent regulatory issuances. Given the nature of their regulatory obligations and the degree of public interest they represent, these entities shall remain subject to mandatory audit requirements, irrespective of their total asset or liability size.

SECTION 3. TRANSITORY PROVISION

The amended threshold shall apply to **financial statements covering fiscal years ending on or after December 31, 2025**.

Corporations with fiscal year-ends prior to the effectivity of this Circular shall comply with the audit threshold in effect as of the close of their respective fiscal year.

SECTION 4. REPEALING CLAUSE

All other provisions of SRC Rule 68, circulars, orders, and memoranda inconsistent with this Circular are hereby amended or repealed accordingly.

SECTION 5. EFFECTIVITY

This Memorandum Circular shall take effect **fifteen (15) days after publication** in the Official Gazette or in two (2) newspapers of general circulation.

Signed this ____ day of December 2025, Makati City, Philippines.

For the Commission:

FRANCISCO ED. LIM
Chairperson