Securities and Exchange Commission
PHILIPPINES

BAGONG PILIPINAS

N O T I C E

TO : **ALL CONCERNED**

SUBJECT : **RE-IMPLEMENTATION OF THE SEC'S ACCREDITATION OF AUDITING FIRMS AND EXTERNAL AUDITORS**

This refers to the Resolution issued on 28 January 2025 by the Honorable Supreme Court in the case G. R. No. 24607, SEC versus 1Accountant Party-list, Inc., et.al., the dispositive portion of which reads as follows:

> "**ACCORDINGLY,** petitioner Securities and Exchange Commission's second Motion for Reconsideration is **GRANTED**. The Court's June 21, 2022 Decision and June 27, 2023 Resolution are **REVERSED** and **SET ASIDE**. On the grounds raised in the pleadings, Rule 68, paragraph 3 of the Implementing Rules and Regulations of Republic Act No. 8799, as amended, and SEC Memorandum Circular No. 13, series of 2009 are declared **VALID** and **NOT UNCONSTITUTIONAL**.
>
> **SO ORDERED"**

With the aforesaid Resolution, the SEC will now continue its Accreditation Program requiring external auditors of covered corporations to be accredited with the Commission. For the smooth re-implementation of the SEC's Accreditation of Auditing Firms and External Auditors, the Commission *en banc,* in its Meeting held on April 3, 2025 approved the following:

1. <u>**AUDITED FINANCIAL STATEMENTS (AFS) SUBMISSION**</u>

   a. All covered corporations[i] ***(except those under Part II of the Revised SRC Rule 68)*** under Par. 3. B. Additional Requirements for Independent Auditors of SEC-Regulated Entities and Other Entities of Part I of the Revised SRC Rule 68 are required to comply with the SEC accreditation requirement under the applicable Group category for the audit of their financial statements for the fiscal year ending on or after **December 31, 2025**.

   b. Corporations covered under Part II of the Revised SRC Rule 68 as follows:

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1. Issuer which has sold a class of its securities pursuant to a registration under Section 12 of the SRC;
2. Issuer with a class of securities listed for trading on an Exchange; and
3. Issuer with assets of at least Fifty Million Pesos (P50 Million) or such other amount as the Commission shall prescribe and has Two Hundred (200) or more holders each holding at least one hundred (100) shares of a class of its equity securities as of the first (1st) day of the issuer's fiscal year;

are required to comply with the SEC accreditation requirement for the audit of their financial statements, whether annual or interim, for the fiscal year or period, ending on or after **September 30, 2025**.

2. EXTENSION OF SEC ACCREDITATION OF CONCERNED AUDITING FIRMS AND EXTERNAL AUDITORS

All auditing firms and external auditors whose SEC accreditations were effective only until the audit of 2023 or 2024 financial statements as the case may be, are hereby extended to cover the audit of 2025 financial statements.

Said auditing firms and external auditors will be duly notified of the above-extension by the Office of the General Accountant. For those auditing firms and external auditors whose accreditation are still valid to cover the audit of 2025 to 2027 financial statements, they will be likewise notified of such effectivity.

3. PROCESSING OF PENDING APPLICATIONS FOR ACCREDITATION AND ANNOUNCEMENT TO ACCEPT NEW APPLICATIONS

The OGA will resume the processing of all pending applications as of September 12, 2023. In line with this, the OGA will be accepting new applications for SEC accreditation **starting 21 April 2025**.

For any concern or inquiry you may contact telephone number 88189763 or email us at secoga@sec.gov.ph.

Issued on 04 April 2025.

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[i] **Additional Requirements for Independent Auditors of SEC-Regulated Entities and Other Entities**

(i) Accreditation Categories

The accreditation of independent auditors serves as a quality control mechanism or quality assurance review by the Commission on the work of the accredited external auditors.

The following entities shall have independent auditors accredited by the Commission under the appropriate category:

(a) Group A

(1) Issuers of registered securities which have sold a class of securities pursuant to a registration under Section 12 of the SRC except those issuers of registered timeshares, proprietary and non-proprietary membership certificates which are covered in Group B. This category shall also cover corporations applying for the registration of their securities;

(2) Issuers with a class of securities listed for trading in an Exchange;

(3) Public companies or those which have total assets of at least Fifty Million Pesos (P50 Million) or such other amount as the Commission shall prescribe, and having two hundred (200) or more holders each holding at least one hundred (100) shares of a class of its equity securities;

(4) Clearing agency and clearing agency as depository; and

(5) Stock and securities exchange/s and other Self-Regulatory Organizations.

(b) Group B

(1) Issuers of registered timeshares, proprietary and non-proprietary membership certificates, and corporations applying for the registration of such securities;

(2) Investment houses;

(3) Brokers and dealers of securities;

(4) Investment companies that are not in the process of registering securities or have no registered securities yet;

(5) Government securities eligible dealers;

(6) Universal banks registered as underwriters of securities;

(7) Investment company advisers;

(8) Special purpose corporations registered under the Securitization Act of 2004 and its implementing rules; and

(9) Such other corporations which may be required by law to be supervised by the Commission.

(c) Group C

(1) Financing companies whose assets in the preceding year are above Ten Million Pesos (P10 Million);

(2) Lending companies whose assets in the preceding year are above Five Million Pesos (P5 Million);

(3) Transfer agents;

(4) Non-stock, non-profit corporations including foundations which solicit or receive annual donations or contributions and/or with fund balance amounting to more than Twenty-Five Million Pesos (P25 Million) and One Hundred Million Pesos (P100 Million), respectively, over the preceding three (3) years, or such higher amount that the Commission may set through order or guidelines.

A non-stock, non-profit corporation that is already scoped in by the above requirement can only be excluded if its annual donations or contributions and/or fund balance fall below Twenty-Five Million Pesos (P25 Million) and One Hundred Million Pesos (P100 Million), respectively, over the preceding three (3) years; and

(5) Such other corporations that the Commission may consider as imbued with public interest regardless of the lack of a requirement to obtain a secondary license from the Commission.