NOTICE

TO : **ALL CONCERNED**

SUBJECT : **REQUEST FOR COMMENTS**
Re: Guidelines Lifting the Moratorium on Online Lending Platforms and Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies

DATE : **11 MARCH 2026**

The Securities and Exchange Commission (SEC) is hereby publishing for public comment the Draft Memorandum Circular entitled:

> *"Guidelines Lifting the Moratorium on Online Lending Platforms and Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies"*

This issuance is proposed pursuant to the SEC's regulatory and supervisory authority over Financing Companies (FCs) and Lending Companies (LCs) under Republic Act No. 8556 (Financing Company Act of 1998) and Republic Act No. 9474 (Lending Company Regulation Act of 2007), as amended, as well as its consumer-protection mandate under Republic Act No. 11765 (Financial Products and Services Consumer Protection Act).

The proposed Guidelines are intended to:

1. Lift the moratorium on the Recording of New OLPs

The Draft Circular formally lifts and supersedes SEC Memorandum Circular No. 10, Series of 2021, thereby allowing Financing Companies and Lending Companies to disclose and operate Online Lending Platforms, subject to enhanced regulatory safeguards and supervisory requirements.

2. Adopt a Single Certificate of Authority Policy

Each Financing Company or Lending Company shall be issued only one (1) Certificate of Authority, covering the principal office and all branch offices of the entity. Separate Certificates of Authority per branch office shall no longer be issued.

3. Implement Branch Offices Disclosure through the Business Plan

All existing and proposed Branch Offices must be declared in the Business Plan or Amended Business Plan submitted to the Commission. The opening, relocation, closure, or suspension of a branch office shall be treated as a material amendment requiring Commission approval or reporting, as applicable.

4. Revise the Annual Licensing Fee

The proposed Circular introduces a graduated, asset-based Annual Licensing Fee (ALF) computed from the company's latest due Audited Financial Statements filed with the Commission.

The revised ALF structure:

- removes branch-level licensing fees;
- adopts an entity-level licensing framework; and
- standardizes the payment deadline to 31 December of each year.

The revised ALF rates shall apply beginning 01 January 2027.

5. Implement a Pre-Disclosure Classification of Digital Platforms

Financing Companies and Lending Companies shall be required to submit a Pre-Disclosure Classification Declaration prior to deploying a digital platform to determine whether the proposed platform qualifies as an Online Lending Platform.

This classification will follow a function-based regulatory approach based on whether the platform performs Core Lending or Financing Functions (CLF).

6. Revise the Minimum Paid-Up Capital for FCs and LCs

The Draft Circular prescribes minimum paid-up capital requirements for FCs and LCs, as well as for those that intend to operate OLPs. The required capital is proportionate to the number of OLPs they will operate.

7. Implement a Transition Period and Capital Compliance Plan

Existing Financing Companies and Lending Companies are granted a three-year transition period to comply with the revised paid-up capital requirements.

Affected entities must submit a Capital Compliance Plan within sixty (60) days from the effectivity of the Circular.

8. Provide a Discontinuance Framework for Non-Compliant Entities

Entities that remain non-compliant after the transition period shall be required to:

- cease onboarding new borrowers through excess OLPs;
- submit a Discontinuance Plan for approval by the Commission; and
- ensure proper servicing of existing loans under Commission supervision.

9. Prescribe Minimum Operational Features and Consumer Protection Standards

The Draft Circular prescribes minimum operational and consumer protection requirements, including:

- standardized Truth in Lending Act (TILA) disclosures;
- safeguards for borrower data privacy;
- prohibition against unauthorized or automated loan disbursements without borrower confirmation; and
- standards governing digital collection communications.

10. Require CIC Registration, Credit Information Reporting, and Access of CIC Data

Financing Companies and Lending Companies operating OLPs shall be required to:

- register with the Credit Information Corporation (CIC);
- submit borrower credit data to the CIC; and
- access CIC credit information as part of their underwriting process.

11. Provide Anti-Circumvention Measures

The Draft Circular incorporates a substance-over-form regulatory framework to address circumvention schemes involving:

- rebranding of digital platforms;
- fragmentation of lending activities across multiple applications; and
- functional integration of digital interfaces designed to evade regulatory limits.

Submission of Comments

The SEC invites all interested stakeholders, including **Financing Companies, Lending Companies, fintech firms, consumer groups, industry associations, and the general public**, to submit their comments, recommendations, and inputs on the proposed Guidelines.

Comments may be submitted through the following channels:

Electronic Submission:
https://docs.google.com/forms/d/e/1FAIpQLSfu6iKphSYItIB4U6o6woXkhpOUHpML0YBXSvNBpTXcE_oyaA/viewform?usp=publish-editor

Deadline for submission: On or before **25 March 2026**

All comments received within the comment period shall be evaluated by the Commission in finalizing the proposed Guidelines.

For information and guidance.

SEC MEMORANDUM CIRCULAR NO. _____
Series of 2026

TO: ALL CONCERNED

SUBJECT: Guidelines Lifting the Moratorium on Online Lending Platforms and Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies

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WHEREAS, the Securities and Exchange Commission (SEC or Commission) exercises regulatory and supervisory authority over financing companies (FCs) and lending companies (LCs) pursuant to Republic Act No. 8556, otherwise known as the *Financing Company Act of 1998* (FCA), as amended, and Republic Act No. 9474, otherwise known as the *Lending Company Regulation Act of 2007* (LCRA), as amended;

WHEREAS, Section 5 of the LCRA expressly authorizes the Commission to prescribe a higher minimum capitalization requirement for lending companies when warranted by prevailing circumstances;

WHEREAS, Section 6 of R.A. No. 10881, otherwise known as an *Act Amending Investment Restrictions in Specific Laws Governing Adjustment Companies, Lending Companies, Financing Companies and Investment Houses Cited in the Foreign Investment Negative List and For Other Purposes* provides that the SEC has the authority to adjust the minimum paid-up levels of FCs as it deems warranted by its prudential oversight requirements and consistent with the objectives of the Act;

WHEREAS, Republic Act No. 11765, otherwise known as the *Financial Products and Services Consumer Protection Act* (FCPA) and its Implementing Rules and Regulations (IRR), declares it a policy of the State to ensure that appropriate mechanisms are in place to protect the interests of consumers of financial products and services under conditions of transparency, fair and sound market conduct, and fair, reasonable, and effective handling of financial consumer disputes, consistent with global best practices, and to safeguard the rights of financial consumers to: (a) equitable and fair treatment; (b) disclosure and transparency of financial products and services; (c) protection of consumer assets against fraud and misuse; (d) data privacy and protection; and (e) timely handling and redress of complaints;

WHEREAS, Republic Act No. 3765, otherwise known as the *Truth in Lending Act* (TILA), declares it a policy of the State to protect its citizens from a lack of awareness of the true cost of credit by ensuring full and clear disclosure of such costs, with a view to preventing the uninformed use of credit to the detriment of the national economy;

WHEREAS, Republic Act No. 10173, otherwise known as the *Data Privacy Act of 2012* (DPA), recognizes the vital role of information and communications technology in nation-building and mandates the protection and security of personal information and communications systems in both the public and private sectors;

WHEREAS, on 05 November 2021, the Commission issued SEC Memorandum Circular No. 10, Series of 2021 (MC 10), imposing a moratorium on the recording of new Online Lending Platforms (OLPs), which likewise applies to existing FCs and LCs operating such platforms;

WHEREAS, the Commission recognizes the need to lift the moratorium imposed under MC 10 in order to promote responsible innovation, stimulate economic activity among FCs and LCs, and ensure that the operation of OLPs is aligned with consumer protection, market integrity, prudential objectives, financial inclusion, ease of market access, and alignment with the global trend of digitalization.

WHEREAS, it is the policy of the State to place the operations of FCs and LCs in a sound, efficient and stable condition to derive the optimum advantages from them as an additional source of credit and to ensure that FCs and LCs have sufficient financial resources to operate viably, mitigate risks, and comply with regulatory standards, ultimately enhancing stability and protecting stakeholders' interests.

WHEREAS, in furtherance of its mandate, the Commission has drafted this Circular to prescribe, among others, the documentary requirements, process, qualifications, and regulatory standards applicable to FCs and LCs in relation to the disclosure and operation of their respective OLPs;

NOW, **THEREFORE**, in view of the foregoing premises, and pursuant to the powers vested in the Commission under the FCA, LCRA, Republic Act No. 10881, FCPA, TILA, and without prejudice to the application of other pertinent laws, rules, and regulations, the Commission hereby lifts and supersedes MC 10 and issues these Guidelines Lifting the Moratorium on Online Lending Platforms and Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies.

PART I — GENERAL PROVISIONS

Section 1. Coverage.
This Circular shall apply to all FCs and LCs, whether existing, newly registered, those interested in registering or those with pending applications for registration, who currently offer or plan to offer their products and services through OLPs or other FinTech-enabled systems and programs.

Section 2. Lifting the Moratorium on OLPs.
Subject to full compliance with the requirements prescribed under this Circular, the Commission hereby lifts and supersedes MC 10 and allows the disclosure and recording of new OLPs to be owned, operated, or utilized by FCs and LCs.

The lifting of the moratorium under this Section shall not be construed as an automatic or unconditional approval of any OLP. All FCs and LCs, whether existing or newly incorporated, shall remain subject to the disclosure, minimum paid-up capital, operational, consumer protection, and supervisory requirements prescribed under this Circular and other applicable laws, rules, and regulations.

Applications for the incorporation of new FCs and LCs shall now be processed under the herein rules and subject to proper approval by the Commission. Separately, the disclosure of new OLPs by duly incorporated FCs and LCs shall likewise be processed and approved in accordance with the requirements set forth herein.

Section 3. Definition of Terms.
For purposes of this Circular, the following definitions shall apply:

a. Articles of Incorporation (AOI) shall refer to the constitutive document of a corporation approved and registered by the SEC pursuant to Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines (RCCP), which confers juridical personality upon the entity.

b. Branch Office (BO) shall refer to any office, place of business, or physical establishment, other than the principal office, maintained, operated, or represented by an FC or LC at a different address, where any financing or lending-related activity is conducted or held out to the public, including: (1) solicitation or marketing of loan or credit products; (2) receipt, processing, or facilitation of loan applications; (3) interaction with borrowers for onboarding, servicing, collection, or customer assistance; or (4) performance of any loan processing activity.

For regulatory purposes, an office shall be deemed a Branch Office regardless of its definition, including but not limited to “satellite office”, “extension office,” “service center," or similar nomenclature, if it performs or represents itself as performing any financing or lending activity on behalf of the FC or LC.

A Branch Office does not include a location used solely for internal administrative, training, or support functions, provided that such location does not transact with the public, process loan applications, or perform any loan processing activity, as may be determined by the Commission.

c. Certificate of Authority (CA) shall refer to the certificate issued by the SEC authorizing an FC or LC to engage in the business of financing or lending pursuant to the FCA, the LCRA, and their respective IRRs.

d. Certificate of Incorporation (COI) shall refer to a certificate issued by the SEC granting juridical personality to an entity in accordance with the RCCP. For regulatory purposes, this shall be synonymous with the corporation's primary license.

e. Core Lending/Financing Functions (CLF) are activities that determine, create, price, administer, or enforce a credit obligation, and which, by their nature, define the assumption and management of credit risk.

f. Credit shall mean any loan, mortgage, financial lease, deed of trust, advance, discount, or forbearance of money; any conditional sale, contract to sell, or sale or contract of sale of property or services, whether for present or future delivery, under which all or part of the price is payable subsequent to the consummation of the transaction; and any transaction or series of transactions having a similar purpose or economic effect, including any option, demand, lien, pledge, or other claim against, or for the delivery of, money or property arising from the foregoing.

g. Data Servers shall refer to the physical or virtual computing infrastructure, systems, or platforms, including servers, cloud environments, databases, and related software, used by FCs and LCs to host, store, process, transmit, back up, or manage data and information relating to their financing or lending operations.

For purposes of this Circular, Data Servers shall include systems that contain or handle borrower personal information, loan contracts, credit records, transaction logs, repayment histories, and other data generated or used in connection with loan processing activities, regardless of whether such systems are owned, leased, or operated directly by the FC or LC or by third-party service providers on their behalf.

h. Finance Charge shall refer to any charge payable by the borrower and imposed directly or indirectly by an FC or LC as an incident to or condition of the extension of credit, including interests, fees, service charges, discounts, penalties, and other similar charges.

i. Financial Technology (FinTech) shall refer to the application of software, digital platforms, information systems, or other technology-enabled business solutions by FCs or LCs in the design, delivery, administration, monitoring, or control of financing or lending products or services, including loan processing activities, that materially enhance efficiency, accessibility, scalability, transparency, or cost-effectiveness when compared with manual, paper-based, or conventional processes.

For regulatory purposes, the use of FinTech shall be function-based rather than technology-based, and shall be assessed based on the nature of the activities performed and the risks assumed, regardless of the specific technology, system architecture, or service provider used.

j. Financing Companies (FCs) shall refer to corporations, except banks, investment houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under special laws, which are primarily organized for the purpose of extending credit facilities to consumers and to industrial, commercial, or agricultural enterprises, by direct lending, discounting or factoring of commercial papers or accounts receivable, buying and selling of contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable or immovable property, as defined under the FCA.

k. Lending Companies (LCs) shall refer to corporations engaged in granting loans from their own capital funds or from funds sourced from not more than nineteen (19) persons, as defined under the LCRA. The term shall not include banks, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives, and other credit institutions regulated under other laws. The term shall be synonymous with lending investors.

l. Loan Processing Activities shall refer to any act or function performed by FCs or LCs, or by any person acting on their behalf, that initiates, supports, determines, administers, enforces, or concludes a loan or credit facility at any stage of the credit lifecycle.

These activities include, but are not limited to:

A. customer onboarding, identification, and know-your-customer (KYC) procedures;
B. solicitation, marketing, and receipt of loan applications;
C. evaluation of loan applications and assessment of creditworthiness or eligibility;

D. disclosure of loan terms and conditions and execution of loan or credit contracts;
E. authorization and control of loan disbursement;
F. loan servicing, including payment processing, interest and fee computation, and account maintenance;
G. monitoring of loan performance and borrower compliance; and
H. collection, enforcement, restructuring, refinancing, write-off, or other remedial or recovery measures.

An activity shall be considered a Loan Processing Activity regardless of whether it is automated, semi-automated, or performed manually, and regardless of whether it is carried out directly by the FC or LC or through a third-party service provider.

m. Marketing, as used in this Circular, shall refer to the use of digital channels, platforms, or technologies to advertise or promote the products, services, or brand of an FC or LC, without engaging in loan processing activities.

n. Material Change in the Business Plan refers to any change in the operations, structure, or business activities of an FC or LC that significantly affects its financing or lending operations, OLPs, branch network, credit products, or risk management framework, and which requires prior approval of the Commission through the submission of an Amended Business Plan.

o. Official Website shall refer to the website owned, controlled, or maintained by an FC or LC where its official disclosures, announcements, consumer information, and contact details are made available to the public.

p. Online Lending Platforms (OLPs) shall refer to any digital interface, system, or technology-enabled environment—including mobile applications, official websites, application programming interfaces (APIs), cloud-based systems, or similar electronic channels—owned, operated, controlled, or used by an FC or LC through which they perform loan processing activities. An OLP shall be deemed to exist where the digital platform performs, supports, or enables any loan processing activity regardless of volume, including but not limited to customer onboarding, creditworthiness assessment, pricing, disclosures, execution of loan contracts, loan servicing, repayment processing, debt collection, or remedial actions, regardless of whether such activity is automated, semi-automated, or performed through third-party service providers. For regulatory purposes, the determination of an OLP shall be based on the substance and function of the digital activity, and not on its form, branding, technological architecture, or contractual allocation of functions.

The term OLP shall not include:

(i) Pure intermediaries or marketplaces that merely introduce or match borrowers with FCs or LCs and do not participate in, influence, or control any loan processing activity;
(ii) Loan aggregators or comparison platforms that solely provide neutral information on loan products offered by multiple lenders and do not transmit borrower data for credit evaluation or approval;
(iii) Digital platforms that do not engage in any lending-related decision-making or servicing function, and whose activities are strictly limited to non-lending services; and
(iv) Platforms used exclusively for advertising, marketing, or general informational purposes, provided that no loan application, credit assessment, contract execution, or servicing function is performed therein.

q. Paid-Up Capital shall mean the portion of the authorized capital stock which has been both subscribed and paid. Revaluation Surplus, Additional Paid-In Capital, Retained Earnings, and Advances shall not be considered as Paid-Up Capital in determining compliance with the capital requirements under this Circular.

r. Third-Party Service Providers (TPSPs) shall refer to any external entity or entities engaged by FCs or LCs to perform outsourced or support services in relation to the conduct of loan processing activities.

PART II — REGISTRATION AND DISCLOSURE REQUIREMENTS

A. Submission of Business Plan

Section 4. - Pursuant to SEC MC No. 3, Series of 2022, all applicants and existing FCs and LCs are required to submit a Business Plan or an Amended Business Plan, as applicable. The Business Plan or Amendment Business Plan shall be submitted in the following mode and format:

4.1. Submission of Original Business Plan. The original Business Plan shall be submitted in PDF format (max 25 MB) through https://efast.sec.gov.ph/, using the following parameters:

a. *Submission Type:* Annual;
b. *Form Type Code:* SEC FORM BP-FCLC;
c. *Description:* BUSINESS PLAN FOR FINANCING AND LENDING COMPANIES.

4.2. Submission and Approval of Amended Business Plan. In case of amendments to Business Plans, the FCs and LCs must:

a. Submit the proposed Amended Business Plan, with all changes clearly underlined or tracked, through https://imessage.sec.gov.ph/ for evaluation by the Financing and Lending Companies Department (FLCD) or the appropriate SEC Extension Office; and
b. Obtain prior written approval from the Commission before implementing any material change.

4.3. Post-Approval Filing. Upon approval of the Amended Business Plan, FCs and LCs shall submit a copy of the approved Amended Business Plan in portable document format (PDF), with a maximum file size of twenty-five (25) megabytes, through https://efast.sec.gov.ph, using the following parameters:

a) **Submission Type:** Amendment
b) **Form Type Code:** SEC FORM BP-FCLC
c) **Description:** BUSINESS PLAN FOR FINANCING AND LENDING COMPANIES

4.4. Mandatory Amendment to Reflect Interest Rate Ceilings and OLP Changes. Within ninety (90) days from the effectivity of this Circular, all existing FCs and LCs shall submit an application for Amendment of Business Plans via the iMessage portal to the FLCD or applicable SEC Extension Office, incorporating:

a. the interest rate ceilings under MC 14, Series of 2025; and
b. any corresponding changes to their OLP operations.

Applications filed beyond the prescribed period shall be subject to administrative penalties under Section 22 of this Circular.

4.5. Forms and Completeness. FCs and LCs shall ensure that all required information is accurately and completely provided in the fields prescribed under SEC FORM BP-FCLC. Submissions that do not conform to the prescribed form, format, or filing requirements shall be deemed **NOT FILED.**

4.6. Newly Incorporated FCs and LCs. FCs and LCs incorporated subsequent to the effectivity of this Circular shall submit the Business Plan within sixty (60) days from the date of issuance of their CA.

4.7. Future Guidelines. The submission, evaluation, and approval of Business Plans shall remain subject to any supplemental guidelines, circulars, or issuances issued by the Commission from time to time.

B. Establishing a Branch Office

Section 5. Single Certificate of Authority Policy.
Each FC or LC shall be issued only one (1) CA, which shall cover its principal office and all of its Branch Offices, regardless of their number or geographical location.

No separate CA shall be issued for any Branch Office. However, all Branch Offices must be duly disclosed, approved, and recorded with the Commission in accordance with the procedures under Section 6 prior to the commencement of operations.

Section 6. Branch Office Disclosure Procedures.
All existing and proposed Branch Offices of FCs and LCs shall be declared in the Business Plan submitted to and approved by the Commission.

6.1. Mandatory Disclosure in Business Plan. The Business Plan shall contain, at a minimum, the following information for each Branch Office:
a) Complete address of the Branch Office;
b) Contact number, whether landline or mobile, of each branch; and
c) Date of intended commencement of operations.

No Branch Office shall be opened, advertised, or operated unless the corresponding Business Plan or Amended Business Plan reflecting such Branch Office has been approved by the Commission.

6.2. Opening of New Branch Offices. The establishment of a new Branch Office shall constitute a material amendment to the approved Business Plan and shall require prior written approval of the Commission.

FCs and LCs intending to open a new Branch Office shall:

(a) submit an Amended Business Plan reflecting the proposed Branch Office through the iMessage portal; and
(b) obtain prior written approval from the Commission before commencement of operations.

Any Branch Office opened without prior approval shall be deemed unauthorized and subject to administrative sanctions under Section 22 (c) of this Circular.

6.3. Continuing Compliance. All approved Branch Offices shall:

a. Operate strictly within the designated place approved in the Business Plan;
b. Remain subject to the supervisory and inspection powers of the Commission; and
c. Immediately report any material change in location through an Amended Business Plan.

6.4. Closure of Branch Offices. Closure, relocation, suspension, or change in contact details of a Branch Office shall likewise be reported through an Amended Business Plan within thirty (30) days from implementation.

6.5. Mandatory Amendment to Reflect Existing Branch Offices. Within twelve (12) months from the effectivity of this Circular, all existing FCs and LCs with Branch Offices shall submit an Amended Business Plan through the Commission's iMessage Portal to the FLCD or the appropriate SEC Extension Office, declaring and incorporating all their existing Branch Offices in accordance with the disclosure requirements under Section 6.1 of this Circular.

The Amended Business Plan shall, at a minimum, include the following information for each Branch Office:
a) Complete address of the Branch Office;
b) Contact number, whether landline or mobile, of each branch; and
c) Date of commencement of operations.

Branch Offices that are not declared and approved through the corresponding Amended Business Plan within the prescribed period shall be deemed unauthorized and may be subject to administrative sanctions under Section 22 of this Circular.

C. Establishing an OLP

Section 7. Disclosure Process for New OLPs.
Any FC or LC intending to use, deploy, or introduce an OLP shall submit through the Commission's iMessage Portal a Pre-Disclosure Classification Declaration (Annex A), stating whether the proposed digital platform performs any CLF.

Upon receipt of a complete Pre-Disclosure Classification Declaration, and considering the complexity of the proposed platform, the Commission shall evaluate the submission to determine whether the declared platform constitutes an OLP subject to disclosure and approval under this Circular, or is not considered an OLP for regulatory purposes.

No FC or LC shall proceed with the disclosure, operation, or amendment of its AOI or related corporate documents, insofar as these relate to the proposed OLP, unless and until the Commission has issued a favorable classification or approval, as applicable.

Section 8. Registration of Business Name.
All FCs and LCs shall register all their OLPs as business names, regardless of whether their business or trade name is the same as the registered corporate name indicated in their AOI.

Section 9. Amendment of Business Plans.
All FCs and LCs that intend to utilize, introduce, modify, expand, or otherwise change any OLP shall be required to submit an Amended Business Plan and obtain prior written approval from the Commission before the operation, deployment, implementation, or public offering of such new, modified, or expanded OLP.

For purposes of this Section, the introduction of a new OLP, any material modification to an existing OLP, or any increase in the number, scope, functionality, or scale of OLP operations shall be deemed a material change to the approved Business Plan and shall require prior Commission approval.

No FC or LC shall operate, advertise, launch, or make available any new or modified OLP unless the corresponding Amended Business Plan has been duly approved by the Commission.

PART III — CAPITAL REQUIREMENTS

Section 10. Required Paid-Up Capital.
All FCs and LCs, regardless of the location of their principal office or the number and location of their branch offices, shall comply with the minimum paid-up capital requirements prescribed under this Section at the entity level.

FCs and LCs that do not operate any OLP shall maintain at all times the following minimum paid-up capital:

a. FCs: Php 20,000,000.00; and
b. LCs: Php 10,000,000.00.

The minimum paid-up capital prescribed in this Section shall be uniformly applicable nationwide and shall not be subject to variation based on geographical location. The capital requirements under this Section apply only to FCs and LCs that do not operate any OLP.

10.1. Paid-Up Capital Requirement for OLP Operations.
Any FC or LC seeking to own, operate, control, or utilize one or more OLPs shall possess and maintain the total minimum paid-up capital corresponding to the number of OLPs as provided below.

A. For FCs:

Required Paid-Up Capital	Number of Allowable OLPs
Php 30,000,000.00	1 OLP
Php 60,000,000.00	2–5 OLPs
Php 100,000,000.00	Maximum of 10 OLPs

B. For LCs:

Required Paid-Up Capital	Number of Allowable OLPs
Php 20,000,000.00	1 OLP
Php 30,000,000.00	2–5 OLPs
Php 50,000,000.00	Maximum of 10 OLPs

In no case shall any FC or LC be allowed to own, operate, control, or utilize more than ten (10) OLPs, regardless of capital level. The grant of authority to operate multiple OLPs shall remain subject to the Commission's prudential evaluation of capital adequacy, risk profile, governance structure, compliance history, and operational capacity.

10.2. Continuing Capital Maintenance.
FCs and LCs shall maintain the applicable minimum paid-up capital at all times. Any reduction below the required level, whether due to withdrawals, losses, reclassification of accounts, or any other cause, shall constitute non-compliance and shall require the FC or LC to immediately take corrective action, without prejudice to the imposition of supervisory measures and/or administrative penalties under Section 22 of this Circular.

Section 11. Transitory Provisions on Additional Paid-Up Capital.

FCs and LCs established and in operation prior to the effectivity of this Circular shall be allowed a transition period of three (3) years from the effectivity hereof to fully comply with the applicable additional paid-up capital requirements prescribed under Sections 10 and 10.1 of this Circular.

During the transition period, compliance with the additional paid-up capital requirements shall be phased as follows:

a. Within one (1) year from the effectivity of this Circular, all FCs or LCs shall have complied with at least thirty percent (30%) of the required additional paid-up capital;
b. Within two (2) years from the effectivity of this Circular, all FCs or LCs shall have complied with at least sixty percent (60%) of the required additional paid-up capital; and
c. On or before the expiration of three (3) years from the effectivity of this Circular, all FCs or LCs shall have complied with one hundred percent (100%) of the required additional paid-up capital.

Failure to meet any of the foregoing interim or final milestones shall subject the FC or LC to administrative penalties under Section 22 of this Circular.

Section 12. Conditions During the Transition Period.
During the transition period provided under Section 11, existing FCs and LCs shall be subject to the following conditions:

a. Existing FCs and LCs shall not register, launch, or operate any additional OLPs beyond the number already registered with the Commission as of the effectivity of this Circular, unless and until they have fully complied with the applicable minimum paid-up capital requirements under Section 10.1 of this Circular;

b. Existing FCs and LCs may continue operating their duly registered or disclosed OLPs during the transition period, provided no material expansion or modification of existing OLPs is undertaken that increases borrower reach, transaction volume, or consumer exposure, without the prior approval of the Commission; and

c. Within sixty (60) days from the effectivity of this Circular, all existing FCs and LCs shall submit to the Commission a written **Capital Compliance Plan (Annex B)**, stating the manner and timetable by which they intend to achieve full compliance with the applicable paid-up capital requirements, including by either:

(i.) increasing paid-up capital to meet the applicable threshold; or (ii.) rationalizing, consolidating, or discontinuing one or more OLPs to comply with the allowable OLP capacity limits.

Failure to submit, or to substantially comply with, the approved Capital Compliance Plan shall constitute noncompliance subject to penalties under Section 22 (b) of this Circular.

Section 13. Failure to Comply After Transition Period.
Upon expiration of the transition period or three years from effectivity of the Circular, any FC or LC that fails to meet the applicable minimum paid-up capital requirement shall:

a. Immediately cease onboarding new borrowers through all of the existing OLPs pending approval of the **Discontinuance Plan** (Annex C) pursuant to letter b.;

b. Within fifteen (15) days from expiration of the transition period, submit a Discontinuance Plan identifying which OLPs it proposes to discontinue in order to comply with the allowable OLP capacity.

   The Commission shall have **twenty (20) days** from receipt of the Discontinuance Plan to review and modify the proposal as necessary to protect borrower interests or prevent regulatory arbitrage. In appropriate cases, the Commission may order consolidation, discontinuance, or migration of borrower accounts to compliant OLPs.

c. Discontinue the operation of the excess OLPs within thirty (30) days from approval by the Commission of the Discontinuance Plan;

d. Within fifteen (15) days from implementation of the discontinuance, submit to the Commission proof of such discontinuance and a copy of the public notice issued to affected borrowers;

e. Continue servicing existing loans under the discontinued OLPs until full repayment, subject to Commission supervision; and

f. Be subject to additional supervisory measures, including restriction of operations, suspension of OLP functionality, or revocation of authority, without prejudice to administrative sanctions.

PART IV — ANNUAL LICENSING FEES

Section 14. Annual Licensing Fees.
In view of the adoption of the Single CA Policy and the removal of branch-level annual fees, the Annual Licensing Fee (ALF) is hereby adjusted to reflect entity-level supervision and enhanced digital oversight responsibilities.

All FCs and LCs shall pay an ALF computed based on the total assets reflected in the company's latest due Audited Financial Statements filed with the Commission. The ALF shall be exclusive of the Legal Research Fee and Documentary Stamp Tax, and shall be imposed at the following graduated rates, based on the total asset level of the FC or LC:

Total Assets	Applicable Rate
Total Assets not exceeding Php 20 Million	0.10%
Greater than Php 20 Million but not over Php 50 Million	0.15%
Greater than Php 50 Million but not over Php 100 Million	0.20%
Greater than Php 100 Million but not over Php 250 Million	0.25%
Greater than Php 250 Million but not over Php 500 Million	0.30%
Greater than Php 500 Million	0.35%

For avoidance of doubt, the rate corresponding to the asset bracket in which the total assets fall shall apply to the entire asset base and shall not be applied cumulatively per bracket.

The foregoing graduated rates shall apply beginning 01 January 2027, and shall govern the computation of the ALF due on or before 31 December 2027 and annually thereafter.

14.1. Due Date. The ALF shall be due and payable on or before 31 December of each calendar year. For newly registered FCs and LCs, the first ALF shall be payable on 31 December of the calendar year immediately following the date of issuance of the CA, regardless of the month of issuance. Failure to pay on or before the prescribed deadline shall subject the FC or LC to surcharges, penalties, and other administrative sanctions under the applicable Circular.

14.2. Continuing Obligation to Pay ALF. The obligation to pay the ALF shall continue for as long as the CA remains valid and subsisting, and shall cease only when:

a) the CA has been formally revoked by the Commission; or

b) a Certificate of Dissolution has been issued by the Commission, whichever occurs first.

14.3. Relief Upon Cessation of Operations. An FC or LC that has fully ceased operations and is unable to initiate formal dissolution for justifiable reasons, may apply to the Commission for a **suspension of the payment of ALF**, provided that:

a. it files a formal Notice of Cessation of Business within thirty (30) days of ceasing operations;

b. it submits proof that no OLPs or Branch Offices remain active; and

c. it undertakes to file for formal dissolution or surrender of the CA within **one (1) year** from the date of cessation.

Upon approval of such application, the payment of ALF shall be **suspended** during the pendency of dissolution proceedings. Should the FC or LC fail to complete dissolution within the prescribed period without justifiable cause, the suspended ALF obligations shall become immediately due and demandable.

The mere issuance of a Cease and Desist Order shall not, by itself, relieve the FC or LC from payment of ALF, unless a formal cessation application has been approved under this Section.

PART V — OPERATIONAL REQUIREMENTS

Section 15. Minimum Operational Features of OLPs. FCs and LCs shall not operate or allow the operation of an OLP unless such website, FinTech software, application, or platform possesses the following minimum operational features and functionalities.

15.1. TILA Disclosures. Upon opening of the OLP or prior to loan confirmation, FCs and LCs shall ensure that their OLPs clearly and prominently disclose the computation showing the true cost of credit in accordance with the TILA, its IRRs, and any amendments thereto. At a minimum, the following information shall be displayed to and acknowledged by the borrower:

a. Total loan amount of the approved loan;
b. Total amount to be disbursed to the borrower;
c. Applicable interest rate(s), expressed on a monthly basis;
d. All other fees, charges, or costs;

e. Payment schedule, including the specific date of the first payment and the corresponding amount, with a clear notice that late payments may be subject to additional charges;
f. Exact loan term expressed in days or months; and
g. Any other material information that may reasonably affect the borrower's decision to proceed with the loan.

All disclosures required under this Section shall strictly follow the format prescribed by the SEC under Annex C of this Circular.

15.2. Data Privacy, Automation, and Profiling Safeguards. FCs and LCs shall ensure full compliance with the DPA, its Implementing Rules and Regulations, and all relevant issuances of the NPC, including:

a) designation of a duly registered Data Protection Officer;
b) registration of data processing systems with the NPC;
c) clear notice to borrowers regarding automated decision-making and profiling, where applicable; and
d) acquisition and maintenance of the NPC Seal of Registration covering the OLP.

The use of automated or algorithmic credit decision-making shall not relieve FCs or LCs of accountability for compliance with lending, consumer-protection, fair treatment, and non-discrimination requirements.

FCs and LCs, including their OLPs and any TPSPs acting on their behalf, are strictly prohibited from accessing, collecting, scraping, copying, monitoring, or otherwise processing the contact lists, address books, call logs, messaging records, social media contacts, or similar personal data stored in or accessible through a borrower's mobile device, application, or electronic account, except where such data is strictly necessary and proportionate for lawful credit processing and is obtained in full compliance with the DPA.

In no case shall any person appearing in the borrower's contact list, character references, or similar personal information be treated, represented, or contacted as a guarantor, surety, co-maker, or person liable for the borrower's loan obligation unless such person has separately and expressly agreed in writing to assume such legal obligation.

The use of such personal data for debt collection, borrower harassment, reputational pressure, or disclosure of a borrower's indebtedness to third parties is strictly prohibited. Any violation of this provision shall constitute a serious breach of consumer protection and data privacy safeguards and shall be subject to administrative sanctions under this Circular, without prejudice to liability under the DPA and other applicable laws.

Section 16. Credit Information Corporation (CIC) Registration and Access of CIC Data. All FCs and LCs operating OLPs shall:

a. be duly registered as submitting and accessing entities with the CIC;
b. regularly submit complete and accurate Credit Data Information in accordance with the Credit Information System Act (CISA) and its IRR; and
c. access CIC credit reports and available credit data as part of their credit risk assessment process prior to loan approval.

The use of CIC data shall form part of the FC's or LC's documented credit underwriting framework and shall be reflected in its approved Business Plan.

Failure to register with or utilize CIC data shall constitute a violation of this Circular and shall be penalized under Section 22 (c).

Section 17. Limitations on Advertisements and Marketing of OLPs. All advertisements, promotions, or marketing communications of FCs and LCs relating to their financing or lending products, services, or credit facilities, including those conducted through OLPs, whether in print, broadcast, outdoor, or digital media, shall form part of the Business Plan approved by the Commission.

All advertising, promotional, and marketing materials shall prominently include the following:

1. the contact details of the FC's or LC's internal complaints handling unit;
2. a clear statement that the FC or LC is a regulated entity duly registered with the Securities and Exchange Commission; and
3. the contact details of the Commission's authorized department handling financial consumer complaints.

Such disclosures shall be presented in a manner that is clear, readable, and reasonably noticeable, regardless of medium.

Section 18. No Unauthorized Disbursement Allowed. No OLP shall allow the automated, programmed, or system-initiated disbursement of loan proceeds without the borrower's explicit and informed confirmation of the final loan terms.

Section 19. Collection Methods. In the collection of payments from borrowers, FCs and LCs shall ensure that all collection communications, whether made directly or through any TPSP, clearly, accurately, and prominently disclose:

a. the full registered corporate name of the FC or LC; and
b. the specific OLP or application on whose behalf the collection is being made.

Any collection communication that fails to clearly identify the FC or LC and the relevant OLP shall be deemed unauthorized, and the borrower shall have the right to disregard such communication without prejudice to the borrower's rights under applicable laws.

The use of automated, system-generated, or pre-programmed messages for debt collection purposes is prohibited, except for neutral payment reminders that:

a. do not contain threats, coercive language, or demands;
b. do not disclose the borrower's debt to third parties; and
c. comply with the standards of fair and responsible collection practices under applicable laws.

FCs and LCs shall remain fully responsible and liable for all collection activities conducted on their behalf, including those undertaken by TPSPs.

Section 20. Prohibition on Outsourcing of Core Lending/Financing Functions. FCs and LCs operating OLPs shall not outsource, delegate, assign, or transfer to any TPSP the performance of CLF, whether in whole or in part, except:

a. Information technology infrastructure, hosting, or cloud services;
b. Software development and system maintenance;
c. Data storage or processing, subject to applicable data-localization and privacy requirements;
d. Advertising and marketing loan products and services, provided that such marketing activities do not involve loan approval, credit underwriting, pricing, or any other Core Lending/Financing Function;
e. Customer support services limited to non-decision-making functions; and
f. Collection activities, provided that such activities are conducted in accordance with applicable laws and under the direct supervision and control of the FC or LC.

FCs and LCs shall remain fully and solidarily liable for all acts and omissions of TPSPs engaged in connection with OLP operations.

PART VI — ENFORCEMENT AND PENALTIES

Section 21. Anti-Circumvention and Functional Aggregation. For purposes of determining compliance with the required minimum paid-up capital, allowable OLP capacity, and other prudential requirements, the Commission shall apply a substance-over-form approach.

Where two or more digital interfaces, mobile applications, websites, domains, portals, or access points: (a) share common ownership, control, or governance; (b) utilize a common credit underwriting framework, pricing model, or servicing system; (c) operate through substantially the same backend infrastructure or data servers; (d) target substantially the same borrower base or loan product structure; or (e) are structured or branded in a manner that suggests functional integration, the Commission may determine that such platforms constitute a functionally integrated OLP structure.

In such cases, the Commission may:

a. Treat the integrated platforms as a single OLP for purposes of regulatory scope and risk assessment; and
b. Count each digital interface or access channel separately for purposes of computing capital thresholds and allowable OLP capacity, where necessary to prevent circumvention of this Circular

The determination of functional integration shall be based on the totality of circumstances, and the Commission's assessment shall be final and binding for regulatory purposes.

Any attempt to fragment, replicate, rebrand, white-label, or structurally reorganize OLPs for the purpose of avoiding capital requirements, disclosure obligations, or supervisory limits shall constitute circumvention and shall be subject to administrative sanctions under Section 22 of this Circular.

Section 22. Administrative Penalties. Non-compliance with this Circular shall be subject to the following penalties:

A. Failure to comply with Section 7, including submission of false, misleading, or inaccurate forms:

Frequency	Penalties
First Offense	Subject to the facts, circumstances, and gravity of the offense, the Commission may impose a fine not more than Two Million Pesos (Php 2,000,000.00).
Second Offense	Suspension of the CA and COI. The Order of Suspension shall become immediately executory upon its issuance.

Frequency	Penalties
Third Offense	Revocation of the CA and COI and a fine not more than Two Million Pesos (Php 2,000,000.00). The Order shall become immediately executory.

B. Failure to Disclose Branches in the Business Plan

Frequency	Penalties
First Offense	Subject to the facts, circumstances, and gravity of the offense, the Commission may impose a fine not more than Two Million Pesos (Php 2,000,000.00).
Second Offense	Suspension of the CA and COI. The Order of Suspension shall become immediately executory upon its issuance.
Third Offense	Revocation of the CA and COI and a fine not more than Two Million Pesos (Php 2,000,000.00). The Order shall become immediately executory.

C. Failure to comply with and maintain the required paid-up capital under Part III:

Frequency	Penalties
First Offense	1/10 of 1% of the required paid-up capital, but not less than Php 5,000.00
Second Offense	1/5 of 1% of the required paid-up capital, but not less than Php 10,000.00
Third Offense	Suspension/Revocation of COI and CA and a Fine not more than Two Million Pesos (Php 2,000,000).

D. Failure to comply with Sections 4, 12, 15.2, 16, 19, and 20 of this Circular:

Frequency	Penalties
First Offense	Subject to the facts, circumstances, and gravity of the offense, the Commission may impose a fine not more than Two Million Pesos (Php 2,000,000.00).
Second Offense	Revocation of the CA and COI. The Order shall become immediately executory upon its issuance.

E. Failure to Register Business Name under Section 8:

Frequency	Penalties
First Offense	Basic Penalty of Php 100,000.00 and a daily penalty of Php 500.00 counted from the receipt of the approved Pre-Disclosure Classification Declaration.
Second Offense	Basic Penalty of Php 200,000.00 and a daily penalty of Php 1,000.00.
Third and Succeeding Offenses	Basic Penalty of Php 300,000.00 and a daily penalty of Php 2,000.00.

F. Failure to comply with Sections 15.1, 17, and 18:

Frequency	Penalties
First Offense	Basic Penalty of Php 100,000.00
Second Offense	Basic Penalty of Php 200,000.00
Third Offense	Basic Penalty of Php 300,000.00
Fourth Offense	Suspension of the CA and COI. The Order of Suspension shall become immediately executory upon its issuance.
Fifth and Succeeding Offenses	Revocation of the CA and COI and a fine not more than Two Million Pesos (Php 2,000,000.00). The Order shall become immediately executory.

The foregoing penalties shall be imposed without prejudice to any other penalties that may be imposed by the Commission pursuant to Presidential Decree No. 902-A, the RCCP, the FCPA, and all other relevant laws, rules, and regulations being implemented by the Commission, which may include the imposition of administrative penalties against its directors and officers, such as but not limited to disqualification and other monetary penalties; as well as to the penalties that may be imposed by the courts or other government agencies in the exercise of their respective mandates.

PART VII — FINAL PROVISIONS

Section 23. No Vested Right Clause. Nothing in this Circular shall be construed as granting a vested right to continue operating an OLP in a manner inconsistent with this Circular. All approvals and disclosures shall remain subject to the Commission's continuing supervisory and enforcement authority.

Section 24. Applicability of Certain Laws and Regulations. The provisions of the FCA, LCRA, TILA, FCPA, and their respective implementing rules and regulations, as well as other relevant rules and regulations issued by the Commission, shall have suppletory application insofar as they are applicable and not inconsistent herewith.

Section 25. Separability Clause. If any portion or provision of this Circular is held unconstitutional or invalid, all other provisions not thereby affected shall remain valid.

Section 26. Repealing Clause. All internal rules, memoranda, or circulars, and other regulations or parts thereof which are inconsistent with the provisions of this Circular, are hereby repealed, amended, or modified accordingly**.**

Section 27. Effectivity. This Circular shall take effect on 01 April 2026. It shall be published in two (2) newspapers of general circulation at least fifteen (15) days before its effectivity.

Signed this ______ of March, 2026, Makati City.

For the Commission:

FRANCISCO ED. LIM
Chairperson

ANNEX A
PRE-DISCLOSURE CLASSIFICATION DECLARATION
(For Online Lending Platforms)

One Form, Per OLP

I. COMPANY INFORMATION

1. Name of Financing Company / Lending Company (FC/LC): ____________________________
2. SEC Registration Number: ____________________________
3. Certificate of Authority (CA) Number and Date Issued: ____________________________
4. Principal Office Address: ____________________________
5. Authorized Representative (Name / Position): ____________________________
6. SEC-Registered Email Address: ____________________________

II. PLATFORM INFORMATION

7. Proposed Name of Digital Platform / Application: ____________________________
8. Type of Platform (check all that apply):
   ☐ Mobile Application ☐ Website ☐ Web-based System / Portal ☐ Application Programming Interface / Embedded System ☐ Other: __________
9. Planned Date of Deployment / Use: ____________________________
10. Will the platform be operated directly by the FC/LC?
    ☐ Yes ☐ No (If no, identify Third-Party Service Provider/Developer/Programmer): _________________

III. CORE LENDING/FINANCING FUNCTION ASSESSMENT

11. Indicate whether the proposed platform will perform, support, or enable the following Core Lending/Financing Functions:
    a) Customer onboarding, identification, and KYC ☐ Yes ☐ No
    b) Loan solicitation or application intake ☐ Yes ☐ No
    c) Creditworthiness or eligibility assessment ☐ Yes ☐ No
    d) Setting or modifying interest rates, fees, or pricing ☐ Yes ☐ No
    e) Disclosure or execution of loan contracts ☐ Yes ☐ No
    f) Authorization or control of loan disbursement ☐ Yes ☐ No
    g) Loan servicing or repayment processing ☐ Yes ☐ No
    h) Collection, enforcement, or remedial actions ☐ Yes ☐ No

IV. DECLARATION

12. Based on the foregoing, the FC/LC declares that the proposed platform:
    ☐ Performs or enables one or more Core Lending/Financing Functions
    ☐ Does not perform or enable any Core Lending/Financing Function
13. Brief description of the platform's functions and intended use:

____
____
____

V. CERTIFICATION AND UNDERTAKING

The undersigned hereby certifies that the information provided herein is true, accurate, and complete.
Authorized Signatory: ____________________________
Position: ____________________________
Signature: ____________________________ Date: _________________

FOR SEC USE ONLY

Date Received: ____________________________
Classification Result: ☐ Not an OLP – Reflect in the Business Plan ☐ OLP – Subject to Disclosure, Amended Articles of Incorporation and Approval of Amended Business Plan
Remarks: ____
Reviewed by: ____________________________

ANNEX B
CAPITAL COMPLIANCE PLAN

(For Financing Companies and Lending Companies Operating Online Lending Platforms)

I. COMPANY INFORMATION
a) Name of Financing Company / Lending Company (FC/LC):
b) SEC Registration Number:
c) Certificate of Authority (CA) Number and Date Issued:
d) Principal Office Address:
e) Authorized Officer (Name and Position):
f) Official SEC-Registered Email Address:

II. CURRENT OLP PROFILE
g) Number of OLPs currently registered or disclosed as of the effectivity of the Circular:
☐ 0 ☐ 1 ☐ 2–3 ☐ 4–10 ☐ More than allowable limit
h) List of Existing OLPs (attach additional sheet if necessary):

OLP Name	Platform Type (App / Website / Other)	Date Disclosed / Approved

III. CAPITAL POSITION
i) Current Paid-Up Capital (as of latest SEC filing): Php ____________________
j) Applicable Required Paid-Up Capital under Section 10 and 10.1 of the Circular: Php ____________________
k) Capital Shortfall (if any): Php ____________________

IV. COMPLIANCE STRATEGY
l) The FC/LC hereby declares its chosen strategy to achieve compliance with the paid-up capital requirements:
☐ Option A – Capital Increase
The FC/LC shall increase its paid-up capital to meet the applicable threshold under Sections 10 and 10.1 of the Circular.
☐ Option B – OLP Rationalization
The FC/LC shall rationalize, consolidate, or discontinue one or more OLPs to comply with the allowable OLP capacity limits.
☐ Option C – Combination of Capital Increase and OLP Rationalization
(Check all that apply and complete the relevant sections below.)

V. IMPLEMENTATION TIMELINE
m) The FC/LC commits to the following phased compliance milestones, consistent with Sections 10 and/or 10.1 of the Circular:

Milestone	Target Paid-Up Capital Level	Target Date
30% compliance	Php __________________	Within 1 year
60% compliance	Php __________________	Within 2 years
100% compliance	Php __________________	Within 3 years

VI. ACTION PLAN DETAILS
A. Capital Increase Measures (if applicable)
Describe the steps to be undertaken (e.g., board approval, subscription, infusion source):

B. OLP Rationalization Measures (if applicable)
Identify OLP(s) to be consolidated or discontinued and proposed timeline:

VII. UNDERTAKINGS
n) The FC/LC hereby undertakes that:

1. No additional OLP shall be registered, disclosed, or launched during the transition period unless full compliance with the paid-up capital requirements is achieved;
2. No material expansion of existing OLPs that increases consumer exposure shall be undertaken without prior Commission approval;
3. Any material deviation from this Plan shall be immediately reported to the Commission; and
4. Failure to implement this Plan may result in administrative penalties under the Circular.

VIII. CERTIFICATION
The undersigned hereby certifies that this Capital Compliance Plan is true, accurate, complete, and submitted in good faith, and that the FC/LC commits to implement the same in accordance with the Circular.

Authorized Signatory: ____________________________
Position: ____________________________
Signature: ____________________________
Date: ____________________________

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Date Received: ________________________
Plan Status: ☐ Accepted ☐ Conditional ☐ For Revision
Remarks: ______________________________
Reviewed by: ___________________________

ANNEX C
DISCONTINUANCE PLAN TEMPLATE
(For Excess OLPs Under Section 13 of the Circular)

I. COMPANY INFORMATION

a) Name of Financing Company / Lending Company (FC/LC):
b) SEC Registration Number:
c) Certificate of Authority (CA) Number and Date Issued:
d) Principal Office Address:
e) Official SEC-Registered Email Address under Memorandum Circular No. 28, Series of 2020:

II. REGULATORY BASIS

This Discontinuance Plan is submitted pursuant to Section 13 of the Circular, in compliance with the required minimum paid-up capital and allowable OLP capacity.

III. CURRENT OLP INVENTORY

NAME OF OLP	PLATFORM TYPE	DATE OF DISCLOSURE OR APPROVAL OF THE BUSINESS PLAN	CURRENT STATUS (ACTIVE/INACTIVE)	NO. OF ACTIVE BORROWERS
(add more rows if necessary)				

IV. ALLOWABLE OLP CAPACITY

f) Current Paid-Up Capital (as of latest SEC filing): Php ___________________
g) Allowable Number of OLPs under Section 10.1: ___________________
h) Total OLPs Currently Operated: ___________________
i) Number of Excess OLPs: __________

V. IDENTIFIED OLPS FOR DISCONTINUANCE OR SUSPENSION

NAME OF OLP	PROPOSED ACTION (SUSPENSION OR DISCONTINUANCE)	NO. OF ACTIVE BORROWERS	OUTSTANDING PORTFOLIO	BRIEF REASON OR JUSTIFICATION FOR SUSPENSION OR DISCONTINUANCE
(add more rows if necessary)				

VI. IMPLEMENTATION TIMELINE

ACTIVITY	TARGET DATE
Cease onboarding of new borrowers	
Public announcement of discontinuance	
System suspension/deactivation	
Borrower notification	
Migration (if applicable)	
Final Operational Shutdown	

Implementation shall be completed within thirty (30) days from Commission approval, in accordance with Section 13 of the Circular.

VII. BORROWER PROTECTION MEASURES.

The FC/LC shall ensure:

- No disruption to repayment channels;
- No acceleration of loans due solely to the discontinuance, unless agreed to by the borrower;
- No additional fees shall be imposed;
- Customer support shall remain available during the transition; and
- Clear FAQs shall be issued to affected borrowers.

VIII. BORROWER NOTIFICATION PLAN (CHECK ALL APPLICABLE)

Mode of Notice: ☐ In-app notification ☐ SMS ☐ Email ☐ Official website posting ☐ Other: __________
Contents of the Notification Shall Include:

- Name of OLP being discontinued
- Effective date of suspension/discontinuation
- Updated contact channels
- Statement that discontinuance/suspension is regulatory compliance-related
- Confirmation that loan terms remain unchanged.

Attach draft borrower notice as Annex A.

IX. SERVICING AND COLLECTION ARRANGEMENTS

Briefly Describe:

QUESTION	ANSWER
Which OLP (if any) will absorb servicing?	
Whether accounts will be migrated?	Yes/No
Whether repayment channels remain unchanged?	Yes/No
How data continuity is ensured?	

X. DATA AND SYSTEM CONTROLS

Confirm:

QUESTION	ANSWER
Whether OLP access will be disabled for new applications?	Yes/No
Whether there is backend system deactivation scheduled?	Yes/No
Whether data retention is compliant with Data Privacy Act (RA 10173)?	Yes/No
Whether Audit Logs are preserved?	Yes/No
Whether data will be deleted even without regulatory clearance?	Yes/No

XI. CERTIFICATION

The undersigned hereby certifies that this Discontinuance Plan is true, accurate, complete, and submitted in good faith, and that the FC/LC commits to implement the same in accordance with the Circular.
Authorized Signatory: __________________________
Position: __________________________
Signature: __________________________
Date: __________________________

SEC FORM BP-01
Business Plan for Financing and Lending Companies

SECTION 1
REGULATORY PURPOSE

This Business Plan Template is prescribed by the Securities and Exchange Commission to ensure that all financing companies and lending companies disclose sufficient information relating to:

1. Ownership and control of Online Lending Platforms (OLPs)
2. Loan products and pricing transparency
3. Consumer protection mechanisms
4. Technology infrastructure and data governance
5. Third-party service providers
6. Operational risk management

The template shall also serve as a **supervisory monitoring tool** for the Commission.

SECTION 2
COMPANY IDENTIFICATION
A. Corporate Information

Information	Details
Company Name	
SEC Registration No.	
Certificate of Authority No.	
Date of Issuance	
Head Office Address	
Official Website	
Official Email Address	
Contact Number	

B. Key Officers

Position	Details
Chairman	
President	

Compliance Officer	
Chief Risk Officer	
Data Protection Officer	
Head of Technology	
Head of Financing/Lending Operations/COO	
Head of Collections	

C. Branch Offices

Branch No.	Address	Contact Number/Customer Assistance Number	Date of Commencement of Operations
	Add rows if necessary		

SECTION 3
CORPORATE GOVERNANCE

A. Attached an Organization Chart

B. Governance Committees

Committee, if available	Members
Risk Management Committee	
Audit Committee	
Compliance Committee	

SECTION 4
BUSINESS MODEL

A. Financing/Lending Activities

Provide a detailed description of the company's financing/lending activities, including the type of loans offered, delivery channels, and repayment mechanisms.

Type of Loans Offered	(add more tables if necessary)
Delivery Channels	
Repayment Mechanisms	

Type of Loans Offered	(add more tables if necessary)
Delivery Channels	
Repayment Mechanisms	

B. Target Market

Segment	No. of Existing Borrowers (Leave Blank, if Not Applicable)	Maximum Amount of Loan Offered
Salaried Employees		
OFWs		
MSMEs		
First-time borrowers		
Gig workers, underbanked, informal economy		

SECTION 5

ONLINE LENDING PLATFORM DISCLOSURE

A. Platform Identification

Item	Details (Add More Tables, as necessary)
OLP Name	
Mobile App Name	
Website Domain	
App Store Links	
Date of Launch	

B. Platform Ownership

Category	Details
Platform Owner	
Technology Developer	
Platform Operator	

C. Platform Architecture
The Company shall provide a description of the core technology systems and processes used in its lending operations, particularly those supporting the operation of any online lending platform, mobile application, or digital lending interface.

The disclosure shall enable the Securities and Exchange Commission to understand how the Company originates loans, evaluates borrower creditworthiness, manages loan accounts, processes payments, and stores borrower information.

The Company shall complete the table below and provide additional explanation where necessary.

<table>
<tr><th>Required Data</th><th>Company’s Responses</th></tr>
<tr><td>Borrower Interface

Directions:
The Company shall describe the platform or interface through which borrowers access the Company’s lending services. This may include:
mobile applications,
websites or web portals,
application programming interfaces (APIs), or
other digital interfaces used for loan applications.
The Company shall indicate:
how borrowers create accounts and submit loan applications;
the steps involved in borrower identity verification;
how borrowers review loan terms and execute loan agreements;
how borrowers access account information and repayment schedules.</td><td></td></tr>
</table>

Credit Scoring Engine/Process/Policy **Directions:** The Company shall describe the system or process used to evaluate borrower creditworthiness. The disclosure shall include: • whether the Company uses automated credit scoring, manual underwriting, or a hybrid system; • the types of data inputs used in evaluating borrower risk; • the role of algorithmic or rule-based scoring models, if applicable; • internal policies governing credit approval, rejection, or escalation. If automated decision-making tools are used, the Company shall provide a general description of the model while protecting proprietary information.	
Loan Management System/Process **Directions:** The Company shall describe the system used to manage loan accounts throughout the loan lifecycle. This includes: • loan approval and disbursement processes; • generation and storage of loan agreements; • tracking of borrower repayment schedules; • monitoring of outstanding balances; • management of delinquent accounts. The Company shall also indicate whether the loan management system is: • internally developed; or	

• provided by a third-party service provider.	
Payment Integration **Directions:** The Company shall describe the payment channels available to borrowers for loan repayment. The description shall include: • payment gateways or financial service providers used; • digital wallets, bank transfers, or over-the-counter payment facilities accepted by the Company; • how borrower payments are verified, recorded, and reconciled. Where third-party payment service providers are used, the Company shall identify such providers and describe the safeguards in place to ensure transaction security.	
Data Storage Systems **Directions:** The Company shall describe how borrower data and transaction records are stored and protected. The disclosure shall include: • whether data is stored on **on-premise servers or cloud-based infrastructure**; • the general location of the servers or data centers; • the security controls implemented to protect borrower data;	

• policies governing data retention, backup, and access control. The Company shall ensure that its data management practices comply with applicable **data privacy and cybersecurity requirements**.	

D. Attach System Architecture Diagram Marked as Annex A

Attach a technical diagram illustrating:

- data flow
- system components
- security controls and
- Loan Application Process

SECTION 6

LOAN PRODUCTS AND PRICING

Type of Loan/Loan Product	Minimum and Maximum Loan Value	Loan Tenor	Monthly Nominal Interest Rates	Other Fees and Charges	Monthly Effective Interest Rate	Fees/Penalties for Late/Non-Payment	Total Cost	Mode of Payment

SECTION 7

CREDIT EVALUATION FRAMEWORK

The Company shall describe in detail the methodology used to evaluate the creditworthiness of prospective borrowers prior to loan approval. The description shall demonstrate that the Company maintains a reasonable, systematic, and verifiable process for assessing borrower identity, credit risk, and repayment capacity.

A. Credit Assessment Methodology

Required Data	Company's Responses
Borrower Identification and Verification **Directions:** The Company shall explain the procedures used to verify the identity of borrowers before processing a loan application. The description shall include: • the **Know-Your-Customer (KYC) procedures** implemented by the Company; • the types of **identification documents** required from borrowers (e.g., government-issued IDs); • any **digital verification tools** used, such as facial recognition, liveness detection, or device authentication; • procedures to prevent **identity fraud, duplicate accounts, and synthetic identities**. Where loan applications are submitted through an online lending platform or mobile application, the Company shall also describe the **electronic verification and authentication mechanisms** employed.	
Credit Scoring Engine/Process/Policy **Directions:**	

The Company shall describe the **credit evaluation model** used to assess borrower risk. The disclosure shall include: • whether the Company uses **manual underwriting, automated credit scoring, or a hybrid system**; • the **key variables or data sources** considered in evaluating borrower creditworthiness (e.g., income information, credit history, repayment behavior); • the use of **third-party credit information providers**, if applicable; • the process for assigning a **risk rating or credit score** to each borrower. If algorithmic or automated scoring systems are used, the Company shall provide a general description of how such systems support lending decisions, without disclosing proprietary algorithms.	
Loan Management System/Process **Directions:** The Company shall explain how it determines whether a borrower has the **capacity to repay the loan obligation**. The description shall include: • the borrower information used to assess repayment capacity (e.g., income, employment, business revenue);	

• any **debt-to-income or affordability metrics** applied by the Company; • procedures for evaluating **existing financial obligations** of the borrower; • internal policies that prevent the approval of loans where the borrower's repayment capacity is insufficient. For loans extended to business borrowers, the Company shall also describe the method used to evaluate **business cash flow and operational sustainability**.	

The Company shall include a Credit Decision Flow Diagram as attached as Annex C.

C. Credit Information Sources

Required Data	Company's Responses
Credit Bureau **Directions:** If the Company obtains credit information from a credit bureau or credit information system, it shall disclose: • the name of the credit bureau or credit information provider; • the type of information obtained, such as credit history, credit score, outstanding obligations, or repayment behavior; • the purpose for which the credit information is used (e.g., credit scoring,	

borrower risk classification, loan approval decisions). Where applicable, the Company shall confirm that access to credit information is conducted in accordance with applicable laws and data privacy regulations.	
Internal Data Directions: The Company shall describe the internal data used in assessing borrower risk, which may include: • borrower transaction history with the Company; • repayment performance from previous loans; • behavioral data collected through the Company's lending platform; • internally generated risk scores or borrower classifications. The Company shall also explain how such internal data contributes to the **credit scoring or underwriting process**.	
Financial Records **Directions** The Company shall disclose the types of financial information required from borrowers in order to assess repayment capacity. This may include: • proof of income (e.g., payslips or certificates of employment);	

• bank statements; • business revenue records for enterprise borrowers; • other financial documents supporting the borrower's ability to repay the loan. Where the Company relies on alternative data sources for income verification, the methodology used to assess borrower income shall also be explained.	
Additional Disclosures, if applicable **Directions:** If the Company uses **alternative or digital data sources** in evaluating borrower creditworthiness (such as device data, mobile usage patterns, or platform-generated behavioral indicators), the Company shall disclose the general categories of such data and explain their role in the credit evaluation process, while ensuring compliance with applicable data protection and privacy laws.	

SECTION 8

RISK MANAGEMENT FRAMEWORK - The Company shall describe its risk management framework, including the processes and controls established to identify, assess, monitor, and mitigate risks associated with its lending operations and the operation of its online lending platform.

A. Risk Identification - The Company shall identify the key risks relevant to its operations and provide a brief description of each risk category. The table below shall be completed to illustrate the primary risks faced by the Company.

Risk Category	Source of Risk	Brief Description of Potential Operational Impact and the Department/Function	Brief Description of Potential Financial Impact and Department/Function	Brief Description of Potential Consumer Protection Impact and Department/Function

		responsible for monitoring such risks	responsible for monitoring such risks	responsible for monitoring such risks
Credit Risk				
Operational Risk				
Cybersecurity Risk				
Fraud Risk				
(add more rows, if there are more risks identified)				

Instructions for Completion
The Company shall explain:

- how each risk may arise in the course of its lending activities;
- the potential operational, financial, or consumer protection impact of each risk;
- the internal department or function responsible for monitoring such risks.

B. Risk Controls - The Company shall describe the mechanisms implemented to mitigate and manage the risks identified above. The discussion shall include, at a minimum:

Risk Controls	Company's Responses
Fraud Detection Tools used to detect suspicious or fraudulent loan applications	
Portfolio monitoring mechanisms used to track loan performance, delinquency levels, and credit exposure;	
Early warning systems used to identify potential borrower default, system vulnerabilities, or operational disruptions.	

SECTION 9
CONSUMER PROTECTION
The Company shall describe the policies and procedures implemented to ensure fair treatment of financial consumers in accordance with the **Financial Consumer Protection Act and its Implementing Rules and Regulations**.

The Company shall demonstrate that its lending practices promote transparency, fairness, and responsible lending.

A. Borrower Disclosure

The Company shall explain how such required disclosures are presented to borrowers through its online lending platform, mobile application, website, or other lending channels.	

The Company shall attach the following document:

a. Sample Disclosure Statement following TILA (attached as Annex D)
b. Sample Repayment Schedule (Attached as Annex E)

B. Complaint Resolution - The Company shall establish mechanisms through which borrowers may submit complaints or inquiries regarding their loan accounts.
The Company shall complete the table below and describe how borrower complaints are received, recorded, and resolved.

Channel	Contact Details
Email	
Hotline	
In-App Complaint System	

The Company shall also describe the process for investigating and resolving complaints; the standard turnaround time for responding to borrower concerns; internal escalation procedures for unresolved complaints, which shall be marked as Annex F.

SECTION 10
DATA PRIVACY AND CYBERSECURITY

The Company shall describe the policies and procedures implemented to ensure compliance with the Data Privacy Act and applicable data protection regulations governing the lawful processing of personal information.

The Company shall demonstrate that adequate safeguards are in place to protect borrower data and financial information.

A. **Data Collected -** The Company shall identify the types of borrower information collected in connection with loan applications and credit evaluation.

Data Category	How Collected	Purpose	Controls to Prevent Unauthorized Access, Use, or Data Leakage
Personal Information			
Device Data			
Financial Data			

Instructions for Completion
The Company shall describe:
- how each category of data is collected;
- the purpose for which the data is used; and
- Applicable data protection controls.

B. **Cybersecurity Controls -** The Company shall describe the cybersecurity safeguards implemented to protect its systems and borrower data. At a minimum, the Company shall describe the following controls:

	Brief Description on how the control is implemented
Encryption	
Access Control	
System Monitoring	
Cybersecurity Incident Response	
Add more controls if necessary	

SECTION 11
FINANCIAL PROJECTIONS
The Company shall provide financial projections covering at least three (3) years of projected operations.

A. Loan Portfolio

Year	Portfolio
Year 1	
Year 2	
Year 3	

B. Revenue Projections

Year	Revenue
Year 1	
Year 2	
Year 3	

SECTION 12
Third-Party Service Providers
The Company shall disclose all third-party service providers (TPSPs) engaged to support its lending operations or online lending platform.

A. TPSP Disclosure - The Company shall disclose all third-party service providers engaged to support its lending operations or online lending platform.

Function	Name of TPSP	SEC Registration Number, if applicable	Contact Number
Platform Development			
Debt Collection			
(insert more rows if necessary)			
Advertising			

Payment Gateway/Loan Payment			

B. TPSP Monitoring - The Company shall describe the oversight mechanisms used to monitor the performance and compliance of third-party service providers.

Information	Brief Description of the Company's Mechanisms/Policy
Contractual Safeguards Imposed on Service Providers	
Monitoring or Audit Procedures Conducted by the Company	
Corrective Actions Taken in case of Non-Compliance	

SECTION 13. CERTIFICATION

The undersigned certify that:

1. The information contained in this Business Plan is true and correct.
2. The Company shall comply with all applicable laws, rules, and regulations governing financing and lending companies.
3. All Online Lending Platforms disclosed herein are duly reported to the Securities and Exchange Commission.

Authorized Signatories:

Name	**Position**	**Signature**
	President	
	Compliance Officer	