Comparative Table

Previous Draft 10 March 2026	Current Draft 08 June 2026
To: All Concerned	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	Subject: Guidelines Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies and Lifting the Moratorium on Online Lending Platforms
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;	**No Change**
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;	**No Change**
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;	**No Change**
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	**No Change**

Previous Draft 10 March 2026	Current Draft 08 June 2026
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;	No Change.
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;	No Change.
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,** 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;

Previous Draft 10 March 2026	Current Draft 08 June 2026
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**, 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, 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**, 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, 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;	**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 its 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.	**NOW**, **THEREFORE**, in view of the foregoing premises, and pursuant to the powers vested in the Commission under the Revised Corporation Code, FCA, LCRA, Republic Act No. 10881, FCPA, TILA, and without prejudice to the application of other pertinent laws, rules, and regulations, the Commission hereby issues these Guidelines Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies and to Lift the

Previous Draft 10 March 2026	Current Draft 08 June 2026
	Moratorium on Online Lending Platforms superseding MC 10.
Part I – General Provisions	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 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 its products and services through OLPs or other borrower-facing digital channels used in connection with financing or lending activities.
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.	Renumbered to Part VII, Section 26.

Previous Draft 10 March 2026	Current Draft 08 June 2026
Section 3. Definition of Terms. For purposes of this Circular, the following definitions shall apply:	Section 2. 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.	No change.
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.	**b. Branch Office** shall refer to any fixed place of business, other than the principal office, maintained or operated by a FC or LC, where credit evaluation or underwriting, loan approval or decision-making, pricing determination, and execution of loan agreements are performed. A location shall likewise be deemed a Branch Office if it represents itself to the public as authorized to approve or process loans on behalf of the FC or LC, regardless of nomenclature. The following shall not be considered Branch Offices: ● merchant partner locations under a point-of-sale (POS) lending model; ● temporary booths, kiosks, or promotional setups; ● locations used solely for marketing, product introduction, or customer assistance; ● facilities providing access to digital platforms (e.g., tablets, QR codes, or links); and ● other similar off-site locations engaged solely in facilitation or referral activities.

Previous Draft 10 March 2026	Current Draft 08 June 2026
	<u>For avoidance of doubt, the mere presence of marketing, customer interaction, or application facilitation activities, without authority to approve or process loans, shall not, by itself, result in classification as a Branch Office.</u>
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.	No change.
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.	No change.
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.	Deleted
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.	No change.
g. Data Servers shall refer to the physical or virtual computing infrastructure, systems, or	**f. Data Servers** <u>refers to any physical or cloud-based infrastructure used solely</u>

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	for the storage, processing, or transmission of data, including databases, hosting environments, and related backend systems, which do not by themselves enable borrower interaction, loan application, credit decision-making, or loan servicing.
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.	g. **Finance Charge** refers to the total cost of credit payable by the borrower, including interest, fees, and other charges directly related to the loan, as required to be disclosed under applicable laws and regulations, particularly the TILA and its implementing rules.
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	h. **Financial Technology (FinTech)** shall refer to the application of software, digital platforms, information systems, or other technology-enabled solutions specifically used in the design, delivery, processing, servicing, or management of financing or lending products or services, including borrower onboarding, loan application, credit evaluation, approval, disbursement, servicing, collection, or related loan processing activities. For purposes of this Circular, FinTech shall be limited to technologies that are integral to, and have a direct and material impact on, the conduct of financing or lending operations, and shall not include general information technology systems

Previous Draft 10 March 2026	Current Draft 08 June 2026
technology, system architecture, or service provider used.	<u>or internal tools that are not directly used in or do not materially affect such activities.</u>
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.	No change.
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.	No change.
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;	**k. Loan Processing Activities** shall refer to acts or functions performed by an FC or LC, or by any person acting on its behalf, <u>that directly involve or materially affect the evaluation, approval, creation, disbursement, administration, or enforcement of a loan or credit facility, including credit assessment, underwriting, approval, contract execution, disbursement control, loan servicing, account management, and collection or recovery activities.</u>

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	<u>Loan Processing Activities shall be limited to functions that involve decision-making authority, control over loan terms or disbursement, or responsibility for the management or enforcement of credit obligations, and shall not include activities that are purely marketing, promotional, informational, or facilitative in nature, including lead generation, advertising, provision of digital access tools, or customer assistance that does not involve the exercise of discretion or authority over the loan.</u>
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.	No change.
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.	Deleted.

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>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.</td><td>No change.</td></tr>
<tr><td>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</td><td><u>n. Online Lending Platforms (OLPs) are any borrower-facing digital platform, application, or system, whether web-based, mobile-based, or otherwise, operated under a distinct name, brand, or identity and used to facilitate, process, service, or manage financing or lending transactions.</u>

<u>For purposes of this Circular:</u>

a) <u>An OLP shall be identified primarily based on its distinct name, brand, or borrower-facing identity, including mobile application names, platform names, or similar identifiers presented to the public;</u>
b) <u>A single OLP may utilize multiple domains, systems, or technological infrastructures, provided that such components operate under the same borrower-facing identity; and</u>
c) <u>Any platform or system that directly interfaces with borrowers as part of the lending process may be considered part of an OLP, provided that such platform or system operates under, or is presented to the public as part of, the borrower-facing identity of the OLP.</u>

<u>Systems or platforms that perform preparatory, assistive, or support functions, including those undertaken by third-party service providers, and which</u></td></tr>
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Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	do not independently establish a borrower-facing identity, shall not be considered separate OLPs.
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.	No change.
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.	p. **Third-Party Service Providers (TPSPs)** refer to any natural or juridical person, whether affiliated or unaffiliated with the FC or LC, that is engaged by, contracted with, or otherwise allowed by the FC or LC to perform any function, activity, or service in support of, or in connection with, its financing or lending operations, including those conducted through OLPs. A TPSP may include, but is not limited to, entities providing: information technology systems, software, or platform infrastructure; data processing, analytics, or credit scoring tools; underwriting or decision-support systems; identity verification, onboarding, or KYC services; payment processing or disbursement facilitation;

Previous Draft 10 March 2026	Current Draft 08 June 2026
	customer service, collections, or marketing services; and other operational, technical, or administrative support.
PART II — REGISTRATION AND DISCLOSURE REQUIREMENTS	**PART II — LICENSING AND BRANCH OFFICE DISCLOSURE**
A. Submission of Business Plan	See PART V
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:	See Sections 15-17
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.	
	A. Certificate of Authority to Operate a Lending or Financing Company
	Section 3. Single Certificate of Authority Policy. Each FC or LC incorporated after the effectivity of this Circular shall be issued only one (1) CA, which shall cover its principal office and all of its Branch Offices, regardless of number or geographical location. The CA shall likewise cover all financing or lending activities conducted by the FC or LC through any OLP or similar

Previous Draft 10 March 2026	Current Draft 08 June 2026
	borrower-facing channel that the FC or LC operates, owns, or controls. No separate CA shall be issued for OLP. OLPs shall not be treated as separate legal entities, branches, or independently authorized units, but as operational channels of the FC or LC, without prejudice to applicable requirements on establishment, disclosure, and recording under this Circular.
	Section 4. Inclusion of OLPs in the Corporate Name. Unless the OLP and the Corporate Name are identical, all FCs and LCs must include the OLP within its Corporate Name. The registered corporate name must be identical to the name of the mobile application—including any abbreviations—as displayed on digital distribution platforms (e.g., app stores), or to its official URL or domain name. Each mobile application name shall be uniquely associated with a single FC or LC and shall not be used in a manner that may mislead borrowers as to the identity of the lending entity. The use of a mobile application name, URL, or domain name not duly registered as a corporate name, where required under this Section, or not disclosed to the Commission, shall be deemed unauthorized and shall be subject to administrative sanctions.
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	Deleted

Previous Draft 10 March 2026	Current Draft 08 June 2026
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	Deleted
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.	Deleted

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.**	Deleted
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.	Deleted
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.	Deleted
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.	See Section 3.
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.	**Section 5. Branch Office Disclosure and Recording.** Any company granted the CA to operate either as a financing or lending company may establish or operate a Branch Office/s. No separate CA shall be required or issued for the establishment, operation, relocation, or maintenance of a Branch Office.

Previous Draft 10 March 2026	Current Draft 08 June 2026
	FCs and LCs shall notify the Commission of the establishment, operation, closure, relocation, or material changes relating to its Branch Offices, in such form and manner as may be prescribed by the Commission. For each Branch Office, the following minimum information shall be disclosed and recorded with the Commission: a. Complete address of the Branch Office; b. Contact number, whether landline or mobile; c. Date of commencement of operations; and d. Any other information as may be required by the Commission. **Section 5.1. Centralized Branch Registry.** The Commission may establish and maintain a centralized recording or registry system for Branch Office/s to facilitate monitoring, supervision, and consumer protection. The Commission will subsequently issue a public notice regarding its implementation.
	Section 6. Transition and One-Time Disclosure of Existing Branches. All existing FCs and LCs with Branch Offices shall disclose their active branches under Section 5 of this Circular. Undisclosed Branch Offices may be deemed unauthorized and subject to appropriate administrative sanctions under this Circular.
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	Deleted

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	Deleted
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.	Deleted
6.4. Closure of Branch Offices. Closure, relocation, suspension, or change in contact	Deleted

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	Deleted
C. Establishing an OLP	**Part III. Capital Requirements**
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	See Section 18.

Previous Draft 10 March 2026	Current Draft 08 June 2026
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 7. Required Paid-Up Capital. **A. Requirements for New Companies** All FCs or LCs incorporated after this Circular takes effect must meet and permanently maintain the following minimum paid-up capital: FCs: Php 15,000,000.00 LCs: Php 5,000,000.00 The capital requirements apply uniformly across the country. The required amount remains the same regardless of the location of the main office or the number and location of physical branch offices. **C. Requirements for Existing Companies** Existing FCs and LCs are not required to adjust its capital immediately, unless it expands its operations. If an existing company opens new physical branches, it must immediately increase its capital to meet the minimum requirements stated in Item A, Section 7. If existing companies operate an OLP or additional OLPs, they must comply with the capital requirements under Section 8.

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<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
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<tr><td>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.</td><td>See Section 4.</td></tr>
<tr><td></td><td>Section 8. Paid-Up Capital Requirement for OLP Operations. All FCs and LCs, whether existing or incorporated after the effectivity of this Circular, seeking to own, operate, control, or utilize one or more OLPs shall possess and maintain paid-up capital commensurate with the scale, complexity, and risk of its digital lending operations.

In no case shall any FC or LC be allowed to own, operate, control, or utilize more than five (5) OLPs as a prudential limit intended to ensure effective supervision, adequate governance, and manageable consumer risk exposure. Existing FCs and LCs shall remove OLPs in excess of the limit and shall disclose remaining OLPs in accordance with Section 18 of this Circular.

The following capital levels shall apply:

A. For FCs:
<table>
<tr><th>Required Paid-Up Capital</th><th>Maximum Number of Allowable OLPs</th></tr>
<tr><td>Php 20,000,000.00</td><td>1 OLP</td></tr>
<tr><td>Php 60,000,000.00</td><td>3 OLPs</td></tr>
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<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>
<table>
<tr><td>Php 100,000,000.00</td><td>5 OLPs</td></tr>
</table>

B. For LCs
<table>
<tr><th>Required Paid-Up Capital</th><th>Maximum Number of Allowable OLPs</th></tr>
<tr><td>Php 10,000,000.00</td><td>1 OLP</td></tr>
<tr><td>Php 30,000,000.00</td><td>3 OLPs</td></tr>
<tr><td>Php 50,000,000.00</td><td>5 OLPs</td></tr>
</table>

For purposes of this Section, each OLP shall be determined on the basis of a distinct borrower-facing brand, name, application, or digital identity under which lending services are offered to the public. Multiple brands or applications that appear to borrowers as separate platforms shall be treated as separate OLPs, notwithstanding the use of shared systems or infrastructure.

The number of OLPs shall serve as a prudential proxy for platform-related and market conduct risk, including consumer exposure, operational complexity, and supervisory burden, and shall not be interpreted as the sole determinant of capital adequacy.

Any increase in the number of OLPs shall be subject to the applicable regulatory treatment under this Circular.
</td></tr>
<tr><td>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</td><td>See Section 15-17</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	
	Section 9. Transitional Period Requirements. Existing FCs and LCs that, upon the effectivity of this Circular, own, operate, control, or utilize one or more OLPs shall be required to comply with the applicable paid-up capital requirements corresponding to the number of its existing OLPs, within a period of twenty-four (24) months from the effectivity of this Circular. Within 90 days from the effectivity of this Circular, FCs and LCs with recorded OLPs not intending to comply with the capital requirements shall only disclose OLPs corresponding to its capital. Undisclosed OLPs are considered delisted and can no longer be operated nor utilized. During the transition period, FCs and LCs shall not introduce or operate additional OLPs unless and until full compliance with the applicable paid-up capital requirement has been achieved.

Previous Draft 10 March 2026	Current Draft 08 June 2026
	Existing FCs and LCs that do not intend to increase its paid-up capital may continue its operations, subject to the following conditions: a. It shall execute and submit to the Commission a prescribed undertaking (**ANNEX A**) in the form provided by the Commission, declaring that: i. they shall **not** own, operate, control, or utilize any OLP; **and** ii. **they shall limit its operations to a localized, non-digital business model within its declared areas of operation**, which shall be clearly specified down to the barangay level, and reflected in its business plan and disclosures to the Commission; b. It shall **not** introduce, deploy, or operate any OLP unless they first comply with the applicable capital requirements under this Circular; and b. Any expansion of operations, including but not limited to the establishment of new branch offices, expansion beyond its declared areas of operation, or extension of services beyond the specified barangay coverage, shall require prior compliance with the applicable capital requirements under Sections 7 and 8 of this Circular. The undertaking shall be submitted to the SEC within 90 days from the effectivity of this Circular.

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	
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	**See Section 7 and 8**

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>variation based on geographical location. The capital requirements under this Section apply only to FCs and LCs that do not operate any OLP.</td><td></td></tr>
<tr><td></td><td>Section 10. Failure to Comply After Transition Period. Upon expiration of the transition period prescribed under Section 9 of this Circular, any FC or LC that fails to comply with the applicable minimum paid-up capital requirements under Sections 7 or 8, whichever is applicable, shall be subject to suspension of its CA to operate as a financing or lending company, without prejudice to the imposition of other administrative sanctions under Section 27 (B) of this Circular.

The suspension shall remain in effect until such time that the FC or LC has fully complied with the required minimum paid-up capital and has submitted proof of compliance satisfactory to the Commission.</td></tr>
<tr><td>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:
<table>
<tr><th>Required Paid-Up Capital</th><th>Number of Allowable OLPs</th></tr>
<tr><td>Php 30,000,000.00</td><td>1 OLP</td></tr>
</table>
</td><td>Deleted</td></tr>
</table>

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
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<table>
<tr><td>Php 60,000,000.00</td><td>2–5 OLPs</td></tr>
<tr><td>Php 100,000,000.00</td><td>Maximum of 10 OLPs</td></tr>
</table>

B. For LCs:
<table>
<tr><th>Required Paid-Up Capital</th><th>Number of Allowable OLPs</th></tr>
<tr><td>Php 20,000,000.00</td><td>1 OLP</td></tr>
<tr><td>Php 30,000,000.00</td><td>2–5 OLPs</td></tr>
<tr><td>Php 50,000,000.00</td><td>Maximum of 10 OLPs</td></tr>
</table>

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.
</td><td></td></tr>
<tr><td>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.</td><td>Deleted</td></tr>
<tr><td>Section 11. Transitory Provisions on Additional Paid-Up Capital.</td><td>See Section 9</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	
	Part IV. Annual Licensing Fees
	Section 11. Annual Licensing Fees (ALF). In view of the adoption of the Single CA Policy and the removal of branch-level annual fees, the ALF is hereby imposed at the entity level to reflect the cost of continuing supervision, monitoring, and regulatory oversight of FCs and LCs, including those operating through digital or platform-based channels.

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>
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:

A. FCs:

<table>
<tr><th>Total Assets</th><th>Applicable Rate</th></tr>
<tr><td>Not exceeding ₱75,000,000</td><td>Fixed amount of ₱3,000.00</td></tr>
<tr><td>Greater than ₱75,000,000 but not exceeding ₱500,000,000</td><td>0.004%</td></tr>
<tr><td>Greater than ₱500,000,000 but not exceeding ₱1,500,000,000</td><td>0.006%</td></tr>
<tr><td>Greater than ₱1,500,000,000 but not exceeding ₱3,000,000,000</td><td>0.008%</td></tr>
<tr><td>Greater than ₱3,000,000,000</td><td>0.01%, capped at ₱300,000.00</td></tr>
</table>

B. LCs:

<table>
<tr><th>Total Assets</th><th>Applicable Rate</th></tr>
<tr><td>Not exceeding ₱65,000,000.00</td><td>Fixed amount of ₱2,000.00</td></tr>
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</td></tr>
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<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>
<table>
<tr><td>Greater than ₱65,000,000.00 but not over ₱500,000,000</td><td>0.003%</td></tr>
<tr><td>Greater than ₱500,000,000.00 but not exceeding ₱ 1,000,000,000.00</td><td>0.004%</td></tr>
<tr><td>Greater than ₱1,000,000,000.00 but not over ₱2,500,000,000.00</td><td>0.006%</td></tr>
<tr><td>Greater than ₱2,500,000,000.00</td><td>0.008%, capped at ₱200,000.00</td></tr>
</table>

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.</td></tr>
<tr><td>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</td><td>Deleted</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
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 12. 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.
Section 13. Failure to Comply After Transition Period.	See Section 10

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>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</td><td></td></tr>
</table>

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>f. Be subject to additional supervisory measures, including restriction of operations, suspension of OLP functionality, or revocation of authority, without prejudice to administrative sanctions.</td><td></td></tr>
<tr><td></td><td>Section 13. 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.</td></tr>
<tr><td>Part IV – Annual Licensing Fees</td><td>See PART IV</td></tr>
<tr><td>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:
<table><tr><th>Total Assets</th><th>Applicable Rate</th></tr><tr><td>Total Assets not exceeding Php 20 Million</td><td>0.10%</td></tr></table></td><td>See Section 11</td></tr>
</table>

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<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>
<table>
<tr><td>Greater than Php 20 Million but not over Php 50 Million</td><td>0.15%</td></tr>
<tr><td>Greater than Php 50 Million but not over Php 100 Million</td><td>0.20%</td></tr>
<tr><td>Greater than Php 100 Million but not over Php 250 Million</td><td>0.25%</td></tr>
<tr><td>Greater than Php 250 Million but not over Php 500 Million</td><td>0.30%</td></tr>
<tr><td>Greater than Php 500 Million</td><td>0.35%</td></tr>
</table>
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.
</td><td></td></tr>
<tr><td></td><td>Section 14. 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</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
	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.
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.	Deleted.
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.	Deleted.

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>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.</td><td>Deleted.</td></tr>
<tr><td>Part V – Operational Requirements</td><td rowspan="2">See Section 19</td></tr>
<tr><td>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.</td></tr>
<tr><td></td><td>PART V. BUSINESS PLAN, OLP DISCLOSURE AND OPERATIONAL REQUIREMENTS</td></tr>
<tr><td></td><td>A. Business Plan Requirements</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
	Section 15. Original Business Plan. New companies that will be incorporated as FCs or LCs subsequent to the effectivity of this Circular shall submit the business plan within sixty (60) days from the date of issuance of its CA to Operate as an FC or LC. Upon submission, these FCs or LCs may immediately implement the contents of the original business plan. Any FC or LC that implements any portion of the original business plan that violates the conditions of its CA or any applicable law, rules or issuances of the Commission will be subjected to administrative sanctions. The same rule applies for implementation of any material financing or lending operations not included in the original business plan.
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	See Section 20

Previous Draft 10 March 2026	Current Draft 08 June 2026
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	See Section 21

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	See Section 22

Previous Draft 10 March 2026	Current Draft 08 June 2026
Failure to register with or utilize CIC data shall constitute a violation of this Circular and shall be penalized under Section 22 (c).	
	Section 16. Amendment of Business Plans. In case of amendments, FCs and LCs must submit an amended business plan, underlining the changes therein and secure the Commission's prior approval before implementing any material change thereto.
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.	See Section 23
	Section 17. Guidelines on Business Plan submissions or amendments. A separate issuance on the prescribed format, materiality of changes, and mode of filing of the Business Plan, among

Previous Draft 10 March 2026	Current Draft 08 June 2026
	others, shall be issued by the Commission.
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.	See Section 24
	B. Establishing an OLP **Section 18. Establishment of OLPs.** All FCs and LCs operating an OLP shall disclose and maintain accurate and updated information regarding each OLP, including its name, borrower-facing identity, website, mobile application, domain names, platform links, and such other information as may be required by the Commission. For this purpose, FCs and LCs shall submit and update the required information through such electronic portal, registry, or system as may be prescribed by the Commission. The Commission may establish and maintain a centralized registry of OLPs and prescribe the manner, form, and frequency of submission, updating, validation, and publication of information relating thereto. Until such a portal, registry, or system becomes operational, the Commission may prescribe alternative modes of submission and disclosure as it may deem appropriate. The Commission may, at any time, determine whether a platform constitutes an OLP based on its actual

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>operation, functionality, and overall structure. The Commission may, motu proprio, delist an OLP found to be in violation of this circular and/or other relevant rules and regulations issued by the Commission.</td></tr>
<tr><td>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</td><td>See Section 25</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	
	C. Operational Requirements **Section 19. 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. OLPs shall maintain

Previous Draft 10 March 2026	Current Draft 08 June 2026
	appropriate system controls, including audit logs, transaction traceability, and access controls, sufficient to ensure the integrity, security, and verifiability of all borrower interactions and transactions. **Section 20. TILA Disclosures.** Upon opening of the OLP, or at the latest prior to loan confirmation, FCs and LCs shall ensure that its OLPs clearly, prominently, and comprehensibly disclose to the borrower the computation showing the true cost of credit, in accordance with the TILA, its implementing rules and regulations, and any amendments thereto. At a minimum, the following information shall be disclosed 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, and the corresponding effective interest rate, where applicable; d. All other fees, charges, or costs forming part of the total cost of credit; e. Payment schedule, including the due dates and corresponding amounts, 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 required under applicable laws and regulations, or which may reasonably affect the borrower’s decision to proceed with the loan.

Previous Draft 10 March 2026	Current Draft 08 June 2026
	The foregoing disclosures shall be presented in a manner that is clear, prominent, and easily understandable, and shall be displayed in a single view or in a logically connected sequence of screens that allows the borrower to fully review the information prior to loan confirmation. The borrower shall be required to provide an affirmative acknowledgment of the disclosures prior to loan confirmation. All FCs and LCs shall use the format prescribed by this Circular under **ANNEX B**.
Part VI – Enforcement and Penalties	See Part VII.
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.	**Deleted.**

Previous Draft 10 March 2026	Current Draft 08 June 2026
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 21. Data Privacy, Automation, and Profiling Safeguards. FCs and LCs, as Personal Information Controllers, and its TPSPs, as Personal Information Processors, shall ensure full compliance with the Data Privacy Act of 2012, its Implementing Rules and Regulations, and all relevant issuances of the National Privacy Commission. In this regard, FCs and LCs shall ensure that its operations, including those conducted through OLPs, comply with applicable requirements regarding lawful processing, transparency, data subject rights, and the implementation of reasonable and appropriate organizational, physical, and technical security measures, in accordance with

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>the DPA or any amendments thereto and NPC regulations or issuances.</td></tr>
<tr><td>Section 22. Administrative Penalties. Non-compliance with this Circular shall be subject to the following penalties:</td><td rowspan="3">See Section 27</td></tr>
<tr><td>A. Failure to comply with Section 7, including submission of false, misleading, or inaccurate forms:
<table>
<tr><th>Frequency</th><th>Penalties</th></tr>
<tr><td>First Offense</td><td>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).</td></tr>
<tr><td>Second Offense</td><td>Suspension of the CA and COI. The Order of Suspension shall become immediately executory upon its issuance.</td></tr>
<tr><td>Third Offense</td><td>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.</td></tr>
</table>
</td></tr>
<tr><td>B. Failure to Disclose Branches in the Business Plan</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026

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

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>
<table>
<tr><td>Third Offense</td><td>Suspension/Revocation of COI and CA and a Fine not more than Two Million Pesos (Php 2,000,000).</td></tr>
</table>
</td><td></td></tr>
<tr><td>
D. Failure to comply with Sections 4, 12, 15.2, 16, 19, and 20 of this Circular:
<table>
<tr><th>Frequency</th><th>Penalties</th></tr>
<tr><td>First Offense</td><td>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).</td></tr>
<tr><td>Second Offense</td><td>Revocation of the CA and COI. The Order shall become immediately executory upon its issuance.</td></tr>
</table>
</td><td></td></tr>
<tr><td>
E. Failure to Register Business Name under Section 8:
<table>
<tr><th>Frequency</th><th>Penalties</th></tr>
<tr><td>First Offense</td><td>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.</td></tr>
<tr><td>Second Offense</td><td>Basic Penalty of Php 200,000.00 and a daily penalty of Php 1,000.00.</td></tr>
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<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td>
<table>
<tr><td>Third and Succeeding Offenses</td><td>Basic Penalty of Php 300,000.00 and a daily penalty of Php 2,000.00.</td></tr>
</table>
</td><td></td></tr>
<tr><td>
F. Failure to comply with Sections 15.1, 17, and 18:
<table>
<tr><th>Frequency</th><th>Penalties</th></tr>
<tr><td>First Offense</td><td>Basic Penalty of Php 100,000.00</td></tr>
<tr><td>Second Offense</td><td>Basic Penalty of Php 200,000.00</td></tr>
<tr><td>Third Offense</td><td>Basic Penalty of Php 300,000.00</td></tr>
<tr><td>Fourth Offense</td><td>Suspension of the CA and COI. The Order of Suspension shall become immediately executory upon its issuance.</td></tr>
<tr><td>Fifth and Succeeding Offenses</td><td>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.</td></tr>
</table>
</td><td></td></tr>
<tr><td>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</td><td></td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
agencies in the exercise of their respective mandates.	
	Section 22. Credit Information Corporation (CIC) Registration and Use of Credit Information. All FCs and LCs operating OLPs shall comply with the requirements of the Credit Information System Act (CISA), its Implementing Rules and Regulations, and all relevant issuances of the CIC. In this regard, FCs and LCs shall: a. be duly registered with the CIC as submitting entities and accessing entities, as applicable; b. regularly submit complete, accurate, and timely Credit Data Information in accordance with CISA and its implementing rules; and c. adopt and implement a documented credit risk assessment framework that considers available and relevant credit information, including, where appropriate, credit reports and data obtained from the CIC and other lawful sources. All FCs and LCs are encouraged to use CIC data in its internal credit evaluation processes, consistent with its risk-based underwriting policies and business model, as disclosed in its approved Business Plan. Failure to register with the CIC or to submit required credit data in accordance with CISA shall constitute a violation of this Circular and shall be subject to appropriate administrative sanctions under Section 27 (E).
Part VII – Final Provisions	**See Part VIII**

Previous Draft 10 March 2026	Current Draft 08 June 2026
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.	**See Section 28**
	Section 23. Limitations on Advertisements and Marketing Activities of OLPs. All marketing activities such as but not limited to advertisements, promotions or communications of FCs and LCs relating to its financing or lending products, services, or credit facilities, including those conducted through OLPs, whether in print, broadcast, outdoor, digital media or any other forms/method of marketing activities, shall comply with applicable laws, rules, and regulations, including the FCPA, its IRR and other related issuances. FCs and LCs shall ensure that all marketing activities are accurate, fair, and clear. It shall not contain any representation or omission that may deceive or mislead borrowers as to the nature, cost, terms, or availability of the credit product. At a minimum, all marketing activities shall clearly and prominently disclose, in a manner appropriate to the medium used: a. The registered name of the financing or lending company, and, where applicable, the name of the OLP through which the product is offered; b. The fact that the entity is duly registered with and regulated by the

Previous Draft 10 March 2026	Current Draft 08 June 2026
	Securities and Exchange Commission; and c. The official contact details or channels through which borrowers may direct inquiries or complaints. FCs and LCs shall be responsible for addressing the queries and complaints raised by the borrowers and shall remain fully responsible and accountable for any marketing activities conducted on its behalf, including those undertaken by TPSPs, agents, affiliates, or digital platforms.
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.	**See Section 29**
	Section 24. No Unauthorized Disbursement and Automatic Renewal. No FC or LC shall permit the disbursement of loan proceeds—whether automated, system-initiated, or otherwise—unless the borrower has first provided explicit and informed confirmation of the final loan terms. Such confirmation shall be obtained only after the borrower has been presented with the complete and accurate loan disclosures required under applicable laws, rules, and regulations and has been given a reasonable opportunity to review the same. FCs and LCs shall ensure that such confirmation is properly recorded, time-stamped, and retrievable, and is

Previous Draft 10 March 2026	Current Draft 08 June 2026
	demonstrably linked to the specific loan transaction and the disclosures provided to the borrower. Any disbursement made in violation of this Section shall be considered unauthorized, without prejudice to the borrower's rights and to the imposition of administrative sanctions under this Circular and other applicable laws, rules, and regulations.
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.	**See Section 30**
	Section 25. Collection Requirements and Method. In the collection of payments from borrowers, FCs and LCs shall ensure that all collection communications, whether made directly or through any TPSP, are conducted in a manner that is fair, transparent, and not misleading, and are consistent with applicable laws, rules, and regulations. All collection communications shall clearly and reasonably identify, in a manner appropriate to the medium used: a. the registered name of the FC or LC; ***<u>or</u>*** b. the specific OLP or application on whose behalf the collection is being made, provided that such identification is sufficient to reasonably inform the borrower of the source of the communication; ***<u>or</u>*** c. Other information as the Commission may deem necessary.

Previous Draft 10 March 2026	Current Draft 08 June 2026
	Any collection communication whether automated, system-generated, or pre-programmed messages, that fails to reasonably 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. FCs and LCs must strictly comply with Memorandum Circular No. 18, Series of 2019, the SEC-FCPA IRR, and all subsequent amendments or related issuances. 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.
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**.**	**See Section 31**
	PART VI. LIFTING THE MORATORIUM ON OLPS.
	Section 26. Lifting of the OLP Moratorium. 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

Previous Draft 10 March 2026	Current Draft 08 June 2026
	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 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.	**See Section 32**
	PART VII. ENFORCEMENT AND PENALTIES
	Section 27. Administrative Penalties. If, after due notice and hearing, the Commission finds that there is a violation of this Circular or any other related issuances, the Commission has the discretion to impose any or all of the following penalties:
Signed this _______ of March, 2026, Makati City.	A. Business Plan Requirements
	1. **Violation of Section 15 on Original Business Plans.**

Previous Draft 10 March 2026	Current Draft 08 June 2026	
	Violation	**Penalty**
	Late Submission of Original Business Plan	FCs – P10,000.00 plus daily penalty of Php200.00, maximum of P100,000.00
		LC – P10,000.00 plus daily penalty of P100.00, maximum of P60,000.00
	Non-submission of Original Business Plan	FCs – Suspension of CA and P100,000.00 OR Revocation of CA
		LCs – Suspension of CA and P60,000.00 OR Revocation of CA
	Implementation of the Contents of the Original Business Plans in violation of the conditions of its CA or any applicable law, rules or issuances of the Commission or Implementation of any material financing or lending operation not included in the	FCs – Suspension of CA for a period of sixty (60) days AND P100,000.00 OR Revocation of CA
		LCs – Suspension of CA for a period of sixty (60) days AND P60,000.00 OR Revocation of CA

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td><table><tr><td>original business plan</td><td></td></tr></table></td></tr>
<tr><td></td><td>2. Violation of Section 16 on Amendment of Business Plans.
<table><tr><th>Violation</th><th>Penalty</th></tr><tr><td>1st Offense</td><td>FCs – P100,000.00</td></tr><tr><td></td><td>LCs – P60,000.00</td></tr><tr><td>2nd Offense</td><td>Suspension of CA for a period of sixty (60) days AND a monetary penalty equivalent to the first offense as applicable.</td></tr><tr><td>3rd and succeeding Offenses</td><td>Subject to the facts and circumstances of the offense and at the Commission's discretion, a Fine of P1 Million (1,000,000) Pesos OR Revocation of CA to operate as a Financing or Lending Company, as the case may be.</td></tr></table></td></tr>
<tr><td></td><td>B. Failure to maintain the required paid-up capital
<table><tr><th>Frequency</th><th>Penalty</th></tr><tr><td>1st Offense</td><td>1/10 of 1% of the required paid-up capital, but not less than Php 10,000</td></tr><tr><td>2nd Offense</td><td>½ of 1% of the required paid-up capital, but not less than Php 20,000</td></tr></table></td></tr>
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<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>
<table>
<tr><td>3rd Offense</td><td>1% of the required paid-up capital, but not less than Php 30,000</td></tr>
<tr><td>Succeeding Offenses</td><td>Suspension of Certificate of Authority</td></tr>
</table>
For purposes of this Section, “capital deficiency” shall refer to the shortfall between the required paid-up capital under Sections 7 and 8 of this Circular and the actual paid-up capital maintained by the FC or LC, including deficiencies arising from operating OLPs beyond the allowable number corresponding to its capital level.
</td></tr>
<tr><td></td><td>
C. Failure to include the OLP name in its Corporate Name
<table>
<tr><th>Company</th><th>Penalty</th></tr>
<tr><td>FC</td><td>Basic penalty of Php 100,000.00 and a daily penalty of Php 500.00, reckoned from the release date of the OLP</td></tr>
<tr><td>LC</td><td>Basic penalty of Php 100,000.00 and a daily penalty of Php300.00, reckoned from the release date of the OLP</td></tr>
</table>
</td></tr>
<tr><td></td><td>
D. Failure to comply with the required TILA disclosure and form; and for unauthorized disclosure.
<table>
<tr><td>Frequency</td><td>Penalty</td></tr>
<tr><td>First Offense</td><td>A monetary penalty of Php 10,000.00</td></tr>
<tr><td></td><td>For FC – A monetary penalty of Php 100,000.00</td></tr>
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<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td>
<table>
<tr><td>Second Offense</td><td>For LC – A monetary penalty of Php 60,000.00</td></tr>
<tr><td>Succeeding Offenses</td><td>Suspension of CA</td></tr>
</table>
</td></tr>
<tr><td></td><td>E. Failure to Comply with CIC requirements and Violation on the Advertisement and Marketing Activities.
<table>
<tr><td>Frequency</td><td>Penalty</td></tr>
<tr><td>First Offense</td><td>A monetary penalty of Php 30,000.00</td></tr>
<tr><td rowspan="2">Second Offense</td><td>For FC – A monetary penalty of Php 100,000.00</td></tr>
<tr><td>For LC – A monetary penalty of Php 60,000.00</td></tr>
<tr><td>Succeeding Offenses</td><td>Suspension of CA</td></tr>
</table>
</td></tr>
<tr><td></td><td>F. Failure to Comply with Collection Requirements.
<table>
<tr><td rowspan="2">First Offense</td><td>For FC – A monetary penalty of Php 100,000.00</td></tr>
<tr><td>For LC – A monetary penalty of Php 60,000.00</td></tr>
<tr><td>Succeeding Offenses</td><td>Suspension of CA</td></tr>
</table>
</td></tr>
<tr><td></td><td>G. Violation of Memorandum Circular No. 18 (series of 2019), in relation to the SEC-FCPA IRR, and all subsequent amendments or related issuances.
<table>
<tr><th>Frequency</th><th>LC</th><th>FC</th></tr>
<tr><td>First Offense</td><td>P50,000.00</td><td>P100,000.00</td></tr>
<tr><td>Second Offense</td><td>P250,000.00</td><td>P500,000.00</td></tr>
<tr><td>Third Offense/Succeeding Offenses</td><td colspan="2">Subject to the facts, circumstances and gravity of the offense, the Commission, at its</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td><table><tr><td></td><td>discretion, may impose a Fine of not less than twice the fine for the second offense but not more than P1 Million (P1,000,000) Persons; or Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of Certificate of Authority to operate as a Financing or Lending Company, as appropriate for each circumstance.

The computation for the progression of offenses shall lapse every three (3) years from the last order of payment.</td></tr></table></td></tr>
<tr><td></td><td>H. Late/Non-submission of the Undertaking under Section 9.<table><tr><td>For FC</td><td>A monetary penalty of Php 100,000.00</td></tr><tr><td>For LC</td><td>A monetary penalty of Php 60,000.00</td></tr></table></td></tr>
<tr><td></td><td>I. Other Penalties

Any violation of this Circular not mentioned in the next preceding items shall be liable with the following penalties:<table><tr><th>Violation</th><th>Penalty</th></tr><tr><td>1st Offense</td><td>FCs – P100,000.00</td></tr><tr><td></td><td>LCs – P60,000.00</td></tr><tr><td>2nd Offense</td><td>Suspension of CA for a period of sixty (60) days AND a monetary</td></tr></table></td></tr>
</table>

<table>
<tr><th>Previous Draft 10 March 2026</th><th>Current Draft 08 June 2026</th></tr>
<tr><td></td><td><table><tr><td></td><td>penalty equivalent to the first offense as applicable.</td></tr><tr><td>3rd and succeeding Offenses</td><td>Subject to the facts and circumstances of the offense and at the Commission’s discretion, a Fine of P1 Million (1,000,000) Pesos OR Revocation of CA to operate as a Financing or Lending Company, as the case may be.</td></tr></table></td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td>Part VIII. Final Provisions</td></tr>
<tr><td></td><td>Section 28. 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.</td></tr>
<tr><td></td><td>Section 29. Applicability of Certain Laws and Regulations. The provisions of the FCA, LCRA, TILA, FCPA, and its 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.</td></tr>
<tr><td></td><td>Section 30. Separability Clause. If any portion or provision of this Circular is held unconstitutional or invalid, all other provisions not thereby affected shall remain valid.</td></tr>
<tr><td></td><td>Section 31. Repealing Clause. All internal rules, memoranda, or circulars,</td></tr>
</table>

Previous Draft 10 March 2026	Current Draft 08 June 2026
	and other regulations or parts thereof which are inconsistent with the provisions of this Circular, are hereby repealed, amended, or modified accordingly.
	Section 32. Effectivity. This Circular shall take effect on 01 July 2026. It shall be published in two (2) newspapers of general circulation at least fifteen (15) days before its effectivity.
	Signed this ____th day of June, 2026, Makati City.

SEC MEMORANDUM CIRCULAR NO. ____
Series of 2026

TO: ALL CONCERNED

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

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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 LCs 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, 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, 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, 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 its respective OLPs;

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

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 its products and services through OLPs or other borrower-facing digital channels used in connection with financing or lending activities.

Section 2. 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** shall refer to any fixed place of business, other than the principal office, maintained or operated by a FC or LC, where credit evaluation or underwriting, loan approval or decision-making, pricing determination, and execution of loan agreements are performed.

   A location shall likewise be deemed a Branch Office if it represents itself to the public as authorized to approve or process loans on behalf of the FC or LC, regardless of nomenclature.

   The following shall not be considered Branch Offices:

   - merchant partner locations under a point-of-sale (POS) lending model;
   - temporary booths, kiosks, or promotional setups;
   - locations used solely for marketing, product introduction, or customer assistance;
   - facilities providing access to digital platforms (e.g., tablets, QR codes, or links); and
   - other similar off-site locations engaged solely in facilitation or referral activities.

   For avoidance of doubt, the mere presence of marketing, customer interaction, or application facilitation activities, without authority to approve or process loans, shall not, by itself, result in classification as a Branch Office.

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 its 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. **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.

f. **Data Servers** refers to any physical or cloud-based infrastructure used solely for the storage, processing, or transmission of data, including databases, hosting environments, and related backend systems, which do not by themselves enable borrower interaction, loan application, credit decision-making, or loan servicing.

g. **Finance Charge** refers to the total cost of credit payable by the borrower, including interest, fees, and other charges directly related to the loan, as required to be disclosed under applicable laws and regulations, particularly the TILA and its implementing rules.

h. **Financial Technology (FinTech)** shall refer to the application of software, digital platforms, information systems, or other technology-enabled solutions specifically used in the design, delivery, processing, servicing, or management of financing or lending products or services, including borrower onboarding, loan application, credit evaluation, approval, disbursement, servicing, collection, or related loan processing activities.

For purposes of this Circular, FinTech shall be limited to technologies that are integral to, and have a direct and material impact on, the conduct of financing or lending operations, and shall not include general information technology systems or internal tools that are not directly used in or do not materially affect such activities.

i. **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.

j. **Lending Companies (LCs)** shall refer to corporations engaged in granting loans from its 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.

k. **Loan Processing Activities** shall refer to acts or functions performed by an FC or LC, or by any person acting on its behalf, that directly involve or materially affect the evaluation, approval, creation, disbursement, administration, or enforcement of a loan or credit facility, including credit assessment, underwriting, approval, contract execution, disbursement control, loan servicing, account management, and collection or recovery activities.

Loan Processing Activities shall be limited to functions that involve decision-making authority, control over loan terms or disbursement, or responsibility for the management or enforcement of credit obligations, and shall not include activities that are purely marketing, promotional, informational, or facilitative in nature, including lead generation, advertising, provision of digital access tools, or customer assistance that does not involve the exercise of discretion or authority over the loan.

l. **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.

m. **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.

n. **Online Lending Platforms (OLPs)** are any borrower-facing digital platform, application, or system, whether web-based, mobile-based, or otherwise, operated under a distinct name, brand, or identity and used to facilitate, process, service, or manage financing or lending transactions.

For purposes of this Circular:

a) An OLP shall be identified primarily based on its distinct name, brand, or borrower-facing identity, including mobile application names, platform names, or similar identifiers presented to the public;
b) A single OLP may utilize multiple domains, systems, or technological infrastructures, provided that such components operate under the same borrower-facing identity; and
c) Any platform or system that directly interfaces with borrowers as part of the lending process may be considered part of an OLP, provided that such platform or system operates under, or is presented to the public as part of, the borrower-facing identity of the OLP.

Systems or platforms that perform preparatory, assistive, or support functions, including those undertaken by third-party service providers, and which do not independently establish a borrower-facing identity, shall not be considered separate OLPs.

o. **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.

p. **Third-Party Service Providers (TPSPs)** refer to any natural or juridical person, whether affiliated or unaffiliated with the FC or LC, that is engaged by, contracted with, or otherwise allowed by the FC or LC to perform any function, activity, or service in support of, or in connection with, its financing or lending operations, including those conducted through OLPs.

A TPSP may include, but is not limited to, entities providing: information technology systems, software, or platform infrastructure; data processing, analytics, or credit scoring tools; underwriting or decision-support systems; identity verification, onboarding, or KYC services; payment processing or disbursement facilitation; customer service, collections, or marketing services; and other operational, technical, or administrative support.

PART II — LICENSING AND BRANCH OFFICE DISCLOSURE

A. Certificate of Authority to Operate a Lending or Financing Company

Section 3. Single Certificate of Authority Policy. Each FC or LC incorporated after the effectivity of this Circular shall be issued only one (1) CA, which shall cover its principal office and all of its Branch Offices, regardless of number or geographical location.

The CA shall likewise cover all financing or lending activities conducted by the FC or LC through any OLP or similar borrower-facing channel that the FC or LC operates, owns, or controls. No separate CA shall be issued for OLP. OLPs shall not be treated as separate legal entities, branches, or independently authorized units, but as operational channels of the FC or LC, without prejudice to applicable requirements on establishment, disclosure, and recording under this Circular.

Section 4. Inclusion of OLPs in the Corporate Name. Unless the OLP and the Corporate Name are identical, all FCs and LCs must include the OLP within its Corporate Name.

The registered corporate name must be identical to the name of the mobile application—including any abbreviations—as displayed on digital distribution platforms (e.g., app stores), or to its official URL or domain name.

Each mobile application name shall be uniquely associated with a single FC or LC and shall not be used in a manner that may mislead borrowers as to the identity of the lending entity.

The use of a mobile application name, URL, or domain name not duly registered as a corporate name, where required under this Section, or not disclosed to the Commission, shall be deemed unauthorized and shall be subject to administrative sanctions.

Section 5. Branch Office Disclosure and Recording. Any company granted the CA to operate either as a financing or lending company may establish or operate a Branch Office/s. No separate CA shall be required or issued for the establishment, operation, relocation, or maintenance of a Branch Office.

FCs and LCs shall notify the Commission of the establishment, operation, closure, relocation, or material changes relating to its Branch Offices, in such form and manner as may be prescribed by the Commission.

For each Branch Office, the following minimum information shall be disclosed and recorded with the Commission:

a) Complete address of the Branch Office;
b) Contact number, whether landline or mobile;
c) Date of commencement of operations; and
d) Any other information as may be required by the Commission.

Section 5.1. Centralized Branch Registry. The Commission may establish and maintain a centralized recording or registry system for Branch Office/s to facilitate monitoring, supervision, and consumer protection. The Commission will subsequently issue a public notice regarding its implementation.

Section 6. Transition and One-Time Disclosure of Existing Branches. All existing FCs and LCs with Branch Offices shall disclose their active branches under Section 5 of this Circular. Undisclosed Branch Offices may be deemed unauthorized and subject to appropriate administrative sanctions under this Circular.

PART III. CAPITAL REQUIREMENTS

Section 7. Required Paid-Up Capital.

A. Requirements for New Companies

All FCs or LCs incorporated after this Circular takes effect must meet and permanently maintain the following minimum paid-up capital:

- FCs: Php 15,000,000.00
- LCs: Php 5,000,000.00

The capital requirements apply uniformly across the country. The required amount remains the same regardless of the location of the main office or the number and location of physical branch offices.

B. Requirements for Existing Companies

Existing FCs and LCs are not required to adjust its capital immediately, unless it expands its operations. If an existing company opens new physical branches, it must immediately increase its capital to meet the minimum requirements stated in Item A, Section 7. If existing companies operate an OLP or additional OLPs, they must comply with the capital requirements under Section 8.

Section 8. Paid-Up Capital Requirement for OLP Operations. All FCs and LCs, whether existing or incorporated after the effectivity of this Circular, seeking to own, operate, control, or utilize one or more OLPs shall possess and maintain paid-up capital commensurate with the scale, complexity, and risk of its digital lending operations.

In no case shall any FC or LC be allowed to own, operate, control, or utilize more than **five (5) OLPs** as a prudential limit intended to ensure effective supervision, adequate governance, and manageable consumer risk exposure. Existing FCs and LCs shall remove OLPs in excess of the limit and shall disclose remaining OLPs in accordance with Section 18 of this Circular.

The following capital levels shall apply:

A. For FCs:

Required Paid-Up Capital	Maximum Number of Allowable OLPs
Php 20,000,000.00	1 OLP
Php 60,000,000.00	3 OLPs
Php 100,000,000.00	5 OLPs

B. For LCs

Required Paid-Up Capital	Maximum Number of Allowable OLPs
Php 10,000,000.00	1 OLP
Php 30,000,000.00	3 OLPs
Php 50,000,000.00	5 OLPs

For purposes of this Section, each OLP shall be determined on the basis of a distinct borrower-facing brand, name, application, or digital identity under which lending services are offered to the public. Multiple brands or applications that appear to borrowers as separate platforms shall be treated as separate OLPs, notwithstanding the use of shared systems or infrastructure.

The number of OLPs shall serve as a prudential proxy for platform-related and market conduct risk, including consumer exposure, operational complexity, and supervisory burden, and shall not be interpreted as the sole determinant of capital adequacy.

Any increase in the number of OLPs shall be subject to the applicable regulatory treatment under this Circular.

Section 9. Transitional Period Requirements. Existing FCs and LCs that, upon the effectivity of this Circular, own, operate, control, or utilize one or more OLPs shall be required to comply with the applicable paid-up capital requirements corresponding to the number of its existing OLPs, within a period of twenty-four (24) months from the effectivity of this Circular.

Within 90 days from the effectivity of this Circular, FCs and LCs with recorded OLPs not intending to comply with the capital requirements shall only disclose OLPs corresponding to its capital. Undisclosed OLPs are considered delisted and can no longer be operated nor utilized.

During the transition period, FCs and LCs shall not introduce or operate additional OLPs unless and until full compliance with the applicable paid-up capital requirement has been achieved.

Existing FCs and LCs that do not intend to increase its paid-up capital may continue its operations, subject to the following conditions:

a) It shall execute and submit to the Commission a prescribed undertaking (**ANNEX A**) in the form provided by the Commission, declaring that:
    i. they shall **not** own, operate, control, or utilize any OLP; **and**
    ii. **they shall limit its operations to a localized, non-digital business model within its declared areas of operation**, which shall be clearly specified down to the barangay level, and reflected in its business plan and disclosures to the Commission;
b) It shall **not** introduce, deploy, or operate any OLP unless they first comply with the applicable capital requirements under this Circular; and
c) Any expansion of operations, including but not limited to the establishment of new branch offices, expansion beyond its declared areas of operation, or extension of services beyond the specified barangay coverage, shall require prior compliance with the applicable capital requirements under Sections 7 and 8 of this Circular.

The undertaking shall be submitted to the SEC within 90 days from the effectivity of this Circular.

Section 10. Failure to Comply After Transition Period. Upon expiration of the transition period prescribed under Section 9 of this Circular, any FC or LC that fails to comply with the applicable minimum paid-up capital requirements under Sections 7 or

8, whichever is applicable, shall be subject to suspension of its CA to operate as a financing or lending company, without prejudice to the imposition of other administrative sanctions under Section 27 (B) of this Circular.

The suspension shall remain in effect until such time that the FC or LC has fully complied with the required minimum paid-up capital and has submitted proof of compliance satisfactory to the Commission.

PART IV. ANNUAL LICENSING FEES

Section 11. Annual Licensing Fees (ALF). In view of the adoption of the Single CA Policy and the removal of branch-level annual fees, the ALF is hereby imposed at the entity level to reflect the cost of continuing supervision, monitoring, and regulatory oversight of FCs and LCs, including those operating through digital or platform-based channels.

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:

A. For FCs

Total Assets	Applicable Rate
Not exceeding ₱75,000,000	Fixed amount of ₱3,000.00
Greater than ₱75,000,000 but not exceeding ₱500,000,000	0.004%
Greater than ₱500,000,000 but not exceeding ₱1,500,000,000	0.006%
Greater than ₱1,500,000,000 but not exceeding ₱3,000,000,000	0.008%
Greater than ₱3,000,000,000	0.01%, capped at ₱300,000.00

B. For LCs

Total Assets	Applicable Rate
Not exceeding ₱65,000,000.00	Fixed amount of ₱2,000.00

Total Assets	Applicable Rate
Greater than ₱65,000,000.00 but not over ₱500,000,000	0.003%
Greater than ₱500,000,000.00 but not exceeding ₱ 1,000,000,000.00	0.004%
Greater than ₱1,000,000,000.00 but not over ₱2,500,000,000.00	0.006%
Greater than ₱2,500,000,000.00	0.008%, capped at ₱200,000.00

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.

Section 12. 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.

Section 13. 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.

Section 14. 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. BUSINESS PLAN, OLP DISCLOSURE AND OPERATIONAL REQUIREMENTS

A. Business Plan Requirements

Section 15. Original Business Plan. New companies that will be incorporated as FCs or LCs subsequent to the effectivity of this Circular shall submit the business plan within sixty (60) days from the date of issuance of its CA to Operate as an FC or LC.

Upon submission, these FCs or LCs may immediately implement the contents of the original business plan.

Any FC or LC that implements any portion of the original business plan that violates the conditions of its CA or any applicable law, rules or issuances of the Commission will be subjected to administrative sanctions. The same rule applies for implementation of any material financing or lending operations not included in the original business plan.

Section 16. Amendment of Business Plans. In case of amendments, FCs and LCs must submit an amended business plan, underlining the changes therein and secure the Commission's prior approval before implementing any material change thereto.

Section 17. Guidelines on Business Plan submissions or amendments. A separate issuance on the prescribed format, materiality of changes, and mode of filing of the Business Plan, among others, shall be issued by the Commission.

B. Establishing an OLP

Section 18. Establishment of OLPs. All FCs and LCs operating an OLP shall disclose and maintain accurate and updated information regarding each OLP, including its name, borrower-facing identity, website, mobile application, domain names, platform links, and such other information as may be required by the Commission.

For this purpose, FCs and LCs shall submit and update the required information through such electronic portal, registry, or system as may be prescribed by the Commission. The Commission may establish and maintain a centralized registry of OLPs and prescribe the manner, form, and frequency of submission, updating, validation, and publication of information relating thereto.

Until such a portal, registry, or system becomes operational, the Commission may prescribe alternative modes of submission and disclosure as it may deem appropriate.

The Commission may, at any time, determine whether a platform constitutes an OLP based on its actual operation, functionality, and overall structure. The Commission may, motu proprio, delist an OLP found to be in violation of this circular and/or other relevant rules and regulations issued by the Commission.

C. Operational Requirements

Section 19. 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. OLPs shall maintain appropriate system controls, including audit logs, transaction traceability, and access controls, sufficient to ensure the integrity, security, and verifiability of all borrower interactions and transactions.

Section 20. TILA Disclosures. Upon opening of the OLP, or at the latest prior to loan confirmation, FCs and LCs shall ensure that its OLPs clearly, prominently, and comprehensibly disclose to the borrower the computation showing the true cost of credit, in accordance with the TILA, its implementing rules and regulations, and any amendments thereto.

At a minimum, the following information shall be disclosed 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, and the corresponding effective interest rate, where applicable;
d) All other fees, charges, or costs forming part of the total cost of credit;
e) Payment schedule, including the due dates and corresponding amounts, 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 required under applicable laws and regulations, or which may reasonably affect the borrower's decision to proceed with the loan.

The foregoing disclosures shall be presented in a manner that is clear, prominent, and easily understandable, and shall be displayed in a single view or in a logically connected sequence of screens that allows the borrower to fully review the information prior to loan confirmation.

The borrower shall be required to provide an affirmative acknowledgment of the disclosures prior to loan confirmation.

All FCs and LCs shall use the format prescribed by this Circular under **ANNEX B**.

Section 21. Data Privacy, Automation, and Profiling Safeguards. FCs and LCs, as Personal Information Controllers, and its TPSPs, as Personal Information Processors, shall ensure full compliance with the Data Privacy Act of 2012, its Implementing Rules and Regulations, and all relevant issuances of the National Privacy Commission.

In this regard, FCs and LCs shall ensure that its operations, including those conducted through OLPs, comply with applicable requirements regarding lawful processing, transparency, data subject rights, and the implementation of reasonable and appropriate organizational, physical, and technical security measures, in accordance with the DPA or any amendments thereto and NPC regulations or issuances.

Section 22. Credit Information Corporation (CIC) Registration and Use of Credit Information. All FCs and LCs operating OLPs shall comply with the requirements of the Credit Information System Act (CISA), its Implementing Rules and Regulations, and all relevant issuances of the CIC.

In this regard, FCs and LCs shall:

a) be duly registered with the CIC as submitting entities and accessing entities, as applicable;
b) regularly submit complete, accurate, and timely Credit Data Information in accordance with CISA and its implementing rules; and
c) adopt and implement a documented credit risk assessment framework that considers available and relevant credit information, including, where appropriate, credit reports and data obtained from the CIC and other lawful sources.

All FCs and LCs are encouraged to use CIC data in its internal credit evaluation processes, consistent with its risk-based underwriting policies and business model, as disclosed in its approved Business Plan.

Failure to register with the CIC or to submit required credit data in accordance with CISA shall constitute a violation of this Circular and shall be subject to appropriate administrative sanctions under Section 27 (E).

Section 23. Limitations on Advertisements and Marketing Activities of OLPs. All marketing activities such as but not limited to advertisements, promotions or communications of FCs and LCs relating to its financing or lending products, services, or credit facilities, including those conducted through OLPs, whether in print, broadcast, outdoor, digital media or any other forms/method of marketing activities, shall comply with applicable laws, rules, and regulations, including the FCPA, its IRR and other related issuances.

FCs and LCs shall ensure that all marketing activities are accurate, fair, and clear. It shall not contain any representation or omission that may deceive or mislead borrowers as to the nature, cost, terms, or availability of the credit product.

At a minimum, all marketing activities shall clearly and prominently disclose, in a manner appropriate to the medium used:

a) The registered name of the financing or lending company, and, where applicable, the name of the OLP through which the product is offered;
b) The fact that the entity is duly registered with and regulated by the Securities and Exchange Commission; and
c) The official contact details or channels through which borrowers may direct inquiries or complaints.

FCs and LCs shall be responsible for addressing the queries and complaints raised by the borrowers and shall remain fully responsible and accountable for any marketing activities conducted on its behalf, including those undertaken by TPSPs, agents, affiliates, or digital platforms.

Section 24. No Unauthorized Disbursement and Automatic Renewal. No FC or LC shall permit the disbursement of loan proceeds—whether automated, system-initiated, or otherwise—unless the borrower has first provided explicit and informed confirmation of the final loan terms.

Such confirmation shall be obtained only after the borrower has been presented with the complete and accurate loan disclosures required under applicable laws, rules, and regulations and has been given a reasonable opportunity to review the same.

FCs and LCs shall ensure that such confirmation is properly recorded, time-stamped, and retrievable, and is demonstrably linked to the specific loan transaction and the disclosures provided to the borrower.

Any disbursement made in violation of this Section shall be considered unauthorized, without prejudice to the borrower's rights and to the imposition of administrative sanctions under this Circular and other applicable laws, rules, and regulations.

Section 25. Collection Requirements and Method. In the collection of payments from borrowers, FCs and LCs shall ensure that all collection communications, whether made directly or through any TPSP, are conducted in a manner that is fair, transparent, and not misleading, and are consistent with applicable laws, rules, and regulations.

All collection communications shall clearly and reasonably identify, in a manner appropriate to the medium used:

a. the registered name of the FC or LC; ***or***
b. the specific OLP or application on whose behalf the collection is being made, provided that such identification is sufficient to reasonably inform the borrower of the source of the communication; ***or***
c. Other information as the Commission may deem necessary.

Any collection communication whether automated, system-generated, or pre-programmed messages, that fails to reasonably 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.

FCs and LCs must strictly comply with Memorandum Circular No. 18, Series of 2019, the SEC-FCPA IRR, and all subsequent amendments or related issuances.

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.

PART VI. LIFTING THE MORATORIUM ON OLPS.

Section 26. Lifting of the OLP Moratorium. 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.

PART VII. ENFORCEMENT AND PENALTIES

Section 27. Administrative Penalties. If, after due notice and hearing, the Commission finds that there is a violation of this Circular or any other related issuances, the Commission has the discretion to impose any or all of the following penalties:

A. Business Plan Requirements

1. Violation of Section 15 on Original Business Plans.

Violation	Penalty
	FCs – P10,000.00 plus daily penalty of Php200.00, maximum of P100,000.00

Late Submission of Original Business Plan	LC – P10,000.00 plus daily penalty of P100.00, maximum of P60,000.00
Non-submission of Original Business Plan	FCs – Suspension of CA and P100,000.00 OR Revocation of CA
	LCs – Suspension of CA and P60,000.00 OR Revocation of CA
Implementation of the Contents of the Original Business Plans in violation of the conditions of its CA or any applicable law, rules or issuances of the Commission or Implementation of any material financing or lending operation not included in the original business plan	FCs – Suspension of CA for a period of sixty (60) days AND P100,000.00 OR Revocation of CA
	LCs – Suspension of CA for a period of sixty (60) days AND P60,000.00 OR Revocation of CA

2. **Violation of Section 16 on Amendment of Business Plans**.

Violation	Penalty
1st Offense	FCs – P100,000.00
	LCs – P60,000.00
2nd Offense	Suspension of CA for a period of sixty (60) days AND a monetary penalty equivalent to the first offense as applicable.
3rd and succeeding Offenses	Subject to the facts and circumstances of the offense and at the Commission's discretion, a Fine

	of P1 Million (1,000,000) Pesos OR Revocation of CA to operate as a Financing or Lending Company, as the case may be.

B. Failure to maintain the required paid-up capital

Frequency	**Penalty**
1st Offense	1/10 of 1% of the required paid-up capital, but not less than Php 10,000
2nd Offense	½ of 1% of the required paid-up capital, but not less than Php 20,000
3rd Offense	1% of the required paid-up capital, but not less than Php 30,000
Succeeding Offenses	Suspension of Certificate of Authority

For purposes of this Section, **"capital deficiency"** shall refer to the shortfall between the required paid-up capital under Sections 7 and 8 of this Circular and the actual paid-up capital maintained by the FC or LC, including deficiencies arising from operating OLPs beyond the allowable number corresponding to its capital level.

C. Failure to include the OLP name in its Corporate Name

Company	**Penalty**
FC	Basic penalty of Php 100,000.00 and a daily penalty of Php 500.00, reckoned from the release date of the OLP
LC	Basic penalty of Php 100,000.00 and a daily penalty of Php300.00, reckoned from the release date of the OLP

D. Failure to comply with the required TILA disclosure and form; and for unauthorized disclosure.

Frequency	Penalty
First Offense	A monetary penalty of Php 10,000.00

Second Offense	For FC – A monetary penalty of Php 100,000.00
	For LC – A monetary penalty of Php 60,000.00
Succeeding Offenses	Suspension of CA

E. Failure to Comply with CIC requirements and Violation on the Advertisement and Marketing Activities.

Frequency	Penalty
First Offense	A monetary penalty of Php 30,000.00
Second Offense	For FC – A monetary penalty of Php 100,000.00
	For LC – A monetary penalty of Php 60,000.00
Succeeding Offenses	Suspension of CA

F. Failure to Comply with Collection Requirements.

First Offense	For FC – A monetary penalty of Php 100,000.00
	For LC – A monetary penalty of Php 60,000.00
Succeeding Offenses	Suspension of CA

G. Violation of Memorandum Circular No. 18 (series of 2019), in relation to the SEC-FCPA IRR, and all subsequent amendments or related issuances.

Frequency	**LC**	**FC**
First Offense	P50,000.00	P100,000.00
Second Offense	P250,000.00	P500,000.00
Third Offense/Succeeding Offenses	Subject to the facts, circumstances and gravity of the offense, the Commission, at its discretion, may impose a Fine of not less than twice the fine for the second offense but not more than P1 Million (P1,000,000) Persons; or Suspension of lending and financing activities for a period of sixty (60) days; or Revocation of Certificate of Authority to operate as a Financing or Lending Company, as appropriate for each circumstance.	

	The computation for the progression of offenses shall lapse every three (3) years from the last order of payment.

H. Late/Non-submission of the Undertaking under Section 9.

For FC	A monetary penalty of Php 100,000.00
For LC	A monetary penalty of Php 60,000.00

I. Other Penalties

Any violation of this Circular not mentioned in the next preceding items shall be liable with the following penalties:

Violation	Penalty
1st Offense	FCs – P100,000.00
	LCs – P60,000.00
2nd Offense	Suspension of CA for a period of sixty (60) days AND a monetary penalty equivalent to the first offense as applicable.
3rd and succeeding Offenses	Subject to the facts and circumstances of the offense and at the Commission's discretion, a Fine of P1 Million (1,000,000) Pesos OR Revocation of CA to operate as a Financing or Lending Company, as the case may be.

PART VIII. FINAL PROVISIONS

Section 28. 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 29. Applicability of Certain Laws and Regulations. The provisions of the FCA, LCRA, TILA, FCPA, and its 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 30. 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 31. 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 32. Effectivity. This Circular shall take effect on 01 July 2026. It shall be published in two (2) newspapers of general circulation at least fifteen (15) days before its effectivity.

Signed this ____th day of June, 2026, Makati City.

For the Commission:

FRANCISCO ED. LIM
Chairperson

REPUBLIC OF THE PHILIPPINES)
[City/Municipality]) S.S.

I, **[Name of Authorized Officer]**, of legal age, Filipino, and with office address at **[Complete Address]**, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the **[Position]** of **[Name of Financing/Lending Company]** (the "Company"), a corporation duly organized and existing under Philippine laws, with SEC Registration No. **[●]**;
2. I am duly authorized to execute this Undertaking on behalf of the Company, as evidenced by a **Secretary's Certificate/Board Resolution** attached hereto as **Annex "A"**;
3. This Undertaking is executed in compliance with **Section 10.2 of [Title of Memorandum Circular]**, in relation to the Company's decision **not to engage in Online Lending Platform (OLP) operations** due to its current paid-up capital level;

UNDERTAKINGS

Accordingly, the Company hereby **irrevocably undertakes and commits** as follows:

1. Non-Engagement in OLP Operations

The Company shall **not own, operate, control, utilize, or in any manner be involved in any Online Lending Platform (OLP)**, whether directly or indirectly, including through affiliates, agents, or third-party service providers.

2. Limitation to Localized, Non-Digital Operations

The Company shall **limit its operations strictly to a localized, non-digital business model**, and shall not engage in any form of digital or online lending activity.

For this purpose, the Company declares that its operations shall be confined to the following **specific areas of operation, identified down to the barangay level**:

Declared Areas of Operation (Barangay-Level Coverage):

- Barangay: ____________________ | Municipality/City: ____________________ | Province: ____________________

These declared areas are reflected in the Company's **Business Plan and official disclosures submitted to the Commission**.

3. Prohibition Against Introduction or Operation of OLPs

The Company shall **not introduce, deploy, launch, operate, or otherwise engage in any OLP** at any time, unless and until it has fully complied with the **applicable paid-up capital requirements under Section 10.1** of the Circular and secured the necessary approvals from the Commission.

4. Restriction on Expansion of Operations

The Company shall **not expand its operations** in any manner that would circumvent the foregoing limitations, including but not limited to establishment of new branch offices;

expansion beyond its declared areas of operation; or extension of services beyond the specified barangay coverage; **unless and until** it has first complied with the applicable capital requirements under the Circular and obtained prior approval from the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of __________ 20___ at ___________, Philippines.

[Name of Authorized Officer]
[Position]
[Name of Company]

SUBSCRIBED AND SWORN TO before me this ___ day of __________ 20___ at ___________, Philippines, affiant exhibiting to me his/her competent proof of identity:

- ID Type/No.: ____________________
- Date/Place Issued: _______________

NOTARY PUBLIC

Attachments:

- Annex "A" – Secretary's Certificate / Board Resolution
- Annex "B" – Business Plan (Barangay-Level Operational Scope)

Annex B
[Company Details]
LOAN DISCLOSURE STATEMENT
(As Required under R.A.3765, Truth in Lending Act)
<u>Per product/service offered</u>

COMPLETE NAME OF THE BORROWER: ***(As it appears in the government-issued IDs)***	
COMPLETE HOME ADDRESS	
CONTACT NUMBER/S:	
EMAIL ADDRESS:	

1. LOAN GRANTED (Amount Financed): Php ________________
2. TYPE OF LOAN: ____________________
3. WITH COOLING OFF PERIOD ☐ **YES** Until:___(DATE)___ **Amount Charge**: Php _______
☐ **NO**

4. FINANCE CHARGES:

a. Nominal Interest Rate: ___% per month
b. Advance Payment (if applicable) Php ________________
c. Pre-termination fee (if applicable) Php ________________
d. Loan Balance (if applicable) Php ________________

5. NON-FINANCE CHARGES:

a. Processing Fee: Php ________________
b. Credit Risk Fee: Php ________________
c. Documentary Stamp: Php ________________
d. Notarial Fee: Php ________________
e. Insurance (if any) Php ________________
f. Other Charges:
i. ________________ Php ________________
ii. _______________ Php ________________
iii. _______________ Php ________________
iv. _______________ Php ________________

g. TOTAL NON-FINANCE CHARGES: Php ________________ (__%)

6. TOTAL FINANCE AND NON-FINANCE CHARGES: Php ________________
7. NET PROCEEDS OF LOAN (Item 1 less Item 5): Php ________________

8. LATE PAYMENT FEE: ___% of the overdue principal amount
9. EFFECTIVE MONTHLY INTEREST RATE (EIR): ___% per month
10. ANNUAL PERCENTAGE RATE (APR): ___% annually *(if applicable)*
11. SCHEDULE OF PAYMENT:
a. Loan Term (Number of Installments): ___________
b. Monthly Payment: Php ____________

Applicable Month		**Due Date**	**Amount**			**Outstanding Principal Balance**
			Amortization	**Interest**	**Principal**	
1						
2						
3						
4						
(use additional sheet if needed)						
Total						

I acknowledge receipt of this statement and I fully understand and agree with all the terms and conditions thereof. The same was explained to me **PRIOR** to the consummation of the credit transaction.

Conformé. ____
Printed Complete Name and Signature of the Borrower
Date Signed: ________________

Certified Correct: ____
Printed Complete Name and Signature and Position
Date Signed: ________________

Should there be any concern/s AFTER the execution of this Disclosure, please refer to the contact information below:
Complaints Desk Email/s: ________________________
Complaints Desk Hotline/s: ________________________