CONSULTATION PAPER
PROPOSED AMENDMENTS TO THE 2015 IMPLEMENTING RULES AND REGULATIONS OF THE SECURITIES REGULATION CODE

Reforming the Public Offering Regime for Debt Securities
Decoupling Disclosure, a Mid-Market Issuance Framework, and a Medium-Term Note Program

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I. BACKGROUND AND RATIONALE

Well-functioning corporate bond markets are an important pillar of a diversified financial system. They provide companies with access to long-term financing that is not dependent on the banking system, reducing the economy's vulnerability to credit cycles and bank-specific shocks. They offer investors — including pension funds, insurance companies, and retail investors — a wider range of fixed-income instruments calibrated to different risk appetites and investment horizons. They also create market discipline on corporate borrowers, whose disclosure obligations, covenant compliance, and credit ratings subject them to ongoing scrutiny from a diversified bondholder base rather than a single relationship lender.

As the agency mandated to develop and regulate the country's capital market, the Commission remains committed to building a deeper and more inclusive corporate bond market as an important pillar of long-term growth. With the economy continuing to expand, there are significant opportunities to broaden market participation and deepen the bond market ecosystem. In particular, expanding access to the public bond market for mid-market companies—which account for a substantial share of productive investment—would promote a more diverse issuer base. Further enhancements to secondary market liquidity and continued growth and diversification of the retail investor base would likewise contribute to a deeper and more resilient market, bringing the Philippines closer to the depth and sophistication achieved by comparable markets in the region.

The constraints on bond market development are multiple and interconnected. They include the quality and cost of disclosure; the availability and cost of credit ratings; the depth and sophistication of the domestic institutional investor base; and the liquidity and pricing efficiency of the secondary market. The Commission is pursuing reforms across several of these dimensions simultaneously, including reforms to the regulatory framework for credit ratings, as well as reforms to specific instruments, such as crowdfunding.

This proposal addresses the disclosure framework specifically. Progress on this constraint alone will not transform the market, but it removes four specific barriers that are genuine obstacles to growth.

The first is **information asymmetry**. The current Annex C and Form 12-1 were designed for equity offerings. Applied to bond issuances, they produce disclosure that is simultaneously over-inclusive for bondholders — full of equity mechanics that serve little bondholder purpose and impose unnecessary cost on issuers — and under-inclusive on the items that matter most: precise covenant terms, debt service metrics, creditor ranking, and bondholder enforcement mechanisms. This asymmetry affects all categories of bond issuer. To address this, the Commission proposes to decouple disclosure for debt issuers from that for equity issuers as the primary reform.

The second is **disproportionate compliance costs**. The fixed costs of public bond issuance do not scale proportionately with issuance size. Mid-market companies that are creditworthy and capable of issuing bonds are systematically excluded because the compliance cost of a full registration statement represents a prohibitive share of the funds they would raise. The result is a gap in the capital markets ecosystem that concentrates issuance among large frequent issuers. To address this, the Commission proposes a proportionate regime for mid-market companies.

The third is the **absence of a programmatic issuance mechanism**. The current framework requires a separate registration process for every bond issuance, imposing a speed and cost disadvantage on Philippine issuers relative to regional peers and preventing issuers from acting on favorable market windows. To address this, the Commission proposes a Medium-Term Note Program.

The fourth is **procedural friction in the securities registration process**. Certain requirements under the current framework, such as the mandatory newspaper publication of notices relating to registration statements and uncertainty regarding the period during which prospectus supplements must be filed, can introduce avoidable delays and increase transaction costs without corresponding investor protection benefits. These requirements may be particularly burdensome for issuers seeking to access the market within narrow issuance windows. To address this, the Commission is proposing amendments to modernize notice requirements through greater reliance on electronic publication and to clarify the temporal scope of the obligation to file a prospectus supplement.

The proposed amendments are grounded in international experience. The decoupling of equity and debt disclosure has been implemented in the European Union and Malaysia. Proportionate regimes for smaller issuers exist across multiple jurisdictions, including the EU Growth Prospectus. Medium-term note program mechanisms — including the filing-not-authorization principle and forward incorporation by reference — are standard across Asian and global capital markets, including Singapore, Malaysia, the European Union, and the United States. Electronic publication of prospectuses has displaced newspaper publication in each of these markets. The Philippine reform draws on this architecture while calibrating requirements to local market conditions, including retail participation and the less developed secondary market.

II. DESCRIPTION OF PROPOSED REFORMS

A. Right-Sizing Disclosure for Bondholders: Decoupling the Regime

The central reform decouples the corporate bond disclosure regime from the equity framework. This requires a new disclosure architecture for bond issuers, and it generates two complementary reforms to maintain consistency across issuer categories.

1. The Dedicated Regime for Debt-Only Issuers — the primary reform

Why this reform is needed

A bondholder reading the current Form 17-A annual report of a Philippine bond issuer will find detailed information about share price performance, executive stock options, voting rights, and dividend policy. What they will not find — or will find only in fragmentary form — is the information they actually need: the precise terms of the covenants that protect their investment, a structured analysis of the issuer's ability to service its debt, and the issuer's creditor ranking relative to other lenders. At the same time, the issuer is required to produce this equity-oriented disclosure at significant cost, even though none of it serves any bondholder purpose. Both directions are a problem: bondholders are under-informed, and issuers bear unnecessary cost.

International experience

The separation of equity and debt disclosure frameworks is well-established internationally. The European Union's Prospectus Regulation (EU 2017/1129) maintains separate disclosure schedules for equity and non-equity securities, with debt-specific requirements covering covenant disclosure, credit enhancement, and interest payment risk structured in a way that is directly comparable across bond issuers. Malaysia's Securities Commission operates separate prospectus guidelines for equity and debt, with dedicated requirements for bond issuers that have contributed to the development of one of the most active local currency bond markets in Southeast Asia.

Key aspects of the reform

The reform introduces a new Annex C-DOI — a dedicated disclosure schedule for Debt-Only Issuers — and a corresponding set of forms. A Debt-Only Issuer is defined as a registrant with no class of equity securities registered or listed on any exchange (new SRC Rule 3.1.9, Section 1 of the draft Circular).

Annex C-DOI makes two types of changes from the current Annex C. First, it removes items that are irrelevant to bond investors: equity securities mechanics including voting rights, preemption rights, and share ownership tables; equity investor metrics such as R&D expenditure and new product status; requirements that by international practice usually apply only to equity issuers, in particular the codes of corporate governance; and inapplicable provisions such as bearer securities notice requirements. These deletions directly reduce issuer compliance costs without any loss of bondholder protection.

Second, it substantially strengthens the items that matter most to bondholders. The description of debt securities is expanded to require precise covenant definitions, testing frequency, thresholds, cross-default provisions, and the bondholder instruction mechanism. The MD&A is explicitly reoriented around debt serviceability, with two new mandatory items: trends in DSCR, net leverage, and interest coverage; and the debt maturity profile and refinancing risk strategy. The selling security holders section is replaced by an existing financial indebtedness and creditor ranking table. Bond-specific risk factor categories replace the generic risk factor requirements.

For registration, Debt-Only Issuers file SEC Form 12-1 DOI in lieu of Form 12-1. For annual reporting, they file SEC Form 17-A DOI in lieu of Form 17-A. For quarterly reporting, they file SEC Form 17-Q DOI. The quarterly cycle is maintained — rather than moving to semi-annual reporting — because Philippine companies already file quarterly financial information with the Bureau of Internal Revenue, meaning the underlying financial data is produced regardless of the bond disclosure requirement. But the reform requires MD&A disclosure only in the second quarterly report, covering the six-month period to the end of the second fiscal quarter. The first and third quarterly reports contain financial statements only. This concentrates the analytical narrative at the half-year point where it is most useful to bondholders while maintaining the quarterly data flow that supports continuous market monitoring.

These forms are prescribed by the Commission and are enabled by new SRC Rule 12.1.2.1.1 (Section 3 of the draft Circular) and the amendments to SRC Rule 17.1.1 (Section 4).

2. The Bond Supplement for Dual Issuers — a complementary reform

Why this reform is needed

Decoupling the regimes creates a consistency obligation. If bondholders of debt-only issuers now receive disclosure calibrated to their information needs, then bondholders of dual issuers — companies with both registered equity and registered debt — cannot be left with materially less protection simply because their issuer also has listed equity. Many of the largest corporate bond issuers in the Philippines are listed conglomerates. Their bondholders currently receive an equity-oriented annual report that is thin on precisely the items most material to bond investors: covenant status, debt service metrics, creditor ranking, and bondholder governance. This asymmetry is a direct consequence of the equity-first architecture of the current regime, and decoupling creates both the opportunity and the obligation to correct it.

International experience

The European Union's integrated disclosure framework demonstrates that dual-regime disclosure for issuers with both equity and debt is operationally feasible. Under the EU Prospectus Regulation, such issuers must satisfy both equity and debt-specific requirements. The EU's Universal Registration Document mechanism allows frequent issuers to maintain a single base document updated through periodic reporting, with securities-specific supplements added for each issuance — the direct international precedent for the bond supplement approach proposed here.

Key aspects of the reform

A dual issuer continues to comply with the equity regime as its primary disclosure framework. The equity regime is not displaced. Instead, a mandatory bond supplement — Annex C-Bond Supplement — applies when a listed company also registers debt securities (SRC Rule 12.1.2.1.1.a, Section 3 of the draft Circular, and SRC Rule 17.1.1.1.1.1, Section 4).

Annex C-Bond Supplement sets out the bond-specific disclosure items that are absent from standard Annex C and most critical to bondholders: the full covenant package; the financial covenant compliance table; the debt service and credit metrics table; the creditor ranking and existing indebtedness table; the MD&A items on debt serviceability trends and refinancing risk; and the bondholder governance framework.

For ongoing reporting, the bond-specific disclosure is captured through SEC Form 17-AB — the Annual Bond Supplement — filed concurrently with SEC Form 17-A by any dual issuer that has outstanding registered debt securities as of the last day of its fiscal year. Form 17-AB is an annual filing only. A dual issuer with a Medium-Term Note Program files Form 17-AB covering its outstanding registered debt. The applicable forms are prescribed by the Commission.

3. *The Unified Current Report — a complementary reform*

Why this reform is needed

The current Form 17-C was designed for equity issuers and applies to all issuers uniformly. It includes event triggers — dividend declarations, stock splits, equity restructuring — that are entirely inapplicable to bond-only issuers, creating unnecessary compliance obligations. At the same time, it omits the bond-specific triggers that matter most to bondholders: covenant breaches, credit rating actions, trustee changes, and material deterioration in debt service metrics. Decoupling the regimes requires that material event reporting also reflect the type of security held. The reform of Form 17-C completes the decoupling by ensuring that each category of issuer reports precisely the events that are relevant to its investors.

International experience

The organization of material event reporting by security type is standard in developed capital markets. The EU's Market Abuse Regulation imposes a general obligation to disclose inside information promptly, with sector-specific guidance on what constitutes inside information for different types of issuer and different types of security. The PSE's own Consolidated Listing and Disclosure Rules similarly organize obligations by event type and issuer category.

Key aspects of the reform

The amended SEC Form 17-C establishes a three-tier structure, with the event taxonomy reflected in the rule text (SRC Rule 17.1.1.1.3 and 17.1.1.1.4, Section 4 of the draft Circular):

- Section A — Universal Events (Items 1 through 10): applicable to all registered issuers regardless of security type. Covers changes in control, asset acquisitions and dispositions, changes in certifying accountant, director and officer changes, legal proceedings, changes in securities, defaults on senior debt, change in fiscal year, universal other events, and fraud and error.
- Section B — Equity-Specific Events (Items 11 through 14): applicable only to issuers with registered equity securities. Covers dividend declarations, changes in equity securities and capitalization, stockholders' meetings and board resolutions, and a catch-all reference to the PSE Consolidated Listing and Disclosure Rules Section 4.4.
- Section C — Debt-Specific Events (Items 15 through 22): applicable only to issuers with outstanding registered debt securities. Covers covenant breach and events of default, material deterioration in credit metrics, credit rating actions, changes in trustee, early redemption or repurchase, material changes in collateral, changes in terms of registered debt securities, and a general debt-specific materiality catch-all.

A dual issuer completes all three sections. A Debt-Only Issuer or Eligible Mid-Market Issuer completes Sections A and C only. An equity-only issuer completes Sections A and B only.

B. Proportionality: A Regime for Mid-Market Issuers

Why this reform is needed

The fixed costs of public bond issuance — legal fees, accounting fees, and the cost of preparing a comprehensive registration statement — do not scale proportionately with issuance size. For a large issuer raising PHP 10 billion, these costs are manageable. For a mid-market company raising PHP 500 million to PHP 2 billion, they can represent a prohibitive share of the funds raised. The Debt-Only Issuer regime sets the right standard for bondholder protection; the mid-market regime asks how to deliver equivalent protection at a cost proportionate to the size of the issuer and the issuance. Without a proportionate regime, the bond market remains accessible only to large frequent issuers, and the capital markets ecosystem fails to serve the full range of creditworthy Philippine companies.

International experience

Proportionate disclosure regimes for smaller bond issuers exist across multiple jurisdictions. The European Union's Growth Prospectus, introduced under Prospectus Regulation EU 2017/1129, provides a simplified disclosure regime for issuers offering securities not exceeding EUR 50 million over twelve months. Malaysia's Securities Commission has developed simplified requirements for smaller issuers under its Guidelines on Unlisted Capital Market Products. The common thread is that proportionality is achieved not by relaxing investor protection standards but by restructuring the disclosure document around mandatory templates and prescribed formats that reduce preparation burden while maintaining comparability.

Defining the eligible issuer

An Eligible Mid-Market Issuer is a Debt-Only Issuer that qualifies as a medium-sized enterprise under the Magna Carta for MSMEs (Republic Act No. 9501) and has obtained a credit rating from an SEC-accredited credit rating agency in respect of the debt securities being registered (new SRC Rule 3.1.11, Section 1 of the draft Circular).

The Magna Carta definition establishes the lower bound through existing law. The rationale for anchoring in the Magna Carta is deliberate: it uses established law rather than requiring a new capital-markets-specific definition, and the market itself will discriminate among eligible issuers. The Commission may prescribe a higher asset threshold by Memorandum Circular if experience shows the lower bound is too permissive (new SRC Rule 3.1.11.4).

For the upper bound, the proposed framework allows the Commission to impose a ceiling on the aggregate principal amount of debt securities that may be registered under the mid-market regime, prescribed by Memorandum Circular rather than fixed in the IRR (new SRC Rule 3.1.11.4). International comparators suggest a ceiling of PHP 2.5 billion to PHP 3 billion would be appropriate for the Philippine market, consistent with the EU Growth Prospectus ceiling of EUR 50 million (approximately PHP 3 billion at current exchange rates). The Commission invites comments on the appropriate level.

The credit rating requirement serves two functions simultaneously: it provides investors with an independent assessment of credit quality, and it creates a market discipline that filters out companies that are not genuinely creditworthy. The requirement is one of disclosure rather than merit: a rating must be obtained and disclosed, but access to the market is not conditioned on the rating reaching any particular level.

Key aspects of the reform

The Mid-Market regime is built around three design principles. First, mandatory templates replace open-ended narrative. Form 12-1 MM requires completion of prescribed tabular templates for key credit metrics — the Historic Debt Service and Credit Metrics table, covenant headroom table, debt maturity profile, and creditor ranking table — without modification to their structure or column headings. These templates reduce preparation burden for issuers and enable comparability across mid-market issuers on the metrics that matter most to bondholders.

Second, advisory page limits discipline the narrative. Every narrative section in Form 12-1 MM has an advisory maximum page length — four pages for the business description, four to six pages for the MD&A, four pages for risk factors. These are not hard caps but clear signals of expected detail, calibrated to the size and complexity of a mid-market issuer.

Third, two years of financial history rather than three. Form 12-1 MM requires two fiscal years of audited financial statements. The most recent year reflects current financial condition; the prior year provides the trend context. A third year adds marginal analytical value for bondholders while imposing significant preparation cost.

For quarterly reporting, mid-market issuers file SEC Form 17-Q MM. The quarterly cycle is maintained for the same reason as for Debt-Only Issuers. Proportionality is achieved through content calibration: a compressed MD&A is required only in the second quarterly report, structured around three questions — has the issuer generated sufficient cash flow to service its debt; are all financial covenants being complied with; have any material developments occurred that could affect debt service capacity. The first and third quarterly reports contain financial statements only.

The Mid-Market regime is enabled by new SRC Rule 12.1.2.1.1 (Section 3 of the draft Circular) and the amendments to SRC Rule 17.1.1 (Section 4). The applicable forms — Form 12-1 MM, Form 17-A MM, Form 17-Q MM, and Annex C-MM — are prescribed by the Commission.

C. Speed to Market: The Medium-Term Note Program

Why this reform is needed

The current framework requires a separate registration statement for every bond issuance. For a frequent issuer with recurring funding needs, this means returning to the regulator multiple times per year, each time incurring the full cost and delay of a registration process. Beyond the direct compliance cost, this structural rigidity prevents issuers from acting on favorable market windows — the periods of low volatility, strong investor demand, and favorable pricing that may last only days or weeks. An issuer that requires months to register each issuance cannot be opportunistic in the way that bond markets reward. The Medium-Term Note Program addresses this directly by allowing issuers to establish their disclosure framework once and draw against it repeatedly without returning to the regulator for each series.

International experience

Medium-term note program mechanisms are standard across Asian and global capital markets, and they rest on two principles. The first is filing-not-authorization for individual draws: Singapore codified this in Section 240A of the Securities and Futures Act 2001, under which the base prospectus is registered once and each series is documented by a brief pricing statement not subject to review or holding period, and the European Union embeds the same logic in Article 8 of Prospectus Regulation EU 2017/1129, which governs the EMTN market across member states. The second is forward incorporation by reference, which keeps the base prospectus current between draws: in the United States, the shelf registration base prospectus automatically incorporates the issuer's subsequent periodic and current reports as they are filed, and the European Union adopted the same forward-looking approach with effect from December 2024. Malaysia's Securities Commission operates a comparable program structure. These regimes are the legal foundation for some of the most active debt capital markets in the world.

Key aspects of the reform

A Medium-Term Note Program is a pre-authorized issuance facility under which an eligible issuer may offer and sell debt securities in multiple series against a single aggregate program limit over an availability period not exceeding five years (new SRC Rule 3.1.15 and new SRC Rule 8.1.2.2, Sections 1 and 2 of the draft Circular). The Program is available to all registrants — Debt-Only Issuers, Eligible Mid-Market Issuers, and dual issuers — with the applicable base prospectus form depending on the issuer's registration category (Form 12-1 MTN BP DOI, Form 12-1 MTN MM BP, or Form 12-1 MTN BP for dual issuers).

The Program is established once. The issuer files a registration statement containing a base prospectus setting out the program-level disclosure: the program limit, the availability period, the full covenant package applicable to all series, the authorization menu of series-variable terms, the trustee arrangements, and the issuer's full financial disclosure. The Commission reviews and authorizes the base prospectus under Section 12 of the SRC before any series may be issued. A Medium-Term Note Program may be established by an issuer that has not previously registered any securities with the Commission; no prior public market issuance history is required. There is no requirement to issue the first series at registration — the first series may be issued at any point within the availability period.

Thereafter, individual series are issued by filing a Final Terms document (Form 12-1 MTN FT) — a short, standardized filing specifying only the series-specific commercial terms, limited to the variables authorized in the base prospectus. The Final Terms is a filing with the Commission and is not subject to Commission review or approval before the issuer proceeds to market; it must be filed on or before the issue date of the series.

The filing-not-authorization principle for the Final Terms rests on a substantive foundation. When the Commission authorizes the base prospectus, it conducts a complete authorization: everything material to investor protection is reviewed at that point, including the covenant package, events of default, trustee arrangements, and the outer limits of what can vary between series. When a Final Terms is filed, it contains nothing outside the scope of that authorization. Commercial execution terms are market variables, not investor protection variables. The regulatory work has already been done.

Covenant integrity across series is a defining feature of the Program. Because the covenant package is fixed at the program level and applies uniformly to all series, investors in any series hold equivalent protections. This also simplifies issuer compliance: covenant monitoring and reporting is conducted once for the Program rather than separately for each series.

Keeping the base prospectus current: forward incorporation by reference

Unlike a standalone offering, where the prospectus serves its purpose during a short offering window and then becomes a historical document, the base prospectus of a Medium-Term Note Program remains the foundational disclosure document for every series issued across the availability period. Each new series brings new prospective investors who rely on the base prospectus as their primary disclosure document. The base prospectus must therefore remain current for as long as the Program can be drawn upon.

The reform achieves this through forward incorporation by reference. The base prospectus is kept current throughout the availability period through the issuer's ongoing reporting obligations under SRC Rule 17 — its annual, quarterly, and current reports — which are incorporated by reference into the base prospectus as they are filed. An issuer that is current on its reporting obligations is deemed to have maintained the base prospectus disclosure up to date (new SRC Rule 8.1.2.2.5 and 8.1.2.2.6). A prospective investor in a new series reads the base prospectus together with all incorporated filings and obtains a complete and current picture of the issuer. For a dual issuer, the base prospectus additionally incorporates by reference the issuer's most recent annual report on Form 17-A and its most recent Annual Bond Supplement on Form 17-AB (new SRC Rule 8.1.2.2.2).

This mechanism requires a targeted exception to the general rule. SRC Rule 12.2.4 ordinarily prohibits incorporating information by reference into a prospectus. New SRC Rule 12.2.5 (Section 5 of the draft Circular) provides that an issuer maintaining an effective Medium-Term Note Program may incorporate by reference into its base prospectus the information and exhibits contained in reports filed under SRC Rule 17, provided those reports are duly filed and clearly identified. This carve-out is the legal foundation that allows periodic reporting to keep the base prospectus current.

Where the periodic reporting stream does not capture a significant new development affecting the base prospectus, the issuer must file a supplement to the base prospectus before issuing any further series (new SRC Rule 8.1.2.2.7). And if the Commission identifies deficiencies in any report, the issuer may not issue a further series until they are addressed (new SRC Rule 8.1.2.2.8).

Supplements during an open offer and the series-specific withdrawal right

Rule 14.2, which governs amendments to a registration statement during an offering, does not apply to a Medium-Term Note Program; amendments and supplements to the base prospectus are governed exclusively by SRC Rule 8.1.2.2 (new SRC Rule 8.1.2.2.9). If a significant new factor, material inaccuracy, or material amendment to the base prospectus arises during an open offer for a particular series, the issuer files a supplement and gives notice to the purchasers of that series. Where the change derogates the rights of holders or purchasers of that series who have paid all or part of the purchase price, the issuer may offer to rescind completed sales and must allow thirty days for purchasers to respond before proceeding with the amended offer; a purchaser who renounces is repaid within ten days (new SRC Rule 8.1.2.2.9.1 and 8.1.2.2.9.2). The withdrawal right runs to purchasers of the affected series, not to holders of all outstanding series under the Program.

Program duration, fees, and renewal

The availability period may not exceed five years from the date the base prospectus is authorized, and no series may be issued after it expires (new SRC Rule 8.1.2.2.3). The issuer may apply to amend the program terms — to increase the program limit, extend the availability period within the five-year maximum, or add categories of debt securities — subject to Commission authorization; any amendment applies only to series issued after it takes effect (new SRC Rule 8.1.2.2.3). On expiry, an issuer wishing to continue under a Program structure files a new registration statement with a new base prospectus; the Commission will prescribe by Memorandum Circular the extent to which the new base prospectus may incorporate by reference the expiring base prospectus and the issuer's intervening reports (new SRC Rule 8.1.2.2.10).

The registration fee is payable per series and proportional to the value issued. An issuer that does not intend to issue the first series upon registration of the Program pays an initial program-level registration fee — the higher of PHP 100,000 or one-one-hundredth of one percent of the program limit — which is creditable against the registration fee of the first series (new SRC Rule 8.1.2.3).

Relationship to the Enhanced Shelf Registration

The Medium-Term Note Program is introduced within the existing framework for delayed and continuous offerings under SRC Rule 8.1.2, alongside the Enhanced Shelf Registration. The two mechanisms are separate, complementary, and not mutually exclusive: the Enhanced Shelf Registration is set out in SRC Rule 8.1.2.1 and the Medium-Term Note Program in new SRC Rule 8.1.2.2, and an issuer may elect either as appropriate to its funding strategy. The requirements of the Enhanced Shelf Registration, including its per-tranche Permit to Sell, do not apply to issuances under a Medium-Term Note Program.

The Enhanced Shelf Registration is the right tool for an issuer that wants broad optionality across security types — equity, debt, and hybrid instruments — and can work within a simplified per-tranche permit process. Its primary value is instrument flexibility. Under the shelf, each tranche still requires a Permit to Sell because the shelf covers instruments across which the investor protection framework genuinely varies.

The Medium-Term Note Program is the right tool for an issuer with a recurring bond issuance strategy that values execution certainty and the elimination of per-series regulatory interaction. Once the Program is established, a new series can be launched within days. The Program can dispense with the per-series permit precisely because it is restricted to debt securities and the entire investor protection framework is fixed in the base prospectus at inception and kept current through periodic reporting. There is nothing of regulatory substance left to review at the series level.

Two further distinctions are practically important. First, the Enhanced Shelf Registration contemplates an initial issuance at registration, effectively requiring a current funding need at the moment of establishment; the Medium-Term Note Program imposes no such requirement, as the base prospectus can be authorized and the first series issued at any point within the five-year availability period. Second, for mid-market issuers the Medium-Term Note Program compounds the benefit of the simplified disclosure regime: a mid-market company establishes its disclosure framework once and accesses the market for subsequent series at progressively lower transaction cost. A large listed company may rationally use both mechanisms simultaneously — the shelf for equity issuances, the Medium-Term Note Program as its dedicated bond issuance engine.

D. Modernizing the Registration Process

Alongside the substantive reforms, the proposed amendments modernize two parts of the registration process: the publication of the notice of filing, and the framework governing amendments to a registration statement.

1. Electronic Publication of the Notice of Filing

Why this reform is needed

The current Rule 12.5(B) requires the notice of filing of a registration statement to be published in two national newspapers of general circulation, once a week for two consecutive weeks, at the issuer's expense. This imposes a cost and delay that is disproportionate to its investor protection benefit, and it is out of step with the channels through which investors actually access disclosure today.

International experience

Newspaper publication of prospectuses has been displaced by electronic publication across comparable markets. In the European Union, the newspaper requirement has been abolished, and publication is through the competent authority's website and a free searchable online database. In Singapore and Malaysia, publication of a prospectus and its updates is through the exchange platform and the regulator's electronic filing system, with no newspaper requirement. In the United States, electronic filing on EDGAR serves as the publication mechanism. In each case the publication channel is the same one issuers already use for continuous disclosure.

Key aspects of the reform

The amendments establish online publication as the primary channel for the notice of filing (amended SRC Rule 12.5(B), Section 6 of the draft Circular). The issuer posts the notice and the updated prospectus on its own website, submits the notice to the Commission for publication on the Commission's official website, and, where applicable, submits the notice and prospectus to the exchange where the securities are or will be listed for publication through the exchange's disclosure facilities. Newspaper publication is required only where the Commission expressly requires it, and compliance with either the online or the newspaper channel satisfies the requirement. The publication of the Commission's order rendering a registration statement effective is likewise moved to electronic channels.

2. Conforming Amendments to the Amendment Framework

Why this reform is needed

Rule 14 governs amendments to a registration statement or prospectus while an offering is in train. Two clarifications are needed. First, the scope of the obligation to amend was not expressed in temporal terms, leaving it unclear whether the obligation continued to apply after an offering had closed. Second, the newspaper publication requirement for amendment notices imposed the same disproportionate cost as the notice of filing addressed above.

International experience

In leading jurisdictions, the obligation to supplement a prospectus is limited to the active offering period — the window between approval or filing and the closing of the offer or the completion of the distribution — after which ongoing disclosure flows through periodic and current reporting rather than through the prospectus. This is the approach of the EU Prospectus Regulation (Article 23), of Malaysia, and of the United States under Section 10(a)(3) of the Securities Act. Amendment notices in these markets are published through electronic channels rather than newspapers.

Key aspects of the reform

The amendments to Rule 14 (Section 7 of the draft Circular) make three changes. First, they clarify that the obligation to amend runs from the effectivity of the registration statement until the closing of the offer period or the completion of the distribution of the securities, whichever is later. Second, they move the dissemination of amendment notices — and of the order rendering an amended registration statement effective — to the issuer's website, the Commission's official website, and the relevant exchange's disclosure facilities, with newspaper publication only where the Commission requires it. Third, they provide that a Medium-Term Note Program is exempt from Rule 14.2, with amendments and supplements to the base prospectus governed exclusively by SRC Rule 8.1.2.2, as described in Section II.C.

III. SUMMARY OF PROPOSED AMENDMENTS

Provision	Description
SRC Rule 3.1 (new 3.1.9, 3.1.11, 3.1.15)	Three new definitions: Debt-Only Issuer, Eligible Mid-Market Issuer, and Medium-Term Note Program.
New SRC Rule 8.1.2.2 and Rule 8.1.2.3 (Section 2)	Medium-Term Note Program established within the delayed-and-continuous-offering framework, as a complement to the Enhanced Shelf Registration; per-category base prospectus; Final Terms filing for each series without separate authorization; base prospectus kept current through forward incorporation by reference; program-level registration fee.

Provision	Description
New SRC Rule 12.1.2.1.1 (Section 3)	Registration forms by issuer category: Form 12-1 DOI with Annex C-DOI (Debt-Only Issuers); Form 12-1 MM with Annex C-MM (Eligible Mid-Market Issuers); Form 12-1 with Annex C and the bond supplement (dual issuers).
Amendments to SRC Rule 17.1.1 (Section 4)	Periodic reporting by issuer category: Form 17-A DOI and Form 17-A MM; Form 17-Q DOI and Form 17-Q MM with a management's discussion and analysis only in the second quarterly report (full for DOI, compressed for mid-market); Form 17-AB (Annual Bond Supplement) filed concurrently with Form 17-A by dual issuers with outstanding registered debt.
New SRC Rule 12.2.5 (Section 5)	Incorporation-by-reference carve-out that allows the base prospectus of a Medium-Term Note Program to be updated through reports subsequently filed under SRC Rule 17.
Amendments to SRC Rule 12.5(B) (Section 6)	Electronic publication of the notice of filing as the primary channel, with newspaper publication required only where the Commission so determines.
Amendments to SRC Rule 14 (Section 7)	Amendment obligation clarified to run for the offering period; Medium-Term Note Programs exempt from Rule 14.2 and governed by Rule 8.1.2.2; online-first dissemination of amendment notices.

IV. EXPECTED IMPACT

A. For Bondholders

The reform directly addresses the information asymmetry that currently disadvantages Philippine bond investors. Bondholders of Debt-Only and Mid-Market Issuers will receive disclosure structured around their specific information needs: precise covenant terms and compliance status, standardized credit metrics, debt service coverage trends, creditor ranking, and trustee confirmation. Bondholders of dual issuers — currently among the least protected given the equity orientation of the existing annual report — will receive equivalent protection through SEC Form 17-AB. The unified Form 17-C ensures that material bond-specific events, including covenant breaches, credit rating actions, trustee changes, and collateral deterioration, are captured in a structured, timely manner across all issuer categories. For investors in a Medium-Term Note Program, forward incorporation by reference ensures that the base prospectus relied on for each new series remains current with the issuer's latest reporting.

B. For Issuers

The reform reduces compliance costs in several ways. First, by removing equity-oriented disclosure obligations from bond-only issuers, it eliminates the cost of producing information that serves no bondholder purpose. Second, by providing a proportionate regime for mid-market issuers and a programmatic issuance mechanism for frequent issuers, it substantially reduces the per-issuance transaction cost for those who benefit most from it. Third, electronic publication removes the cost and delay of newspaper publication at the notice-of-filing and amendment stages. The unified Form 17-C also streamlines current reporting by providing a clear event list organized by security type, and a Medium-Term Note Program lets a frequent issuer keep its base prospectus current through reporting it already files rather than through repeated re-registration.

C. For the Philippine Bond Market

The reform is expected to broaden issuer access to the public bond market by reducing the fixed cost of first issuance for mid-market companies and the recurring cost of market access for frequent issuers. The mandatory template framework in Form 12-1 MM creates comparability across mid-market issuers that does not currently exist, facilitating the development of independent credit analysis and supporting price discovery. The Medium-Term Note Program, together with electronic publication and forward incorporation by reference, creates a structured, efficient channel for frequent issuers to access the market with a speed and at a cost comparable to international bond markets.

V. QUESTIONS FOR CONSULTATION

The Commission invites written comments from all interested parties on the proposed amendments. Respondents are encouraged to provide specific, evidence-based comments supported by data or examples from comparable markets where available. The Commission will consider all comments received in finalizing the amendments.

Debt-only issuer regime and complementary reforms

Q1. Does the proposed approach to quarterly reporting for debt issuers — maintaining quarterly frequency because Philippine companies already file quarterly with the Bureau of Internal Revenue, while requiring a management's discussion and analysis only in the second quarterly report — strike the right balance? Would issuers or bondholders see a material benefit from a move to semi-annual reporting with a more comprehensive half-year MD&A?

Q2. The reform requires dual issuers to file a bond supplement (Form 17-AB) on an annual basis. For bondholders, do the protection benefits of a consistent disclosure standard across issuer categories justify this additional compliance cost? Are there dual issuers for whom a lighter approach would be appropriate?

Mid-market regime

Q3. Is the use of the Magna Carta for MSMEs definition as the lower bound for Eligible Mid-Market Issuer eligibility appropriate for capital markets purposes? Should the Commission prescribe a higher capital-markets-specific asset threshold by Memorandum Circular, and if so at what level?

Q4. What issuance ceiling would appropriately distinguish Eligible Mid-Market Issuers from larger issuers in the Philippine context? The EU Growth Prospectus sets a ceiling of EUR 50 million (approximately PHP 3 billion). Should the ceiling apply per offering, per twelve-month period, or as an aggregate program limit? Is the PHP 3 billion reference level appropriate?

Medium-Term Note Program

Q5. Is the five-year availability period for the Medium-Term Note Program appropriate, consistent with the Enhanced Shelf Registration? On expiry, the issuer must file a new registration statement and a new base prospectus to continue issuing. Should renewal be available on simplified terms, and to what extent should the new base prospectus be permitted to incorporate by reference the expiring base prospectus and the issuer's intervening reports?

Q6. Is forward incorporation by reference — under which the base prospectus is kept current through the issuer's annual, quarterly, and current reports as they are filed — an appropriate mechanism to maintain the currency of the base prospectus across the availability period? Are the supplement trigger and the series-specific withdrawal right calibrated appropriately?

Registration process

Q7. Is the shift to electronic publication as the primary channel for the notice of filing, with newspaper publication required only where the Commission so determines, appropriate? For retail offerings in particular, are additional safeguards warranted — for example, a mandatory prominent posting on the issuer's own website?

Transition and implementation

Q8. The proposed transition phases in the new forms over time: the amended Form 17-C from 1 January 2027; Form 17-Q DOI and Form 17-Q MM from the first quarter of 2027; and Form 17-A DOI, Form 17-A MM, and Form 17-AB from 2028 for fiscal years ending on or after 31 December 2027. Is this phase-in adequate for existing issuers to come into compliance, or is a longer transition warranted for any category?