

SENATE

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Senate Bill No. 1595

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Introduced by Senator Francis G. Escudero

**AN ACT AMENDING REPUBLIC ACT NO. 8799 (R.A. 8799),
OTHERWISE KNOWN AS THE SECURITIES REGULATION CODE**

EXPLANATORY NOTE

The Securities Regulation Code was enacted in 2000 to serve as the enabling charter of the Securities and Exchange Commission (SEC) providing for its organization, powers and functions. Further, the SRC states the mandate of the SEC to promote the development of the capital market, protect investors and maintain market integrity and provides for the regulations applicable to publicly-listed and public corporations.

Being the primary agency specifically tasked to regulate and supervise the capital market, the SEC has the duty to ensure that the rules and regulations affecting securities transactions are pertinent and current, aligned with international best practices and with principles espoused by international regulatory bodies.

One such regulatory body recognized worldwide, which sets the international standards for market and securities regulations is the International Organization of Securities Commission (IOSCO). With 217 members comprised of securities regulators and other affiliate institutions from different parts of the world, the IOSCO has built a global community which seeks to foster close coordination and cooperation between regulators and stakeholders of the capital market as well as improve regulatory and industry practices for more transparency and investor protection in the financial market.

In response to the increasing international activity in the securities and derivatives markets, and the corresponding need for mutual cooperation and consultation among securities regulators to ensure compliance with, and enforcement of, their securities and derivatives laws and regulations, the IOSCO developed the Multilateral Memorandum of Understanding (MMOU) in 2002. The MMOU established the international benchmark for cross-border cooperation and has provided securities regulators with the tools for combating cross-border fraud and misconduct that can weaken global markets and undermine investor confidence.

Recognizing the importance of cooperation and information-sharing among securities regulators, the Philippines applied to become an IOSCO MMoU signatory in 2003 and 2014. Unfortunately, in both instances, the applications were not accepted as the Philippines is deemed unable to comply with all the provisions of the MMoU concerning the inability of the SEC to directly obtain information on bank records and deposits and disclose that information to foreign securities regulators.

In this regard, the proposed legislation grants the SEC direct access to bank records/information only in the conduct of a formal investigation on securities violations or pursuant to a request from a foreign securities regulator as an exception to R.A. 1405, "The Law on the Secrecy of Bank Deposits". The proposed amendments further include limitations on the use of the information obtained and/or shared with the foreign counterpart.

The passage of the proposed legislation will not only allow the SEC to more effectively exercise its operational mandate of protecting investors, increasing investor confidence, and maintaining the integrity of the country's securities and derivatives market, it will also enable the Philippines to sign the IOSCO MMoU. This, in turn, will lead to the inclusion of the Philippines in regional initiatives facilitating cross-border trading of financial products such as the Asia Region Funds Passport (ARFP) and the ASEAN CIS (Collective Investment Scheme) which require members to be a signatory to the IOSCO MMoU.

Without the proposed amendments, the Philippines will be subject to international counter-measures (i.e. limitation/prohibition of overseas financial flows; loss of correspondentships with foreign banks), perceived as a non-cooperative jurisdiction and a haven for illegal financial activities, and be ineligible for loan grants and technical assistance from international organizations.

Other amendments in the proposed legislation are aimed at reinforcing the investor protection functions of the Commission, in response to the proliferation of domestic as well as cross-border investment scams, with a view of providing remedies for the return of gains from illegal financial transactions to the victims.

Lastly, the proposed legislation also includes provisions for the improved internal organization of the SEC that will bolster integrity, efficiency and accountability in rendering services to the public.

With the foregoing backdrop and objectives in mind, the urgency of the amendments becomes apparent. It is hoped that these amendments will be given priority status.



FRANCIS G. ESCUDERO

1 [(e)] (D) Certificates of assignment[s], certificates of participation, trust
2 certificates, [voting trust certificates] or similar instruments;

3
4 [(f)] (E) Proprietary or nonproprietary membership certificates in
5 corporations; and

6
7 [(g)] (F) Other instruments as may in the future be determined by the
8 Commission.

9
10 x x x

11
12 3.3. "Broker" is a person engaged in the business of [buying and selling]
13 EFFECTING TRANSACTIONS IN securities for the account of others.

14
15 x x x

16
17 3.5. "DOCUMENTS/RECORDS" SHALL INCLUDE PAPERS, FILES,
18 RECORDS, TAX RETURNS, FINANCIAL STATEMENTS, BOOKS OF
19 ACCOUNT, AS WELL AS ALL RELATED ACCOUNTS,
20 CORRESPONDENCES, MEMORANDA, IN WHATEVER FORM,
21 INCLUDING BUT NOT LIMITED TO, TRANSACTIONS, INVESTMENTS,
22 ASSETS, SECURITIES, COMMODITIES AND DERIVATIVES, PAYMENT,
23 CLEARING AND SETTLEMENT OR ANY OTHER SIMILAR DOCUMENT
24 THAT THE COMMISSION MAY REQUIRE IN THE EXERCISE OF ITS
25 POWERS AND FUNCTIONS AS PROVIDED BY LAW.(n)

26
27 [3.5.] 3.6. "Associated person of a broker or dealer" is [an] (A) ANY employee
28 [thereof] OF A BROKER OR DEALER who[,] directly OR INDIRECTLY
29 exercises control [of] OR supervisory authority[, but] OVER ANY OF THE
30 ACTIVITIES OR PERSONNEL OF SUCH BROKER OR DEALER, (B) ANY
31 PERSON DIRECTLY OR INDIRECTLY CONTROLLING, CONTROLLED BY,
32 OR UNDER COMMON CONTROL WITH SUCH BROKER OR DEALER.
33 THIS DEFINITION SHALL [does] not include a salesman, [or] an agent, or aNY
34 person ASSOCIATED WITH A BROKER OR DEALER whose functions are
35 solely clerical or ministerial.

36
37 [3.6] 3.7. Clearing agency" [is any] MEANS any person who acts as AN
38 intermediary in making [deliveries upon] paymentS [to effect settlement in
39 securities transactions] OR DELIVERIES OR BOTH IN CONNECTION WITH
40 TRANSACTIONS IN SECURITIES OR WHO PROVIDES FACILITIES: (A)
41 FOR COMPARISON OF DATA RESPECTING THE TERMS OF
42 SETTLEMENT OF SECURITIES TRANSACTIONS, (B) TO REDUCE THE
43 NUMBER OF SETTLEMENTS OF SECURITIES TRANSACTIONS, OR (C)
44 FOR THE ALLOCATION OF SECURITIES SETTLEMENT
45 RESPONSIBILITIES. SUCH TERM ALSO MEANS ANY PERSON, SUCH AS
46 A SECURITIES DEPOSITORY, WHO (I) ACTS AS A CUSTODIAN OF
47 SECURITIES IN CONNECTION WITH A SYSTEM FOR THE CENTRAL

1 HANDLING OF SECURITIES WHEREBY ALL SECURITIES OF A
2 PARTICULAR CLASS OR SERIES OF ANY ISSUER DEPOSITED WITHIN
3 THE SYSTEM ARE TREATED AS FUNGIBLE AND MAY BE
4 TRANSFERRED, LOANED, OR PLEDGED BY BOOKKEEPING ENTRY
5 WITH OR WITHOUT PHYSICAL DELIVERY OF SECURITIES
6 CERTIFICATES, OR (II) OTHERWISE PERMITS OR FACILITATES THE
7 SETTLEMENT OF SECURITIES TRANSACTIONS OR THE
8 HYPOTHECATION OR LENDING OF SECURITIES WITH OR WITHOUT
9 PHYSICAL DELIVERY OF SECURITIES CERTIFICATES.

10
11 3.8. "COMMODITY FUTURES CONTRACT" IS A CONTRACT THAT
12 PROVIDES FOR THE MAKING OR TAKING DELIVERY, AT A
13 PRESCRIBED TIME IN THE FUTURE, OF A COMMODITY, OR ITS CASH
14 OR EQUIVALENT TANGIBLE VALUE.(n)

15
16 [3.7.] 3.9. "Exchange" is an organized marketplace or facility that brings
17 together buyers and sellers and executes trades of securities and/or commodities.

18
19 [3.8.] 3.10. "Insider" means: (a) the issuer; **(B) A PERSON CONTROLLING**
20 **THE ISSUER;** [(b)] (C) a director or officer (or person performing similar
21 functions) of the issuer, or the person controlling the issuer; [(c)](D) a person
22 whose relationship or former relationship to the issuer gives or gave him access
23 to material information about the issuer or the security that is not generally
24 available to the public; [(d)](E) a government employee, or director, or officer of
25 an exchange, clearing agency and/or self-regulatory organization who has access
26 to material information about an issuer or a security that is not generally
27 available to the public; [or] [(e)](F) a person who learns such information by a
28 communication from any of the foregoing insiders[.]; **(G) A PERSON WHOSE**
29 **RELATIONSHIP OR FORMER RELATIONSHIP TO ANY OF THOSE IN (A)**
30 **TO (F) ABOVE GIVES OR GAVE HIM ACCESS TO MATERIAL**
31 **INFORMATION ABOUT THE ISSUER OR THE SECURITY THAT IS NOT**
32 **GENERALLY AVAILABLE TO THE PUBLIC;** (H) A TIPPER; OR (I) A
33 DUMMY AS DEFINED IN C.A. NO. 108, THE ANTI-DUMMY ACT.

34
35 3.11. "PERSON" MEANS NATURAL OR JURIDICAL, WHETHER OR
36 NOT REGISTERED WITH THE COMMISSION.

37
38 [3.9. "Pre-need plans" are contracts which provide for the performance of
39 future services or the payment of future monetary considerations at the time of
40 actual need, for which planholders pay in cash or installment at stated prices,
41 with or without interest or insurance coverage and includes life, pension,
42 education, interment, and other plans which the Commission may from time to
43 time approve.]

44
45 [3.10.] 3.12. "Promoter" is a person who, acting alone or with others, takes
46 initiative in founding and organizing the business or enterprise of the issuer and
47 receives consideration therefor.

1 [3.11] 3.13. "Prospectus" is the document made by or on behalf of an issuer,
2 underwriter or dealer to sell or offer securities for sale to the public through a
3 registration statement filed **OR RENDERED EFFECTIVE BY** the Commission.
4

5 [3.12] 3.14. "Registration Statement" is the application for the registration of
6 securities **COMPOSED OF A PROSPECTUS AND OTHER DOCUMENTS AS**
7 **MAY BE** required [to be filed with] **BY** the Commission.
8

9 [3.13] 3.15. "Salesman" is a natural person, employed as such or as an agent,
10 by a dealer, issuer or broker to buy and sell securities.
11

12 [3.14] 3.16. "Uncertificated security" is a security evidenced by electronic or
13 similar records.
14

15 [3.15] 3.17. "Underwriter" is a person who guarantees on a firm commitment
16 and/or declared best effort basis the distribution and sale of securities [of any
17 kind] **ISSUED** by another [company] **CORPORATION**.
18

19 **SECTION 3.** Section 4 of the Code is hereby amended to read as follows:
20

21 "Sec. 4. *Administrative Agency.* - 4.1. This Code shall be administered by the
22 Securities and Exchange Commission (hereinafter referred to as the
23 "Commission") as a collegial body, composed of a Chairperson and four (4)
24 Commissioners, appointed by the President for a **FIXED** term of seven (7) years
25 each and who shall serve as such until **THE EXPIRATION OF THEIR TERM**
26 **AND** their successor shall have been appointed and qualified, **OR UPON**
27 **THEIR RESIGNATION**.
28

29 x x x
30

31 4.3 **THE COMMISSIONERS SHALL, IN THE COURSE OF THE**
32 **PERFORMANCE OF THEIR OFFICIAL DUTIES, ACT INDEPENDENTLY**
33 **AND WITHOUT INFLUENCE FROM ANY PERSON OR ENTITY**.
34

35 [4.3.] 4.4. The Chairperson is the chief executive officer of the Commission.
36 The Chairperson shall execute and administer the policies, decisions, orders and
37 resolutions approved by the Commission and shall have the general executive
38 direction and supervision of the work and operation of the Commission and of its
39 members, bodies, boards, offices, personnel and all its administrative bodies. **IN**
40 **CASE OF DEATH, PERMANENT DISABILITY, OR RESIGNATION, THE**
41 **MOST SENIOR COMMISSIONER SHALL ACT AS THE CHAIRPERSON IN**
42 **AN OFFICER-IN-CHARGE CAPACITY**.
43

44 [4.4.] 4.5. The salary of the Chairperson and the Commissioners shall be fixed
45 by the President of the Philippines based on an objective classification system, at
46 a sum comparable to the members of the Monetary Board and commensurate to
47 the importance and responsibilities attached to the position, **WHICH SHALL BE**

1 REVIEWED WITH THE SAME FREQUENCY AS THAT OF THE MEMBERS
2 OF THE MONETARY BOARD.
3

4 [4.5] 4.6. The Commission shall hold meetings at least once a week for the
5 conduct of business or as often as may be necessary upon call of the Chairperson
6 or upon the request of three (3) Commissioners **WHICH MEETINGS MAY BE**
7 **HELD THROUGH REMOTE COMMUNICATION.** The notice of the meeting
8 shall be given to all Commissioners and the presence of three (3) Commissioners
9 shall constitute a quorum. **FOR THE CONTINUITY OF WORK AND TO**
10 **AVOID UNNECESSARY DELAYS IN CASE OF LACK OF QUORUM DUE**
11 **TO UNAVAILABILITY OF REMOTE COMMUNICATION, DEATH,**
12 **PERMANENT DISABILITY OR RESIGNATION, ANY TWO (2) DIRECTORS**
13 **FROM ANY OF THE DEPARTMENTS OR OFFICES OF THE COMMISSION,**
14 **WHEN SO REQUIRED BY THE CHAIRPERSON OR BY ANY**
15 **COMMISSIONER, MAY TAKE THE PLACE OF ONE (1) COMMISSIONER**
16 **AT A MEETING, AND THEIR PRESENCE, TOGETHER WITH THAT OF AT**
17 **LEAST TWO (2) OTHER COMMISSIONERS SHALL ALSO CONSTITUTE A**
18 **QUORUM.** [In the absence of the Chairperson, the most senior Commissioner
19 shall act as presiding officer of the meeting.]”
20

21 **SECTION 4.** Section 5 of the Code is hereby amended to read as follows:

22 “Sec. 5. *Powers and Functions of the Commission.* – 5.1. The Commission
23 shall act with transparency and shall have the powers and functions provided by
24 this Code, Presidential Decree No. 902-A, the Corporation Code, the Investment
25 Houses Law, the Financing Company Act and other existing laws. Pursuant
26 thereto the Commission shall have, among others, the following powers and
27 functions:

28
29 (a) Have jurisdiction and supervision over all corporations,
30 partnerships or associations who are the grantees of primary franchises
31 and/or a license or permit issued by the Government;
32

33 (b) Formulate policies and recommendations on issues, **SUCH AS**
34 **BUT NOT LIMITED TO CORPORATE GOVERNANCE, CAPITAL**
35 **MARKET DEVELOPMENT, AND MARKET AND SECURITIES**
36 **REGULATION,** concerning the securities market, advise Congress and
37 other government agencies on all aspects of the securities market and
38 propose legislation and amendments **THEREON** [thereto];
39

40 (c) Approve, reject, suspend, revoke or require amendments to
41 registration statements, and registration and licensing applications;
42

43 (d) Regulate [, investigate or] **AND** supervise the activities of
44 persons to ensure compliance **WITH THIS CODE AND OTHER**
45 **APPLICABLE LAWS, AND INVESTIGATE ALL POTENTIAL**
46 **VIOLATIONS OF THIS CODE AND OTHER APPLICABLE LAWS**

1 COMMITTED BY PERSONS, OR UPON REQUEST FOR
2 INFORMATION FROM A FOREIGN SECURITIES REGULATOR;
3

4 (e) Supervise, monitor, suspend, or take over the activities of
5 exchanges, clearing agencies and other SROs;
6

7 (f) IMPOSE AND COLLECT FEES FOR THE SUPERVISION,
8 MONITORING OR OTHER RELATED SERVICES IT RENDERS
9 UNDER THIS CODE;(n)
10

11 [(f)] (g) Impose sanctions for the violation of laws and the rules,
12 regulations and orders issued pursuant thereto;
13

14 [(g)] (h) Prepare, approve, amend or repeal rules, regulations and
15 orders, and issue opinions and provide guidance on and supervise
16 compliance with such rules, regulations and orders;
17

18 [(h)] (i) Enlist the aid and support of and/or deputize any and all
19 enforcement agencies of the Government, civil or military as well as any
20 private institution, corporation, firm, association or person in the
21 implementation of its powers and functions under this Code;
22

23 [(i)] (j) Issue cease and desist orders **WITHOUT THE NECESSITY**
24 **OF NOTICE AND HEARING** to prevent fraud or injury to the investing
25 public;
26

27 [(j)] (k) Punish for contempt of the Commission, both direct and
28 indirect, in accordance with the **PROCEDURES** [pertinent provisions of]
29 and penalties **THE COMMISSION SHALL** prescribe[d by the Rules of
30 Court];
31

32 [(k)] (l) Compel the officers of any registered corporation or
33 association to call meetings of stockholders or members thereof under its
34 supervision;
35

36 [(l)] Issue subpoena duces tecum and summon witnesses to appear
37 in any proceedings of the Commission and in appropriate cases, order the
38 examination, search and seizure of all documents, papers, files and
39 records, tax returns, and books of accounts of any entity or person under
40 investigation as may be necessary for the proper disposition of the cases
41 before it, subject t the provisions of existing laws;] (m) **ISSUE THE**
42 **FOLLOWING SUBPOENAS AND AUTHORIZE AN OFFICER OF THE**
43 **COMMISSION TO SIGN:**
44

45 (i) **SUBPOENA DUCES TECUM, TO ANY PERSON,**
46 **INCLUDING FINANCIAL INSTITUTIONS AND/OR BANK**
47 **OFFICERS AND EMPLOYEES, ORDERING THE**
48 **EXAMINATION, PRODUCTION, COPYING OR SEARCH AND**
49 **SEIZURE OF ALL DOCUMENTS/RECORDS, INCLUDING**

1 THOSE OF FINANCIAL INSTITUTIONS AND/OR BANKS, AS
2 WELL AS GOVERNMENT SECURITIES AND FOREIGN
3 CURRENCY DEPOSIT UNITS, OF ANY PERSON, NECESSARY
4 FOR THE PROPER DISPOSITION OF CASES INVOLVING
5 ANY VIOLATION OF THIS CODE AND OTHER APPLICABLE
6 LAWS, RULES AND REGULATIONS, OR UPON THE
7 REQUEST FOR ASSISTANCE OF A FOREIGN SECURITIES
8 REGULATOR PURSUANT TO SECTION 65.5 HEREOF AND
9 SHALL SERVE AS AN EXCEPTION TO THE PROVISIONS OF
10 REPUBLIC ACT (R.A.) No. 1405¹, AS AMENDED, R.A. No. 6426²,
11 AS AMENDED, R.A. No. 8791³, AS AMENDED, AND OTHER
12 APPLICABLE LAWS, RULES AND REGULATIONS.
13

14 (ii) SUBPOENA AD TESTIFICANDUM, AND SUMMON
15 ANY PERSON, INCLUDING FINANCIAL INSTITUTIONS
16 AND/OR BANK OFFICERS AND/OR EMPLOYEES, TO APPEAR
17 AND TO TESTIFY IN ANY PROCEEDINGS OF THE
18 COMMISSION NECESSARY FOR THE PROPER
19 DISPOSITION OF CASES INVOLVING ANY VIOLATION OF
20 THIS CODE AND OTHER APPLICABLE LAWS, RULES AND
21 REGULATIONS, OR UPON THE REQUEST FOR ASSISTANCE
22 OF A FOREIGN SECURITIES REGULATOR PURSUANT TO
23 SECTION 65.5 HEREOF AND SHALL SERVE AS AN
24 EXCEPTION TO THE PROVISIONS OF R.A. No. 1405, AS
25 AMENDED, R.A. No. 6426, AS AMENDED, R.A. No. 8791, AS
26 AMENDED, AND OTHER APPLICABLE LAWS, RULES AND
27 REGULATIONS.
28

29 (n) APPLY EX-PARTE WITH THE COURT OF APPEALS FOR
30 THE ISSUANCE OF AN ORDER TO FREEZE THE ASSETS OF A
31 SUSPECTED VIOLATOR OF SECTIONS 24 TO 27⁴ OF THIS CODE;
32

33 (o) INSTITUTE CIVIL FORFEITURE PROCEEDINGS AND ALL
34 OTHER REMEDIAL PROCEEDINGS.
35

36 [(m)] (p) Suspend, or revoke, after proper notice and hearing the
37 franchise or certificate of registration of corporations, partnerships or
38 associations, upon any of the grounds provided [by law; and] UNDER
39 THIS CODE AND OTHER APPLICABLE LAWS, RULES AND
40 REGULATIONS, OR WHEN DIRECTED BY FINAL JUDGMENT OF A
41 COURT OF COMPETENT JURISDICTION;
42

43 (q) ISSUE WRITS OF EXECUTION AND ATTACHMENT TO
44 ENFORCE PAYMENT OF FEES, FINES AND PENALTIES UNDER
45 THIS CODE;

¹ Bank Secrecy Law

² Foreign Currency Deposit Act of the Philippines

³ General Banking Law of 2000

⁴ Sec. 24. *Manipulation of Security Prices; Devices and Practices.*

Sec. 25. *Regulation of Option Trading.*

Sec. 26. *Fraudulent Transactions.*

Sec. 27. *Insider's Duty to Disclose When Trading.*

1
2 (r) ENTER INTO AGREEMENTS AND ARRANGEMENTS
3 WITH SECURITIES REGULATORS, ORGANIZATIONS AND
4 SIMILAR ENTITIES IN OTHER JURISDICTIONS FOR THE
5 DEVELOPMENT AND REGULATION OF THE CAPITAL MARKET;
6

7 (s) ORDER THE RETURN OF THE AMOUNT REPRESENTING
8 THE INVESTMENTS, SUBSCRIPTIONS, CONTRIBUTIONS OR
9 SIMILAR FINANCIAL PARTICIPATION, AND, IF WARRANTED,
10 THE PAYMENT OF THE VALUE OF EQUITABLE INTEREST
11 THEREON IN CASE THE COMMISSION HAS, AFTER PROPER
12 HEARING, FOUND THEM TO HAVE BEEN SOLICITED UNDER
13 FRAUDULENT CIRCUMSTANCES, AND TO PERFORM SUCH ACTS
14 THAT MAY BE NECESSARY OR ESSENTIAL UNDER THE
15 PREMISES; AND
16

17 (t) ADMINISTER OATHS TO THE OFFICERS OF ISSUER OR
18 ANY OTHER PERSON CONNECTED THEREWITH AS TO ITS
19 BUSINESS AND AFFAIRS.
20

21 [(n)] (u) Exercise such other powers as may be provided by **THIS**
22 **CODE AND OTHER APPLICABLE LAWS, RULES AND REGULATIONS**
23 as well as those which may be implied from, or which are necessary or
24 incidental to the carrying out of, the express powers granted the
25 Commission to achieve the objectives and purposes of these laws, **RULES**
26 **AND REGULATIONS.**"
27

28 **SECTION 5.** Section 6 of the Code is hereby amended to read as follows:
29

30 "*Sec. 6. Indemnification and Responsibilities of Commissioners. -6.1. x x x.*

31
32 6.2. The **CURRENT AND FORMER** Commissioners, officers and
33 employees of the Commission who willfully violate this Code or who are guilty
34 of **GROSS** negligence **OR MISCONDUCT**, abuse or acts of malfeasance [or fail
35 to exercise extraordinary diligence in the performance of their duties] shall be
36 held liable for any loss or injury suffered by the Commission or other institutions
37 as a result of such violation, **GROSS** negligence **OR SERIOUS MISCONDUCT**,
38 abuse, malfeasance, [or failure to exercise extraordinary diligence] **IN THE**
39 **PERFORMANCE OF THEIR DUTIES.**
40

41 Similar responsibility shall apply to the **CURRENT AND FORMER**
42 Commissioners, officers and employees of the Commission for (1) the disclosure
43 of any information, discussion or resolution of the Commission of a confidential
44 nature, or about the confidential operations of the Commission, unless the
45 disclosure is in connection with the performance of official functions with the
46 Commission or with prior authorization of the Commissioners; or (2) the use of
47 such information for personal gain or to the detriment of the government, the
48 Commission or third parties. xxx"
49

1 6.3 OFFICERS AND EMPLOYEES OF THE COMMISSION SHALL BE
2 DEFENDED BY LAWYERS OF THE GOVERNMENT IN LAWSUITS FILED
3 AGAINST THEM IN RELATION TO THEIR FUNCTIONS, WHETHER OR
4 NOT SUCH LAWSUITS SHALL BE DESIGNATED BY COMPLAINANTS AS
5 ONE IN THE SEC OFFICIAL OR EMPLOYEE'S PERSONAL CAPACITY IN
6 ORDER TO HARASS SUCH OFFICIALS AND EMPLOYEES AND HINDER
7 THEM FROM PERFORMING THEIR FUNCTIONS EFFECTIVELY.

8
9 PERSONS FOUND TO HAVE FILED SUCH HARASSMENT OR
10 FRIVOLOUS LAWSUITS AGAINST OFFICERS, DIRECTORS AND
11 EMPLOYEES OF THE COMMISSION SHALL, IN ADDITION TO THEIR
12 LIABILITY FOR MALICIOUS PROSECUTION UNDER THE REVISED
13 PENAL CODE, ALSO BE LIABLE FOR FINES AND PENALTIES
14 EQUIVALENT TO ALL COSTS OF SUIT, INCLUDING ATTORNEY'S FEES,
15 TRANSPORTATION COSTS, PHOTOCOPYING AND PRINTING, AND
16 ALL OTHER COSTS RELATED TO THE SUCH A HARASSMENT SUIT.

17
18 **SECTION 6.** Section 10 of the Code is hereby amended to read as follows:

19 *"Sec.10. Exempt Transactions. - 10.1. x x x.*

20
21
22 10.3 Any person applying for exemption under this Section shall file AN
23 APPLICATION FOR EXEMPTION with the Commission, STATING THE
24 GROUNDS THEREFOR. THE EXEMPTION SHALL TAKE EFFECT ONLY
25 AFTER THE COMMISSION APPROVES THE APPLICATION AND THE
26 APPLICANT PAYS THE PRESCRIBED [a notice identifying the exemption
27 relied upon on such form and at such time as the Commission by rule may
28 prescribe and with such notice shall pay to the Commission a] fee equivalent to
29 one-tenth (1/10) of one percent (1%) of the maximum aggregate price or issued
30 value of the securities."

31
32 **SECTION 7.** Section 12 of the Code is hereby amended to read as follows:

33 *"Sec. 12. Procedure for Registration of Securities. - 12.1. xxx*

34
35 12.3. The information required for the registration of [any kind, and all]
36 securities, shall include, among others, the effect of their [securities issue]
37 **ISSUANCE** on **THE** ownership, [on the mix of ownership, especially foreign and
38 local ownership] **STRUCTURE AND EQUITY COMPOSITION OF THE**
39 **ISSUER.**

40
41 12.4. The registration statement shall be signed by the issuer's **CHIEF**
42 executive officer, its principal operating officer, its principal financial officer, its
43 comptroller, its principal accounting officer, **OR ANY OFFICER OF THE**
44 **ISSUER EITHER OCCUPYING A POSITION EQUIVALENT TO ANY OF**
45 **THE FOREGOING OR PERFORMING SIMILAR FUNCTIONS, [its] AND**
46 **THE** corporate secretary [or persons performing similar functions]. **SUCH DULY**

1 **SIGNED REGISTRATION STATEMENT SHALL BE** accompanied by a duly
2 verified resolution of the **ISSUER'S** board of directors [of the issuer corporation.
3 The] **AND THE** written consent of the expert named as having certified any part
4 of the registration statement and the auditor, as to the financial data in such
5 registration statement or any document used in connection therewith [shall also
6 be filed]. Where the registration statement includes shares to be sold by [selling]
7 **EXISTING** shareholders, a written certification by such [selling] shareholders as
8 to the accuracy of any [part of the registration statement contributed to by such
9 selling shareholders] **REPRESENTATION OR INFORMATION PROVIDED**
10 **BY THEM IN THE REGISTRATION STATEMENT** shall also be filed.”
11

12 **SECTION 8.** Chapter IV, Section 16 of the Code is hereby deleted pursuant to
13 Republic Act No. 9829.

14
15 “Chapter IV
16 Regulation of Pre-Need Plans
17

18 Sec. 16. *Pre-Need Plans.* - No person shall sell or offer for sale to the public any
19 pre-need plan except in accordance with rules and regulations which the
20 Commission shall prescribe. Such rules shall regulate the sale of pre-need plans
21 by, among other things, requiring the registration of pre-need plans, licensing
22 persons involved in the sale of pre-need plans, requiring disclosures to
23 prospective plan holders, prescribing advertising guidelines, providing for
24 uniform accounting system, reports and record keeping with respect to such
25 plans, imposing capital, bonding and other financial responsibility, and
26 establishing trust funds for the payment of benefits under such plans.]”
27

28 **SECTION 9.** Section 17 is hereby renumbered as Section 16 and amended to read
29 as follows:

30
31 “Chapter [V] IV
32 Reportorial Requirements
33

34 Sec. [17] 16. *Periodic and Other Reports of Issuers; CORPORATE*
35 *RESPONSIBILITY FOR REPORTS.* -[17.1] 16.1. Every issuer satisfying the
36 requirements in Subsection [17.2] 16.2 hereof shall file with the Commission: x x x
37

38 [17.2.] 16.2. The reportorial requirements of Subsection 17.1 shall apply to the
39 following:

40
41 (a) An issuer which has sold a class of its securities pursuant to a
42 registration under section 12 hereof: Provided however, That the
43 obligation of such issuer to file reports shall be suspended for any fiscal
44 year after the year such registration became effective if such issuer, as of
45 the first day of any such fiscal year, has less than **TWO** [one] hundred
46 [(100)] (200) holder of such class securities or such other number as the
47 Commission shall prescribe and it notifies the Commission of such;
48

1 (b) An issuer with a class of securities listed for trading on an
2 Exchange; and
3

4 (c) An issuer with assets of at least Fifty million pesos (50,000,000.00) or
5 such other amount as the Commission shall prescribe, and having two
6 hundred (200) or more holder each holding at least one hundred (100)
7 share of a class of its equity securities: Provided, however, That the
8 obligation of such issuer to file report shall be terminated ninety (90) days
9 after notification to the Commission by the issuer that the number of its
10 holders holding at least one hundred (100) share reduced to less than [one]
11 **TWO** hundred [(100)] (200).
12

13 [17.4] **16.4.** All reports (including financial statements) required to be filed
14 with the Commission pursuant to Subsection [17.1] **16.1** hereof shall be in such
15 form, contain such information and be filed at such times as the Commission
16 shall prescribe, and shall be in lieu of any periodical or current reports or
17 financial statements otherwise required to be filed under the Corporation Code.
18 **TO PROMOTE TRANSPARENCY AND ACCOUNTABILITY, THE**
19 **COMMISSION MAY REQUIRE THAT THE FOREGOING REPORTS BE**
20 **POSTED ON THE CORPORATION'S WEBSITE IN ACCORDANCE WITH**
21 **SUCH RULES AND REGULATIONS AS THE COMMISSION MAY**
22 **PRESCRIBE.**
23

24 x x x
25

26 **16.7. THE COMMISSION SHALL, BY RULE, REQUIRE, FOR EACH**
27 **COMPANY FILING PERIODIC REPORTS UNDER THIS CODE, THAT**
28 **THE PRINCIPAL EXECUTIVE OFFICER OR OFFICERS AND THE**
29 **PRINCIPAL FINANCIAL OFFICER OR OFFICERS, OR PERSONS**
30 **PERFORMING SIMILAR FUNCTIONS, CERTIFY IN EACH ANNUAL OR**
31 **QUARTERLY REPORT FILED OR SUBMITTED TO THE COMMISSION**
32 **THAT –**
33

34 (1) **THE SIGNING OFFICERS HAVE SUFFICIENTLY REVIEWED**
35 **THE PERIODIC REPORT FOR ITS FULL COMPLIANCE WITH THE**
36 **REQUIREMENTS UNDER THIS CODE;**

37 (2) **BASED ON THE OFFICER'S KNOWLEDGE, THE REPORT**
38 **DOES NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL**
39 **FACT OR OMITTS TO STATE A MATERIAL FACT NECESSARY IN**
40 **ORDER TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE**
41 **CIRCUMSTANCES UNDER WHICH SUCH STATEMENTS WERE**
42 **MADE, NOT MISLEADING;**

43 (3) **BASED ON SUCH OFFICER'S KNOWLEDGE, THE**
44 **FINANCIAL STATEMENTS, AND OTHER FINANCIAL**
45 **INFORMATION INCLUDED IN THE REPORT, FAIRLY PRESENT IN**
46 **ALL MATERIAL RESPECTS THE FINANCIAL CONDITION AND**
47 **RESULTS OF OPERATIONS OF THE ISSUER AS OF, AND FOR, THE**
48 **PERIODS PRESENTED IN THE REPORT;**

1 (4) THE SIGNING OFFICERS ARE RESPONSIBLE FOR
2 ESTABLISHING AND MAINTAINING INTERNAL CONTROLS
3 PERTAINING TO THE ACCESSIBILITY AND AVAILABILITY OF
4 MATERIAL INFORMATION RELATING TO THE ISSUER AND ITS
5 SUBSIDIARIES NECESSARY IN THE PREPARATION OF PERIODIC
6 REPORTS. FOR THIS PURPOSE, THE PERIODIC REPORT SHALL
7 CONTAIN SUCH SIGNING OFFICERS' CONCLUSION ABOUT THE
8 EFFECTIVENESS OF THE ISSUER'S INTERNAL CONTROLS BASED
9 ON THEIR EVALUATION DONE AS OF A DATE WITHIN 90 DAYS
10 PRIOR TO THE REPORT;

11 (5) THE SIGNING OFFICERS HAVE DISCLOSED TO THE
12 ISSUER'S AUDITORS AND THE AUDIT COMMITTEE (OR
13 PERSONS FULFILLING THE EQUIVALENT FUNCTION)-
14

15 (a) ALL SIGNIFICANT DEFICIENCIES IN THE DESIGN
16 OR OPERATION OF INTERNAL CONTROLS WHICH COULD
17 ADVERSELY AFFECT THE ISSUER'S ABILITY TO RECORD,
18 PROCESS, SUMMARIZE, AND REPORT FINANCIAL DATA
19 AND HAVE IDENTIFIED FOR THE ISSUER'S AUDITORS ANY
20 MATERIAL WEAKNESSES IN INTERNAL CONTROLS;
21

22 (b) ANY FRAUD, WHETHER OR NOT MATERIAL, THAT
23 INVOLVES MANAGEMENT OR OTHER EMPLOYEES WHO
24 HAVE A SIGNIFICANT ROLE IN THE ISSUER'S INTERNAL
25 CONTROLS;
26

27 (c) ANY DEFICIENCY IN INTERNAL CONTROLS THAT
28 HAVE INCREASED THE CORPORATION AND ITS
29 SUBSIDIARIES AND AFFILIATES' DEBT BURDEN BEYOND
30 WHAT IS REASONABLE WITHIN THE INDUSTRY IN WHICH
31 IT IS ENGAGED
32

33 (6) THE SIGNING OFFICERS HAVE INDICATED IN THE REPORT
34 WHETHER OR NOT THERE WERE SIGNIFICANT CHANGES IN
35 INTERNAL CONTROLS OR IN OTHER FACTORS THAT COULD
36 SIGNIFICANTLY AFFECT INTERNAL CONTROLS SUBSEQUENT
37 TO THE DATE OF THEIR EVALUATION, INCLUDING ANY
38 CORRECTIVE ACTIONS WITH REGARD TO SIGNIFICANT
39 DEFICIENCIES AND MATERIAL WEAKNESSES.

40 SECTION 10. Section 18 is hereby renumbered as Section 17 and amended to
41 read as follows:
42

43 "Sec. [18] 17. *Reports by Five per centum (5%) Holders of Equity Securities.* -
44 [18.1.] 17.1. In every case in which an issuer satisfies the requirements of
45 Subsection [17.2] 16.2 hereof, any person who acquires directly or indirectly the
46 beneficial ownership of **AT LEAST** [more than] five per centum (5%) of such
47 class or in excess of such lesser per centum as the Commission by rule may
48 prescribe, shall, within ten (10) days after such acquisition or such reasonable
49 time as fixed by the Commission, submit to the issuer of the security, to the
50 Exchange where the security is traded, and to the Commission a sworn statement
51 containing the following information and such other information as the
52 Commission may require in the public interest or for the protection of investors:
53

1 (a) The personal background, identity, residence, and citizenship of,
2 and the nature of such beneficial ownership by, such person and all other
3 persons by whom or on whose behalf the purchases are effected; in the
4 event the beneficial owner is a juridical person, the lines of business of the
5 beneficial owner shall also be reported;
6

7 (b) If the purpose of the purchases or prospective purchases is to
8 acquire control of the business of the issuer of the securities, any plans or
9 proposals which such persons may have that will effect a major change in
10 its business or corporate structure;
11

12 (c) The number of shares of such security which are beneficially owned,
13 and the number of shares concerning which there is a right to acquire,
14 directly or indirectly, by: (i) such person, and (ii) each associate of such
15 person, giving the background, identity, residence, and citizenship of each
16 such associate; and
17

18 (d) Information as to any contracts, arrangements, or understanding
19 with any person with respect to any securities of the issuer including but
20 not limited to transfer, joint ventures, loan or option arrangements, puts or
21 calls, guarantees or division of losses or profits, or proxies naming the
22 persons with whom such contracts, arrangements, or understanding have
23 been entered into, and giving the details thereof.”
24

25 **SECTION 11.** Section 19 is hereby renumbered as Section 18 and amended to read
26 as follows:
27

28 “Sec. [19] **18. Tender Offers.** – [19.1] **18.1.** (a) Any person or group of persons
29 acting in concert who intends to acquire, **DIRECTLY OR INDIRECTLY,**
30 **THROUGH NEGOTIATED PURCHASE, WHETHER DONE AT ONE**
31 **INSTANCE OR WITHIN A PERIOD OF TWELVE (12) MONTHS,** at least
32 fifteen percent (15%) of any class of any equity security of a listed corporation or
33 of [any class of an equity security of] a corporation with assets of at least Fifty
34 million pesos (P50,000,000.00) and having two hundred (200) or more
35 stockholders with at least one hundred (100) shares each or who intends to
36 acquire at least [thirty percent (30%)] **THIRTY-FIVE PERCENT (35%)** of such
37 equity over a period of twelve (12) months shall [make a tender offer to
38 stockholders by filing] **FILE A DECLARATION TO THAT EFFECT** with the
39 Commission[a declaration to that effect]; and furnish the issuer [,] a statement
40 containing such [of the] information required in Section [17] **16** of this Code;
41 **PROVIDED, THAT A TENDER OFFER TO ALL STOCKHOLDERS SHALL**
42 **BE REQUIRED IN CASE OF ACQUISITION OF AT LEAST THIRTY-FIVE**
43 **PERCENT (35%) OVER A PERIOD EXCEEDING TWELVE (12) MONTHS.** [as
44 the Commission may prescribe. Such person or group of persons shall publish all
45 requests or invitations for tender, or materials making a tender offer or
46 requesting or inviting letters of such a security. Copies of any additional material
47 soliciting or requesting such tender offers subsequent to the initial solicitation or

1 request shall contain such information as the Commission may prescribe, and
2 shall be filed with the Commission and sent to the issuer not later than the time
3 copies of such materials are first published or sent or given to security holders].
4

5 **WHEN IT DEEMS NECESSARY FOR THE PROTECTION OF MINORITY**
6 **SHAREHOLDERS, THE COMMISSION MAY ADD TO, CLARIFY, MODIFY**
7 **THE LIST OF UNDERLYING CIRCUMSTANCES WHICH WOULD**
8 **REQUIRE THE MAKING OF A TENDER OFFER.**
9

10 xxx"

11
12 **SECTION 12.** Sections 20 to 22 are hereby renumbered as Sections 19 to 21
13 accordingly.
14

15 **SECTION 13.** Section 23 is hereby renumbered as Section 22 and amended to
16 read as follows:
17

18 "Sec. [23.] **22.** *Transactions of Directors, Officers and Principal Stockholders.* -
19 [23.1.] **22.1.** Every person who is directly or indirectly the beneficial owner of
20 [more than] **AT LEAST** ten per centum (10%) of any class of any equity security
21 which satisfies the requirements of Subsection [17.2] **16.2**, or who is a director or
22 an officer of the issuer of such security, shall file, at the time either such
23 requirement is first satisfied or within ten days after he becomes such a beneficial
24 owner, director, or officer, a statement with the Commission; **PROVIDED,**
25 **THAT** if such security is listed for trading [o]In an Exchange, also with the
26 Exchange, of the amount of all equity securities of such issuer of which he is the
27 beneficial owner, and within ten (10) days after the close of each calendar month
28 thereafter, if there has been a change in such ownership during such month, shall
29 file with the Commission, and if such security is listed for trading on an
30 Exchange, shall also file with the Exchange, a statement indicating his ownership
31 at the close of the calendar month and such changes in his ownership as have
32 occurred during such calendar month.
33

34 [23.2] **22.2. TO** [For the purpose of preventing] prevent the unfair use of
35 information which may have been obtained by such beneficial owner, director, or
36 officer by reason of his relationship to the issuer, any profit realized by him from
37 any purchase and sale, or any sale and purchase, of any equity security of such
38 issuer within any period of less than six (6) months, unless such security was
39 acquired in good faith in connection with a debt previously contracted, shall
40 inure to and be recoverable by the issuer, irrespective of any intention of holding
41 the security purchased or of not repurchasing the security sold for a period
42 exceeding six (6) months. Suit to recover such profit may be instituted before the
43 Regional Trial Court by the issuer, or by the owner of any security of the issuer in
44 the name and in behalf of the issuer if the issuer shall fail or refuse to bring such
45 suit within sixty (60) days after request or shall fail diligently to prosecute the
46 same thereafter, but no such suit shall be brought more than two (2) years after
47 the date such profit was realized. This subsection shall not be construed to cover
48 any transaction where such beneficial owner was not such both at the time of the

1 purchase and sale, or the sale and purchase, of the security involved, or any
2 transaction or transactions which the Commission by rules and regulations may
3 exempt as not comprehended within the purpose of this subsection.
4

5 [23.3] 22.3. It shall be unlawful for any such beneficial owner, director, or
6 officer, directly or indirectly, to sell any equity security of such issuer if the
7 person selling the security or his principal: (a) Does not own the security sold; or
8 (b) If owning the security, does not deliver it against such sale within twenty (20)
9 days thereafter, or does not within five (5) days after such sale deposit it in the
10 mails or other usual channels of transportation; but no person shall be deemed to
11 have violated this subsection if he proves that notwithstanding the exercise of
12 good faith he was unable to make such delivery or deposit within such time, or
13 that to do so would cause undue inconvenience or expense.
14

15 [23.4] 22.4. The provisions of Subsection [23.2] 22.2 shall not apply to any
16 purchase and sale, or sale and purchase, and the provisions of Subsection [23.3]
17 22.3 shall not apply to any sale, of an equity security not then or thereafter held
18 by him in an investment account, by a dealer in the ordinary course of his
19 business and incident to the establishment or maintenance by him of a primary or
20 secondary market, otherwise than on an Exchange, for such security. The
21 Commission may, by such rules and regulations as it deems necessary or
22 appropriate in the public interest, define and prescribe terms and conditions with
23 respect to securities held in an investment account and transactions made in the
24 ordinary course of business and incident to the establishment or maintenance of a
25 primary or secondary market.

26 **SECTION 14.** Sections 24 to 27 are hereby renumbered as Sections 23 to 26
27 accordingly.
28

29 **SECTION 15.** Section 28 is hereby renumbered as Section 27 and amended to read
30 as follows:
31

32 "Sec. [28] 27. *Registration of Brokers, Dealers, Salesmen and Associated Persons.*
33 [28.1] 27.1. x x x
34

35 [28.4] 27.4. The Commission shall promulgate rules and regulations
36 prescribing the qualifications for registration of each category of applicant, which
37 shall, among other things, require as a condition for registration that:
38

39 (a) If a natural person, the applicant satisfactorily passES a written
40 examination as to his proficiency and knowledge in the area of activity for
41 which registration is sought;
42

43 (b) In the case of a broker or dealer, the applicant [satisfy] **MEETS** a
44 minimum net capital **OR OTHER CAPITAL ADEQUACY RATIOS** as
45 prescribed by the Commission, and provides a bond or other security as

1 the Commission may prescribe to secure compliance with the provisions
2 of this Code; and

3
4 xxx"

5
6 **SECTION 16.** Section 29 is hereby renumbered as Section 28.

7
8 **SECTION 17.** Section 30 is hereby renumbered as Section 29 and amended to
9 read as follows:

10
11 "Sec. [30] **29.** *Transactions and Responsibility of Brokers and Dealers.* - [30.1] **29.1.**
12 **UNLESS OTHERWISE AUTHORIZED BY THE COMMISSION,** no broker or
13 dealer shall deal in or otherwise buy or sell, **DIRECTLY OR INDIRECTLY,** for
14 its own account or for the account of customers, securities listed [o]In an
15 Exchange issued by any corporation where any stockholder, director, associated
16 person or salesman, or authorized clerk of said broker or dealer and all the
17 relatives of the foregoing within the fourth civil degree of consanguinity or
18 affinity, is, at the time, holding office in said issuer corporation as a director,
19 president, vice-president, manager, treasurer, comptroller, corporate secretary or
20 assistant corporate secretary or any office of trust and responsibility, or is a
21 controlling person of the issuer."
22

23 **SECTION 18.** Sections 31 to 33 are hereby renumbered as Sections 30 to 32
24 accordingly.

25
26 **SECTION 19.** Section 34 is hereby renumbered as Section 33 and amended to read
27 as follows:

28
29 "Sec. [34] **33.** *Segregation and Limitation of Functions of Members, Brokers and*
30 *Dealers.* - [34.1] **33.1** [It shall be unlawful for any member-broker of an Exchange
31 to] **NO MEMBER OF AN EXCHANGE SHALL** effect any transaction on such
32 Exchange for its own account, the account of an associated person, or an account
33 with respect to which it or an associated person thereof exercises investment
34 discretion: *Provided, however,* That this Section shall not [make unlawful]
35 **PROHIBIT -**

36
37 (a) Any transaction by a member[-broker] acting in the capacity of a
38 market maker;

39
40 (b) Any transaction reasonably necessary to carry on odd-lot
41 transactions;

42
43 (c) Any transaction to offset a transaction made in error; and
44

45 xxx"

46
47 **SECTION 20.** Section 35 is hereby renumbered as Section 34 and amended to read
48 as follows:
49

1 “Sec. [35] **34. Additional Fees of Exchanges.** - In addition to the registration fee
2 prescribed in Section [33] **32** of this Code, every Exchange shall pay to the
3 Commission, [on a semestral basis] on or before the tenth day [of] **AFTER** the end
4 of every semester of the calendar year, a fee in such an amount as the
5 Commission shall prescribe, but not more than one-hundredth of one *per centum*
6 (1%) of the aggregate amount of the sales of securities transacted on such
7 Exchange during the preceding [calendar year,] **SEMESTER** for the privilege of
8 doing business[,] during [the preceding calendar year] **SUCH SEMESTER** or any
9 part thereof.”

10
11 **SECTION 21.** Sections 36 to 37 are hereby renumbered as Sections 35 to 36
12 accordingly.

13
14 **SECTION 22.** Section 38 of the Code is hereby renumbered as Section 37 and
15 amended to read as follows:

16
17 “Sec. [38] **37. FIT AND PROPER RULE AND Independent Directors -**
18 **37.1. THE COMMISSION MAY PRESCRIBE, IN ADDITION TO THOSE SET**
19 **FORTH IN THE CORPORATION CODE, SUCH QUALIFICATIONS**
20 **AND/OR DISQUALIFICATIONS FOR ELECTION OR APPOINTMENT AS**
21 **DIRECTORS OF CORPORATIONS COVERED BY THIS CODE.**

22
23 **ANY QUESTION ABOUT THE QUALIFICATION OF DIRECTORS**
24 **SHALL, AFTER PROPER HEARING, BE RESOLVED BY THE COMMISSION**
25 **IN ACCORDANCE WITH ITS RULES AND REGULATIONS.**

26
27 **37.2. [Independent Directors -]** Any corporation with a class of equity
28 securities listed for trading on an Exchange or with assets [in excess] of **AT**
29 **LEAST** Fifty million pesos (P50,000,000.00) and having two hundred (200) or
30 more holders, at least two hundred (200) of which are each holding at least one
31 hundred (100) shares of a class of its equity securities or which has sold a class of
32 equity securities to the public pursuant to an effective registration statement in
33 compliance with Section 12 hereof shall have at least two (2) [independent
34 directors] or such **NUMBER OF** independent directors **WHICH** shall constitute
35 at least [twenty percent (20%)] **THIRTY PERCENT (30%)** of the members of such
36 board, whichever is [the lesser] higher, **OR SUCH NUMBER AS THE**
37 **COMMISSION MAY FROM TIME TO TIME REQUIRE IN ACCORDANCE**
38 **WITH INTERNATIONAL STANDARDS.** For this purpose, an “independent
39 director” shall mean a person other than an officer or employee of the
40 corporation, its parent or subsidiaries, or any other individual having a
41 relationship with the corporation, which would interfere with the exercise of
42 independent judgment in carrying out the responsibilities of a director.”

43
44 **SECTION 23.** Sections 39 to 41 are hereby renumbered as Sections 38 to 40
45 accordingly.

46
47 **SECTION 24.** Section 42 of the Code is hereby renumbered as Section 41 and
48 amended to read as follows:

49
50 “Sec. [42] **41. Registration of Clearing Agencies - [42.1] 41.1.** Any clearing agency
51 may be registered as such with the Commission under the terms and conditions
52 hereinafter provided in this Section, by filing an application for registration in

1 such form and containing such information and supporting documents as the
2 Commission by rule shall prescribe, including the following:
3

4 (a) An undertaking to comply and enforce compliance by its
5 participants with the provisions of this Code, and any amendment thereto,
6 and the implementing rules or regulations made or to be made thereunder,
7 and the clearing agency's rules;
8

9 (b) The organizational charts of the [Exchange] **CLEARING AGENCY**,
10 its rules of procedure, and a list of its officers and participants;

11 xxx

12
13 [42.5] **41.5** Section [32] **31** of this Code shall apply to every registered clearing
14 agency."

15
16 **SECTION 25.** Section 42 is hereby renumbered as Section 41.

17
18 **SECTION 26.** Section 43 is hereby renumbered as Section 42 and amended to read
19 as follows:

20
21 "Sec. [43] **42. Uncertificated/Scriptless Securities.** - Notwithstanding Section 63 of
22 the Corporation Code of the Philippines: **42.1. UNLESS EXEMPTED BY THE**
23 **COMMISSION FOR JUSTIFIABLE REASONS AND UPON APPLICATION,** a
24 corporation whose securities are [registered pursuant to this Code or listed on a
25 securities Exchange may:] **LISTED IN AN EXCHANGE SHALL ISSUE ITS**
26 **SHARES, OR RECORD THE TRANSFER OR DISPOSITION OF THE SAME**
27 **IN UNCERTIFICATED OR SCRIPTLESS FORM; PROVIDED, HOWEVER,**
28 **THAT PROOF OF OWNERSHIP OF SHARES OTHER THAN IN SCRIPTLESS**
29 **FORM MAY BE ISSUED BY THE CORPORATION UNDER SUCH TERMS**
30 **AND CONDITION AS THE COMMISSION MAY PRESCRIBE.**

31
32 [(a) If so resolved by its Board of Directors and agreed by a
33 shareholder, investor or securities intermediary, issue shares to, or record
34 the transfer of some or all of its shares into the name of said shareholders,
35 investors or, securities intermediary in the form of uncertificated
36 securities. The use of uncertificated securities in these circumstances shall
37 be without prejudice to the rights of the securities intermediary
38 subsequently to require the corporation to issue a certificate in respect of
39 any shares recorded in its name; and

40
41 (b) If so provided in its articles of incorporation and by-laws, issue
42 all of the shares of a particular class in the form of uncertificated securities
43 and subject to a condition that investors may not require the corporation to
44 issue a certificate in respect of any shares recorded in their name.]
45

46 xxx
47

1 relates]: Provided, however, That any person requested or subpoenaed to
2 produce documents or testify in any investigation shall simultaneously be
3 notified in writing of the purpose of such investigation: Provided, further, That
4 all criminal complaints for violation of this Code, and the implementing rules and
5 regulations enforced or administered by the Commission shall be referred to the
6 Department of Justice for preliminary investigation and prosecution before the
7 proper court: Provided, furthermore, That in instances where the law allows
8 independent civil or criminal proceedings of violations arising from the same act,
9 the Commission shall take appropriate action to implement the same: Provided,
10 finally, That the investigation, prosecution, and trial of such cases shall be given
11 priority **BY THE COMMISSION.**

12
13 **INFORMATION OBTAINED BY THE COMMISSION DURING THE**
14 **COURSE OF ANY INVESTIGATION, WHILE THE SAME HAS NOT BEEN**
15 **TERMINATED, SHALL BE CONFIDENTIAL IN NATURE AND MAY BE**
16 **DISCLOSED ONLY UPON ORDER OF THE COMMISSION.**

17
18 **WHENEVER IT SHALL APPEAR TO THE COMMISSION THAT ANY**
19 **PERSON HAS VIOLATED THIS CODE, OTHER APPLICABLE LAWS,**
20 **RULES AND REGULATIONS THEREOF, OR A CEASE AND DESIST**
21 **ORDER ISSUED BY THE COMMISSION PURSUANT TO SUBSECTION**
22 **52.3, THE COMMISSION MAY INDEPENDENTLY AND SEPARATELY**
23 **INSTITUTE A CIVIL ENFORCEMENT ACTION BEFORE THE COURT FOR**
24 **THE PAYMENT BY THE VIOLATOR OF CIVIL PENALTIES IN**
25 **ACCORDANCE WITH SUBSECTION 62.4. A CIVIL ENFORCEMENT**
26 **ACTION INSTITUTED BY THE COMMISSION UNDER THIS PARAGRAPH**
27 **SHALL BE SEPARATE FROM AND IN ADDITION TO ANY CRIMINAL**
28 **ACTION THE COMMISSION MAY REFER TO THE DEPARTMENT OF**
29 **JUSTICE OR ANY OTHER ACTION THAT THE COMMISSION IS**
30 **ENTITLED TO TAKE UNDER THIS CODE**

31
32 [53.2] 52.2. For the purpose of any such investigation, or any other proceeding
33 **OR PROVISION** under this Code, **OR OTHER APPLICABLE LAWS, RULES**
34 **AND REGULATIONS,** the Commission or any officer designated by it is
35 empowered to administer oaths and affirmations, subpoena witnesses, compel
36 attendance **AND/OR THE TAKING OF A PERSON'S STATEMENT, OR**
37 **WHERE PERMISSIBLE, TESTIMONY UNDER OATH OR ORAL OR**
38 **WRITTEN DEPOSITION,** take evidence, require the production of any
39 **DOCUMENTS/recordS** relevant or material to the inquiry, and to perform such
40 other acts necessary in the conduct of such investigation or proceedings. **THE**
41 **COMMISSION'S POWER TO REQUIRE THE PRODUCTION OF**
42 **DOCUMENTS/RECORDS HEREIN, AS WELL AS TO DISCLOSE THE SAME**
43 **AS SET FORTH IN SUBSECTION 65.5, OR AS MAY ELSEWHERE BE**
44 **PROVIDED IN THIS CODE, OTHER APPLICABLE LAWS, RULES AND**
45 **REGULATIONS, SHALL INCLUDE INQUIRIES INTO ALL**
46 **DOCUMENTS/RECORDS, INCLUDING THOSE OF FINANCIAL**
47 **INSTITUTIONS AND/OR BANKS, AND OTHER RELATED INFORMATION**
48 **HELD BY FINANCIAL INSTITUTIONS AND/OR BANKS, AND SHALL**
49 **SERVE AS AN EXCEPTION TO THE PROVISIONS OF R.A. No. 1405 (AS**
50 **AMENDED), R.A. No. 6426 (AS AMENDED), R.A. No. 8791 (AS AMENDED)**
51 **AND OTHER APPLICABLE LAWS, RULES AND REGULATIONS.**

52
53 **THE COMMISSION SHALL HAVE THE RIGHT TO KEEP IN ITS**
54 **CUSTODY THE DOCUMENTS/RECORDS PRODUCED OR SEIZED UNDER**

1 THIS SECTION FOR SUCH PERIOD AS IT CONSIDERS NECESSARY OR
2 UNTIL IT CONCLUDES ITS INVESTIGATION. THEREAFTER, THE
3 COMMISSION SHALL RETURN THE DOCUMENTS/RECORDS TO THE
4 PERSON WHO PRODUCED THE SAME, OR AS THE CASE MAY BE, TO
5 THE COURT ISSUING THE WARRANT; PROVIDED THAT THE
6 COMMISSION MAY, BEFORE RETURNING SUCH
7 DOCUMENTS/RECORDS, COPY, REPRODUCE AND/OR PLACE
8 IDENTIFICATION MARKS ON THEM OR ANY PART THEREOF.
9

10 IN THE COURSE OF THE TAKING OF A PERSON'S STATEMENT OR
11 TESTIMONY, ORAL OR WRITTEN DEPOSITION, PURSUANT TO A
12 REQUEST FOR ASSISTANCE OF A FOREIGN SECURITIES REGULATOR,
13 THE COMMISSION MAY ALLOW THE PRESENCE OF A
14 REPRESENTATIVE FROM SUCH REQUESTING AUTHORITY.
15

16 THE COMMISSION SHALL ISSUE SUCH OTHER RULES AS MAY BE
17 APPLICABLE TO THIS SECTION."
18

19 SECTION 30. Section 54 is hereby renumbered as Section 53 and amended to read
20 as follows:

21 "Sec. [54] 53. - *Administrative Sanctions.* - [54.1] 53.1 If, after due notice and
22 hearing, the Commission finds that: (a) There is a violation of this Code, its rules,
23 or its orders; (b) Any registered broker or dealer, associated person thereof has
24 failed reasonably to supervise, with a view to preventing violations, another
25 person subject to supervision who commits any such violation; (c) Any registrant
26 or other person has, in a registration statement or in other reports, applications,
27 accounts, records or documents required by law or rules to be filed with the
28 Commission, made any untrue statement of a material fact, or omitted to state
29 any material fact required to be stated therein or necessary to make the
30 statements therein not misleading; or, in the case of an underwriter, has failed to
31 conduct an inquiry with reasonable diligence to insure that a registration
32 statement is accurate and complete in all material respects; or (d) Any person has
33 refused to permit any lawful examinations into its affairs, it shall, in its discretion,
34 and subject only to the limitations hereinafter prescribed, impose any or all of the
35 following sanctions as may be appropriate in light of the facts and circumstances:
36

37 (i) Suspension, or revocation of any registration for the offering of
38 securities;
39

40 (ii) A fine of not less than [Ten thousand pesos (P10,000.00)] **ONE**
41 **HUNDRED THOUSAND PESOS (P100,000.00)** nor more than [One
42 million pesos (P1,000,000.00)] **FIVE MILLION PESOS (P5,000,000.00)** plus
43 not more than [Two thousand pesos (P2,000.00)] **FIVE THOUSAND**
44 **PESOS (P5,000.00)** for each day of continuing violation;
45

46 (iii) In the case of a violation of Sections 16, [19.2] 18.2, [20] 19, 22,
47 [24] 23, [26] 25 and [27] 26, disqualification from being an officer, member

1 of the Board of Directors, or person performing similar functions, of an
2 issuer required to file reports under Section [17] 16 of this Code or any
3 other act, rule or regulation administered by the Commission;
4

5 (iv) In the case of a violation of Section [34] 26, a fine of no more
6 than three (3) times the profit gained or loss avoided as a result of the
7 purchase, sale or communication proscribed by such Section; and
8

9 (V) **DISGORGEMENT OF UNLAWFULLY OBTAINED**
10 **PROFITS OR RESTITUTION OF LOSSES AVOIDED THROUGH**
11 **ILLEGAL OR UNAUTHORIZED MEANS, PLUS EQUITABLE OR**
12 **BENEFICIAL INTEREST THEREON, AS MAY BE DETERMINED BY**
13 **THE COMMISSION;** and
14

15 [(v)] (VI) Other penalties within the power of the Commission to
16 impose.
17

18 [54.2] 53.2. The imposition of the foregoing administrative sanctions shall
19 be without prejudice to the filing of criminal charges **AND/OR CIVIL**
20 **ENFORCEMENT ACTIONS** against those responsible for the violation. **THE**
21 **COMMISSION MAY, MOTU PROPRIO OR UPON THE DIRECTIVE OF THE**
22 **DEPARTMENT OF JUSTICE IN THE CRIMINAL CASE OR OF THE COURT**
23 **IN THE CIVIL ENFORCEMENT ACTION, PROHIBIT THE VIOLATOR**
24 **FROM ACTING AS AN OFFICER OR MEMBER OF THE BOARD OF**
25 **DIRECTORS OF ANY ISSUER OF SECURITIES UNDER SUCH TERMS AND**
26 **CONDITIONS AS THE COMMISSION MAY PRESCRIBE.**
27

28 [54.3] 53.3. The Commission shall have the power to issue writs of execution
29 to enforce the provisions of this Section and to enforce payment of the fees and
30 other dues collectible under this Code. **THE COMMISSION SHALL**
31 **PRESCRIBE THE RULES FOR THE ISSUANCE, ENFORCEMENT AND STAY**
32 **OF SUCH WRITS OF EXECUTION. NO WRIT OF EXECUTION ISSUED**
33 **PURSUANT TO THIS SUBSECTION SHALL BE STAYED BY INJUNCTIVE**
34 **WRIT EXCEPT WHEN ISSUED BY THE COURT OF APPEALS OR THE**
35 **SUPREME COURT."**
36

37 **SECTION 31.** Sections 55 to 62 are hereby renumbered as Sections 54 to 61
38 accordingly.
39

40 **SECTION 32.** Section 63 is hereby renumbered as Section 62 and amended to
41 read as follows:
42

43 "SEC. [63] 62. *Amount of Penalties, Damages and Fines to be Awarded.* - [63.1]
44 62.1. x x x
45

46 62.4. **IN CIVIL ENFORCEMENT ACTIONS INSTITUTED BY THE**
47 **COMMISSION PURSUANT TO SUBSECTION 52.1, THE COURT SHALL**
48 **DETERMINE THE AMOUNT OF THE PENALTY IN LIGHT OF THE FACTS**
49 **AND CIRCUMSTANCES. FOR EACH VIOLATION, THE AMOUNT OF THE**
50 **PENALTY SHALL NOT BE LESS THAN ONE HUNDRED THOUSAND**
51 **PESOS (PHP100,000.00) AND SHALL BE DOUBLE THE AMOUNT OF THE**
52 **TRANSACTION PLUS ACTUAL DAMAGES AND A DAILY FINE OF FIVE**

1 THOUSAND PESOS (PHP5,000.00) UNTIL SUCH PENALTIES ARE FULLY
2 PAID; PROVIDED, FURTHER, THAT IF THE VIOLATION INVOLVED
3 FRAUD, DECEIT, MANIPULATION, OR DELIBERATE OR RECKLESS
4 DISREGARD OF A REGULATORY REQUIREMENT, THE AMOUNT OF
5 THE PENALTY SHALL NOT EXCEED TREBLE THE AMOUNT OF THE
6 TRANSACTION AND A DAILY FINE OF SEVEN THOUSAND FIVE
7 HUNDRED PESOS (PHP7,500.00) UNTIL SUCH PENALTIES ARE FULLY
8 PAID; PROVIDED FINALLY, THAT IF THE VIOLATION INVOLVED
9 FRAUD, DECEIT, MANIPULATION, OR DELIBERATE OR RECKLESS
10 DISREGARD OF A REGULATORY REQUIREMENT AND SUCH
11 VIOLATION DIRECTLY OR INDIRECTLY RESULTED IN SUBSTANTIAL
12 LOSSES OR CREATED A SIGNIFICANT RISK OF SUBSTANTIAL LOSSES
13 TO OTHER PERSONS, THE AMOUNT OF THE PENALTY SHALL NOT
14 EXCEED QUADRUPLE THE AMOUNT OF THE TRANSACTION PLUS
15 ACTUAL DAMAGES AND A DAILY FINE OF TEN THOUSAND PESOS
16 (PHP10,000.00) UNTIL SUCH PENALTIES ARE FULLY PAID; PROVIDED
17 FURTHERMORE, THAT IF THE VIOLATOR SELF-REPORTED, SELF-
18 REMEDIATED AND FULLY COOPERATED WITH THE COMMISSION'S
19 INVESTIGATION, THE MAXIMUM PENALTY SHALL BE ONE-HALF OF
20 THE AMOUNTS SPECIFIED ABOVE; PROVIDED, FINALLY, THAT IF THE
21 VIOLATOR HAS BEEN FOUND TO HAVE PREVIOUSLY VIOLATED THIS
22 CODE, ITS RULES, OR THE RULES OF SELF-REGULATORY
23 ORGANIZATION, OR HAS BEEN PREVIOUSLY ORDERED BY THE
24 COMMISSION OR BY A COURT OF COMPETENT JURISDICTION TO
25 DESIST FROM ACTS VIOLATIVE OF THIS CODE, ITS RULES, OR THE
26 RULES OF SELF-REGULATORY ORGANIZATION, THE PENALTY SHALL
27 NOT EXCEED TREBLE THE AMOUNTS SPECIFIED ABOVE.
28

29 62.5. PENALTIES IMPOSED UNDER SUBSECTION 62.4 SHALL BE
30 PAYABLE TO THE TREASURY EXCEPT AS OTHERWISE PROVIDED IN
31 SUBSECTION 62.6 and 62.7.
32

33 62.6. IF THE COMMISSION IN ANY JUDICIAL OR
34 ADMINISTRATIVE ACTION BROUGHT BY IT UNDER THIS CODE,
35 OBTAINS AN ORDER REQUIRING DISGORGEMENT AGAINST ANY
36 PERSON FOR A VIOLATION OF SUCH LAWS OR THE RULES OR
37 REGULATIONS THEREUNDER, OR SUCH PERSON AGREES IN
38 SETTLEMENT OF ANY SUCH ACTION TO SUCH DISGORGEMENT, AND
39 THE COMMISSION ALSO OBTAINS PURSUANT TO SUCH LAWS A CIVIL
40 PENALTY AGAINST SUCH PERSON, THE AMOUNT OF SUCH CIVIL
41 PENALTY SHALL, ON THE MOTION OR AT THE DIRECTION OF THE
42 COMMISSION, BE ADDED TO AND BECOME PART OF THE
43 DISGORGEMENT FUND FOR THE BENEFIT OF THE VICTIMS OF SUCH
44 VIOLATION IN ACCORDANCE WITH THE RULES AND REGULATIONS
45 THE COMMISSION SHALL PRESCRIBE THEREFOR.
46

47 62.7. FROM THE CIVIL PENALTIES AWARDED AND AFTER ANY
48 APPROPRIATE DISGORGEMENT IS MADE, THE COMMISSION SHALL
49 PAY AN AWARD TO THE WHISTLEBLOWERS WHO VOLUNTARILY
50 PROVIDED ORIGINAL INFORMATION TO THE COMMISSION CRUCIAL
51 TO THE ATTAINMENT OF THE JUDGMENT AGAINST THE VIOLATOR
52 EQUIVALENT TO NOT LESS THAN TEN PERCENT (10%) AND NOT MORE
53 THAN THIRTY PERCENT (30%), OF THE CIVIL PENALTIES AWARDED
54 TAKING INTO CONSIDERATION (A) THE SIGNIFICANCE OF THE
55 INFORMATION VIS-À-VIS THE SUCCESS OF THE CIVIL ENFORCEMENT

1 ACTION, (B) THE DEGREE OF ASSISTANCE PROVIDED BY THE
2 WHISTLEBLOWER AND HIS LEGAL REPRESENTATIVE, AND (C) SUCH
3 ADDITIONAL FACTORS AS THE COMMISSION MAY ESTABLISH BY
4 RULE OR REGULATION.
5

6 NO AWARD UNDER THIS SUBSECTION SHALL BE MADE TO ANY
7 WHISTLEBLOWER WHO:
8

9 (A) IS, OR WAS, AT THE TIME HE ACQUIRED THE ORIGINAL
10 INFORMATION, A MEMBER, OFFICER, OR EMPLOYEE OF THE
11 COMMISSION, THE DEPARTMENT OF JUSTICE, A SELF-
12 REGULATORY ORGANIZATION, A LAW ENFORCEMENT
13 ORGANIZATION OR ANY SIMILAR AGENCY OR
14 ORGANIZATION;
15

16 (B) IS CONVICTED OF A CRIMINAL VIOLATION RELATED TO
17 THE CIVIL ENFORCEMENT ACTION FOR WHICH THE
18 WHISTLEBLOWER OTHERWISE COULD RECEIVE AN AWARD
19 UNDER THIS SUBSECTION;
20

21 (C) GAINS THE INFORMATION THROUGH THE
22 PERFORMANCE OF AN AUDIT OF FINANCIAL STATEMENTS
23 REQUIRED UNDER THIS CODE; OR
24

25 (D) FAILS TO SUBMIT INFORMATION TO THE COMMISSION
26 IN SUCH FORM AS THE COMMISSION MAY REQUIRE UNDER
27 THIS CODE, THE CORPORATION CODE AND THE RULES AND
28 REGULATIONS OF THE COMMISSION.
29

30 SECTION 33. Sections 64 to 65 are hereby renumbered as Sections 63 to 64
31 accordingly.
32

33 SECTION 34. Section 66 is hereby renumbered as Section 65 and amended to
34 read as follows:
35

36 Sec. [66] 65. *Revelation of Information Filed with the Commission* AND OF
37 DOCUMENTS/RECORDS RECEIVED FROM A FOREIGN SECURITIES
38 REGULATOR. -
39

40 xxx
41

42 [66.5] 65.5 Notwithstanding anything in Subsection 66.4 to the contrary, on
43 request from a foreign **SECURITIES REGULATOR** of any country whose laws
44 grant reciprocal assistance as herein provided, the Commission [may] **SHALL**
45 provide assistance in accordance with this subsection, including the disclosure of
46 any information filed with or transmitted to the Commission **EXERCISING**
47 **SUCH POWER AS PROVIDED IN SECTION 52**, if the requesting authority
48 states that it is conducting an investigation which it deems necessary to
49 determine whether any person has violated, is violating, or is about to violate any
50 **APPLICABLE** laws, **RULES AND REGULATIONS**, relating to securities or
51 commodities matters that the requesting authority administers or enforces. Such
52 assistance **WILL NOT BE DENIED BASED ON THE FACT THAT THE TYPE**
53 **OF CONDUCT SUBJECT OF THE REQUEST FOR ASSISTANCE WOULD**

1 NOT CONSTITUTE a violation of APPLICABLE lawS, RULES AND
2 REGULATIONS of the Philippines, AS REQUESTED AUTHORITY.
3

4 ANY INFORMATION REQUESTED BY THE FOREIGN SECURITIES
5 REGULATOR COULD BE USED BY SAID REGULATOR FOR THE
6 PURPOSES SET FORTH IN THE REQUEST FOR ASSISTANCE WITHIN
7 THE GENERAL FRAMEWORK OF THE USE STATED IN THE REQUEST,
8 INCLUDING THE CONDUCT OF ANY CIVIL, ADMINISTRATIVE AND/OR
9 CRIMINAL PROCEEDING. IF THE REQUESTING AUTHORITY INTENDS
10 TO USE THE INFORMATION FOR ANY PURPOSE OTHER THAN THOSE
11 STATED IN THE REQUEST, IT MUST OBTAIN THE CONSENT OF THE
12 REQUESTED AUTHORITY.
13

14 65.6. THE COMMISSION SHALL NOT DISCLOSE THE EXISTENCE
15 OF A REQUEST FOR ASSISTANCE AS WELL AS ANY
16 DOCUMENTS/RECORDS OR TESTIMONIES OBTAINED (A) FROM A
17 FOREIGN SECURITIES REGULATOR IN CONNECTION TO A REQUEST
18 FOR ASSISTANCE MADE BY THE COMMISSION PURSUANT TO A
19 MEMORANDUM OF UNDERSTANDING AND OTHER INFORMATION
20 SHARING PROCEDURE, AND (B) FOR THE FOREIGN SECURITIES
21 REGULATOR IN RELATION TO A REQUEST FOR ASSISTANCE
22 RECEIVED BY THE COMMISSION PURSUANT TO A MEMORANDUM OF
23 UNDERSTANDING AND OTHER INFORMATION SHARING
24 PROCEDURE.
25

26 65.7. THE DISCLOSURE OF THE EXISTENCE OF A REQUEST FOR
27 ASSISTANCE SHALL BE MADE ONLY WHEN NECESSARY TO CARRY
28 OUT SUCH REQUEST. ALL OTHER INFORMATION OBTAINED UNDER
29 SECTION 65.6 SHALL BE USED ONLY AS INDICATED IN THE REQUEST
30 FOR ASSISTANCE AND IN ACCORDANCE WITH APPLICABLE LAWS,
31 RULES AND REGULATIONS, PROVIDED, THAT, THE COMMISSION
32 MUST OBTAIN THE CONSENT OF THE FOREIGN SECURITIES
33 REGULATOR FOR THE USE OF SUCH INFORMATION OTHER THAN FOR
34 THE PURPOSES INDICATED IN THE REQUEST.
35

36 SECTION 35. Section 67 is hereby renumbered as Section 66.
37

38 SECTION 36. Section 68 is hereby renumbered as Sections 67 and amended to
39 read as follows:
40

41 "Sec. [68] 67. *Special Accounting Rules.* - The Commission shall have the
42 authority to make, amend, and rescind such accounting rules and regulations **TO**
43 **BE FOLLOWED BY THE COMPANIES AND THE AUDITORS WHO AUDIT**
44 **THE FINANCIAL STATEMENTS OF THESE COMPANIES**, as may be
45 necessary to carry out the provisions of this Code, including rules and
46 regulations as may be necessary to carry out the provisions of this Code,
47 including rules and regulations governing registration statements and
48 prospectuses for various classes of securities and issuers, and defining
49 accounting, technical and trade terms used in this Code. Among other things, the
50 Commission may prescribe the form or forms in which required information shall
51 be set forth, the items or details to be shown in the balance sheet and income
52 statement, and the methods to be followed in the preparation of accounts,
53 appraisal or valuation of assets and liabilities, determination of depreciation and
54 depletion, differentiation of recurring and non-recurring income, differentiation

1 of investment and operating income, and in the preparation, where the
2 Commission deems it necessary or desirable of consolidated balance sheets or
3 income accounts of any person directly or indirectly controlling or controlled by
4 the issuer, or any person under direct or indirect common control with the issuer.
5 **THE COMMISSION MAY ALSO REQUIRE THE ACCREDITATION OF THE**
6 **AUDITORS OF CERTAIN COMPANIES REGISTERED WITH THE**
7 **COMMISSION, AND REQUIRING THESE AUDITORS TO BE SUBJECTED**
8 **TO THE COMMISSION'S OVERSIGHT ASSURANCE REVIEW.**

9
10 **SECTION 37.** Section 69 is hereby renumbered as Section 68.

11
12 **SECTION 38.** Section 70 is hereby renumbered as Section 69 and amended to read
13 as follows:

14
15 "SEC. [70] **69.** *Judicial Review of AND INJUNCTION AGAINST Commission*
16 *Orders.* - Any person aggrieved by an order of the Commission may appeal the
17 order to the Court of Appeals by petition for review in accordance with the
18 pertinent provisions of the Rules of Court. **NO COURT BELOW THE COURT**
19 **OF APPEALS SHALL HAVE JURISDICTION TO ISSUE ANY RESTRAINING**
20 **ORDER, PRELIMINARY INJUNCTION OR PRELIMINARY MANDATORY**
21 **INJUNCTION IN ANY CASE, DISPUTE OR CONTROVERSY THAT,**
22 **DIRECTLY OR INDIRECTLY, INTERFERES WITH THE PERFORMANCE BY**
23 **THE COMMISSION OF ITS DUTIES AND RESPONSIBILITIES UNDER**
24 **THIS CODE."**

25
26 **SECTION 39.** Section 71 is hereby renumbered as Section 70.

27
28 **SECTION 40.** Section 72 is hereby renumbered as Section 71 and amended to read
29 as follows:

30
31 "Sec. [72] **71.** *Rules and Regulations; Effectivity.* - [72.1] **71.1.** This Code shall be
32 self-executory. To effect the provisions and purposes of this Code, the
33 Commission may issue, amend, and rescind such rules and regulations and
34 orders necessary or appropriate, including rules and regulations defining
35 accounting, technical, and trade terms used in this Code, and prescribing the
36 form or forms in which information required in registration statements,
37 applications, and reports to the Commission shall be set forth. For purposes of its
38 rules or regulations, the Commission may classify persons, securities, and other
39 matters within its jurisdiction, prescribe different requirements for different
40 classes of persons, securities, or matters, and by rule or order, conditionally or
41 unconditionally exempt any person, security, or transaction, or class or classes of
42 persons, securities or transactions, from any or all provisions of this Code.

43
44 xxx

45
46 [72.3] **71.3.** For the purpose of Subsection [72.2] **71.2,** a purchase by or for
47 the issuer or any person controlling, controlled by, or under common control
48 with the issuer, or a purchase subject to the control of the issuer or any such
49 person, shall be deemed to be a purchase[d] by the issuer. The Commission shall
50 have the power to make rules and regulations implementing this subsection,

1 including exemptive rules and regulations covering situations in which the
2 Commission deems it unnecessary or inappropriate that a purchase of the type
3 described in this subsection shall be deemed to be a purchase by the issuer for the
4 purpose of some or all of the provisions of Subsection [72.2] 71.2.
5

6 “[72.4] 71.4 The rules and regulations promulgated by the Commission
7 **PURSUANT TO THIS CODE** shall be published in [two (2)] **A NATIONAL**
8 newspaper[s] of general circulation in the Philippines, and unless otherwise
9 prescribed by the Commission, the same shall be effective fifteen (15) days after
10 the date of the last publication.”
11

12 **SECTION 41.** Section 73 is hereby renumbered as Section 72 and amended to read
13 as follows:
14

15 *SEC. 72. Penalties.* Any person who violates any of the provisions of this Code, or
16 the rules and regulations promulgated by the Commission under authority
17 thereof, or any person who, in a registration statement filed under this Code,
18 makes any untrue statement of a material fact or omits to state any material fact
19 required to be stated therein or necessary to make the statements therein not
20 misleading, shall, upon conviction, suffer a fine of not less than [Fifty thousand
21 pesos (P50,000.00)] **TWO HUNDRED THOUSAND PESOS (P200,000.00)** nor
22 more than [Five million pesos (P5,000,000.00)] **TEN MILLION PESOS**
23 **(P10,000,000.00)** or imprisonment of not less than seven (7) years nor more than
24 twenty-one years, or both, in the discretion of the court. If the offender is a
25 corporation, partnership or association or other juridical entity, the penalty may,
26 in the discretion of the Court, be imposed upon such juridical entity and upon the
27 officer or officers of such corporation, partnership, association or entity
28 responsible for the violation, and if such offender is a non-Filipino citizen, he
29 shall, in addition to the penalties prescribed, be deported without further
30 proceedings after service of sentence.
31

32 **SECTION 42.** Section 74 is hereby renumbered as Section 73 and amended to read
33 as follows:
34

35 “Sec. [74] 73. *Transitory Provisions.* - The Commission, as organized under
36 existing laws, shall continue to exist and exercise its powers, functions and duties
37 under such laws and this Code: *Provided,* That until otherwise mandated by a
38 subsequent law, the Commission shall continue to regulate and supervise
39 commodity futures contracts as provided in Section 11 [and pre-need plans and
40 the pre-need industry as provided in Section 16] of this Code.
41

42 xxx”
43

44 **SECTION 43.** A new provision is inserted in the Code as Section 74 as follows:
45

46 “**SEC. 74. DESTRUCTION, ALTERATION, OR FALSIFICATION OF**
47 **RECORDS.** - **ANY PERSON WHO KNOWINGLY ALTERS, DESTROYS,**
48 **MUTILATES, CONCEALS, COVERS UP, FALSIFIES, OR MAKES A FALSE**
49 **ENTRY IN ANY DOCUMENT OR RECORD, IN WHATEVER FORM, AS**
50 **DEFINED BY SECTION 52.3 HEREOF SHALL BE FINED AN AMOUNT**

1 RANGING FROM FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) TO
2 TEN MILLION PESOS (PHP10,000,000.00) AND/OR IMPRISONMENT OF
3 FIVE (5) TO TWENTY (20) YEARS, AT THE DISCRETION OF THE
4 COURT.”
5

6 SECTION 44. A new provision is inserted in the Code as Section 75 as follows:

7 “SEC. 75. RETALIATION AGAINST WHISTLEBLOWERS. -ANY PERSON
8 WHO, KNOWINGLY AND WITH THE INTENT TO RETALIATE, TAKES
9 ANY ACTION HARMFUL TO ANOTHER PERSON, INCLUDING BUT NOT
10 LIMITED TO INTERFERENCE WITH THE LAWFUL EMPLOYMENT OR
11 LIVELIHOOD OF ANY PERSON, FOR PROVIDING ANY TRUTHFUL
12 INFORMATION RELATING TO THE COMMISSION OR POSSIBLE
13 COMMISSION OF ANY OFFENSE OR VIOLATION UNDER THIS CODE,
14 SHALL BE PUNISHED WITH A FINE RANGING FROM FIVE HUNDRED
15 THOUSAND PESOS (PHP500,000.00) TO ONE MILLION PESOS
16 (PHP1,000,000.00) AND/OR IMPRISONMENT OF FIVE (5) TO TEN (10)
17 YEARS, AT THE DISCRETION OF THE COURT.”
18

19 SECTION 45. *Implementing Rules and Regulations.* - The Commission shall promulgate
20 the necessary rules and regulations for the effective implementation of this Act.

21 SECTION 46. *Separability Clause.* - If any provision of this Act is declared invalid or
22 unconstitutional, other provisions hereof which are not affected thereby shall continue to be
23 in full force and effect.
24

25 SECTION 47. *Repealing Clause.* - Any law, presidential decree or issuance, executive
26 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent
27 with any provision of this Act is hereby repealed or modified accordingly.
28

29 SECTION 48. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
30 complete publication in the *Official Gazette* or in at least two (2) newspapers of general
31 circulation, whichever date comes earlier.
32

33 Approved.