

ADVISORY

Subject : SEC Memorandum Circular No. 16

Headnote : Increase in the Securities Deposit of Branch Offices of Foreign Corporations

Date : August 27, 2019

On August 6, 2019, the Securities and Exchange Commission issued Memorandum Circular No. 17 promulgating the “**Revised Guidelines on Securities Deposit of Branch Offices of Foreign Corporations**.” The guidelines was adopted to provide reasonable assurance that branch offices of foreign corporations duly licensed to do business in the Philippines shall be able to settle their obligations incurred within the Philippines and to ensure their compliance with investment requirements.

Under the guidelines, SEC securities deposit required in the Philippines is as follows:

- **Securities deposit with an actual market value of at least P500, 000 (previously P100,000) within sixty days (60) from the issuance of SEC License to do Business ;**
- **Additional securities within six (6) months after the end of the fiscal year indicated in the Financial Statements amounting to:**
 1. **2% of the licensee’s gross income in excess of P10 million (previously P5 million) or;**
 2. **Actual market value of the decrease in the securities deposit if such decrease is at least 10% from the time it was deposited.**

SEC may allow a release part of the additional securities if the gross income decreased or if the actual market value of the securities increased by at least 10%. Substitution of securities could be allowed by SEC for those already in the deposit as long as the Branch Office of a Foreign Corporation in the Philippines is solvent.

SEC MC No. 17-2019 applies to all branch offices of foreign corporations duly licensed to do business in the Philippines excluding the following:

- **Foreign Banking Corporation including offshore banking units;**
- **Foreign Insurance Corporation;**
- **Foreign Non-stock Corporations including Foreign Religious Corporations;**
- **Foreign Corporations which have established representative offices in the Philippines;**
- **Regional or Area Headquarters of Multinational Companies; and**
- **Operating Regional Headquarters of Multinational Companies**

For your reading pleasure, attached herewith is the abovementioned signed SEC Memorandum Circular No. 17-2019.



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UHY M.L. AGUIRRE & CO., CPAS

Unit 1806 Cityland Pasong Tamo Tower
2210 Chino Roces Ave., Makati City, 1230
Philippines

Phone +63 2 555 0834
Fax +63 2 804 3936
Email ask@mlaguirre.org

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