

JURISDICTION OVER LENDING INVESTOR

SEC OFFICE CIRCULAR, February 14, 2001

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In the absence of any law or option from the Secretary of Justice or any pronouncement from the Supreme Court, the SEC cannot and should not assume jurisdiction over the activities undertaken by lending investors.

The Commission is only authorized to enforce the Corporation Code of the Philippines in so far as the registration of a lending investor as a Corporation is concerned and the Securities Regulation Code in so far as its issuances of securities including commercial papers is concerned. More importantly, if lending investors borrow from more than 19 lenders for re-lending purposes, not only are the securities (promissory notes) required to be registered but the same should be properly authorized by the BSP as a quasi-banking activity and therefore should be licensed by BSP.

Accordingly, monitoring and oversight of the activities of lending investors as such is not within jurisdiction of this Commission.

Please be guided accordingly.

Adopted: 14 Feb. 2001

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Chairman

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