BDB LAW Advisory



Advisory on...

PAGE NOS.

1-10

SEC Memorandum Circular No. 15 Series of 2019 (Amendment of SEC Memorandum Circular No. 17, Series of 2018 on the Revision of the General Information Sheet (GIS) to include Beneficial Ownership Information ("2019 Revision of the GIS")

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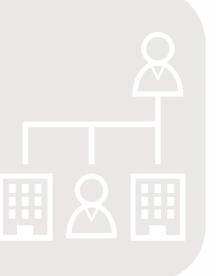
Memorandum Circular No. 15 Series of 2019



BENEFICIAL OWNER/S refer/s to any natural person/s who ultimately own/s, control/s, or exercise/s <u>ultimate</u> <u>effective control</u> over a corporation

Beneicial owners actually own or control the corporation as distinguished from the legal owners

ULTIMATE EFFECTIVE CONTROL refers to any situation in which actual ownership/control is exercised through actual or a chain of ownership or by means other than direct control



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Memorandum Circular No. 15 Series of 2019

Categories of Beneficial Owners

Natural person/s owning, directly or indirectly through a chain of ownership, at least 25% of the voting rights, voting shares, or capital of the reporting corporation. This is without prejudice to ownership thresholds that may be imposed by other regulators

Natural person/s who exercise control over a reporting corporation, alone or with others, through any contract, understanding, relationship, intermediary, or tiered entity

Natural person/s having the abilityto elect a majority of the board of directors/trustees, or any similar body, of the corporation

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Memorandum Circular No. 15 Series of 2019

Categories of Beneficial Owners

Natural person/s having the ability to exert dominant influence over the management or policies of the corporation

Natural person/s whose directions, instructions, or wishes in conducting the affairs of the corporation are carried out by majority of the members of the board of directors of such corporation who are accustomed or under an obligation to act in accordance with such person's directions, instructions, or wishes

Natural person/s acting as stewards of the properties of the corporations, where such properties are under the care or administration of said natural person/s

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Memorandum Circular No. 15 Series of 2019

Categories of Beneficial Owners

Natural person/s who actually own or control the reporting corporation through nominee shareholders or nominee directors acting for or on behalf of such natural person/s

Natural person/s ultimately owning or controlling or exercising effective control over the corporation through means not falling under any of the oregoing categories

> Natural person/s exercising control throough positions held within a corporation. This category is applicable in exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, the reporting corporation having exhausted all reasonabler means of identification and provided that there are no reasonable grounds for suspicion

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Memorandum Circular No. 15 Series of 2019

Identification of Beneficial Owner

The identity of natural person/s who ultimately has controlling ownership interest in the corporation

*owning, directly or indirectly, at least 25% of the voting shares or voting rights

The identity of natural person/s (if any) exercising control of the corporation through other means



The identity of natural person/s composing the Board of Directors/Trustees, or any similar body and/or the senior managing official of the reporting corporation

*only in exceptional circumstances where no natural person can be identified after exhausting all means to identify the beneficial owner

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Memorandum Circular No. 15 Series of 2019



In determining the natural person/s who ultimately own the corporation through indirect ownership, the "Grandfather Rule" shall be applied.

The natural person/s who ultimately owns at least 25% of the voting shares through ownership of shares in a corporate stockholder or through multiple layers of corporate stockholders shall be considered as "Beneficial Owner/s".

The natural persons composing the Board of Directors/Trustees or any similar body or senior managing official may be considered as "Beneficial Owners" provided:

- 1. No natural person is identifiable;
- 2. All other means of identification has been exhausted; and
- 3. There are no grounds for suspicion.



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Memorandum Circular No. 15 Series of 2019



Once the Beneficial Owner/s has/have been identified, the following information shall be provided, to wit:

- 1. Complete name (surname, middle name, given name, and name extension);
- 2. Specific residential address;
- 3. Date of birth;
- 4. Nationality;
- 5. Tax identification number; and
- 6. Percentage of ownership if applicable.

An updated GIS shall be submitted to the SEC within 7 working days after any relevant change in the beneficial ownership occurs or has become effective.

Corporations with multiple layers are also given the same period. If such corporation fails to do so, it shall submit the updated GIS within 30 working days from the occurrence or effectivity of the change in beneficial ownership with an explanation for the failure to submit within the period



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Memorandum Circular No. 15 Series of 2019

Penalties - Failure to Disclose



For STOCK CORPORATIONS with retained
earninigs of less than P500,000:
lst violationP10,000
P10,000
P20,000
3rd violation3rd violationP20,000
P50,000
4th and subsequent violationsP100,000

For NON-STOCK CORPORATIONSwith fundbalance of less than P500,000:1st violation1st violationP5,0002nd violationP10,0003rd violationP20,0004th and subsequent violationsP50,000

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Memorandum Circular No. 15 Series of 2019

Penalties - Failure to Disclose

For STOCK CORPORATIONS with retained earnings or NON-STOCK CORPORATIONS with fund balance of more than P500,000 but less than P5,000,000, the penalties shall be TWICE the amount of penalties imposed for those with retained earnings or fund balance of less than P500,000

For STOCK CORPORATIONS with retained earnings or NON-STOCK CORPORATIONS with fund balance of more than P5,000,000 but less than P10,000,000, the penalties shall be THRICE the amount of penalties imposed for those with retained earnings or fund balance of less than P500,000

> For STOCK CORPORATIONS with retained earnings or NON-STOCK CORPORATIONS with fund balance of P10,000,000 or more, the penalties shall be FOUR TIMES the amount of penalties imposed for those with retained earnings or fund balance of less than P500,000

Failure to submit the GIS with the required beneficial ownership information shall be prima facie proof of such violation

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Memorandum Circular No. 15 Series of 2019

Penalties - Liability of Directors/Trustees/Officers



Directors, Trustees, and/or Officers may be held liable upon failure to timely disclose in the GIS the beneficial ownership information or non-submission of the GIS within the prescribed period, without lawful cause. The following penalties shall be imposed.

1st violation	P5,000
2nd violation	P10,000
3rd violation	P20,000
4th and subsequent violations	P50,000

The following shall be considered prima facie proof of failure to exercise the due diligence required of the Directors, Trustees, and/or Officers:

 Absence of written procedures and policies to obtain, update, record, and disclose beneficial ownership information;

2. Lack of Board or senior management oversight to ensure compliance with such policies and procedures;

3. Submission of the GIS without the required beneficial ownership information; or

4. Non-submission or late submission of the GIS.