

## Advisory on...

	<u>PAGE NOS.</u>
<b>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”)</b>	<b>1-10</b>

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**SECURITIES AND EXCHANGE COMMISSION**  
**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 ultimate effective control 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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**Categories of Beneficial Owners**

**A**

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

**B**

**C**

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

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**Categories of Beneficial Owners**

**D** 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

**E**

**F** 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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**Categories of Beneficial Owners**

**G**

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 foregoing categories

**H**

**I**

Natural person/s exercising control through 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 reasonable means of identification and provided that there are no reasonable grounds for suspicion

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**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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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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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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**Penalties - Failure to Disclose**



For **STOCK CORPORATIONS** with retained earnings of less than P500,000:

1st violation	P10,000
2nd violation	P20,000
3rd violation	P50,000
4th and subsequent violations	P100,000

For **NON-STOCK CORPORATIONS** with fund balance of less than P500,000:

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



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**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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**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:

1. 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.