

**CLIENT ADVISORY BULLETIN NO. 2020-005**  
(SEC Memorandum Circulars)

May 3, 2020

Gentlemen/Mesdames,

We would like to take this opportunity to keep you informed of the issuances made by the **Securities and Exchange Commission (SEC)**, during the period of Enhanced Community Quarantine (ECQ), for your reference and guidance:

Issuance	Subject Matter	New Date/s
MC No. 13, s. 2020 <sup>1</sup> (April 21, 2020)	The submission of the <b>Sustainability Report (SR)</b> , as an attachment to the Annual Report (AR), for all Publicly-Listed Companies (PLCs) whose fiscal year ends on December 31, 2019, is extended until June 30, 2020. The extension shall automatically be applied without the need for a request. PLCs that submit their SRs, in accordance with this Memorandum Circular, shall not incur penalties for an Incomplete Annual Report.	June 30, 2020
MC No. 12, s. 2020 <sup>2</sup> (April 7, 2020)	All Publicly-Listed Companies (PLCs) intending to sale or dispose of corporate property and assets, must abide by the following guidelines, to promote good governance and the protection of minority investors: <ol style="list-style-type: none"> <li>1. The sale or disposal amounting to at least 51% of the corporation's total assets shall be considered as sale of all or substantially all of corporate property and assets, whether such sale accrued in a single transaction or in several transactions taking place within one (1) year from the date of the first transaction;</li> <li>2. In such a situation, the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, in a meeting duly called for the purpose shall be required, prior to the execution of the sale transaction;</li> </ol>	

<sup>1</sup> <http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo13.pdf>

<sup>2</sup> [http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo12\\_1.pdf](http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo12_1.pdf)

	<p>3. In aggregate sale transactions, shareholder approval shall be required for the sale transaction that breaches the 51% corporate asset threshold;</p> <p>4. The determination of whether or not the sale amounts to at least 51% of the corporation's assets must be computed based on its total assets, as shown in its latest audited financial statements, the latest quarterly financial statement or a special purpose financial statement prepared in connection with the transaction</p>	
<p><b>MC No. 11,</b> <b>s. 2020<sup>3</sup></b> (March 26, 2020)</p>	<p>Branch offices of foreign corporations duly licensed to do business in the Philippines required to file:</p> <p>(i) its initial securities deposit with an actual market value of Five Hundred Thousand Pesos (₱500,000.00), within sixty (60) days period after the issuance of its SEC license,</p> <p>(ii) additional securities deposit, under certain situations, as provided for in SEC Memorandum Circular No. 17, s. 2019,</p> <p>(iii) application for substitution securities, in case of maturing securities,</p> <p>the respective deadlines for which falls within the ECQ, shall be given thirty (30) days from the lifting thereof, to comply with the same.</p>	<p>Thirty (30) days from lifting of the ECQ</p>
<p><b>MC No. 10,</b> <b>s. 2020<sup>4</sup></b> (20 March 2020)</p>	<p>During the period of Enhanced Community Quarantine (ECQ), the SEC will accept electronic copies of the General Information Sheet (GIS), Audited Financial Statements (AFS) and all other general and special forms and letters, subject to the following guidelines:</p> <ol style="list-style-type: none"> <li>1. Document submitted should be in PDF;</li> <li>2. Submitted documents should contain an "electronic signature", as defined in Section 5(e) of Republic Act No. 8792, also known as the "Electronic Commerce Act of 2000";</li> <li>3. Submitted documents should be sent as MIME attachments to an email from a valid company email account or address of an authorized representative;</li> </ol>	<p>N/A</p>

<sup>3</sup> [http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo11\\_1.pdf](http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo11_1.pdf)

<sup>4</sup> <http://www.sec.gov.ph/wp-content/uploads/2020/03/2020MCNo10.pdf>

	<ol style="list-style-type: none"> <li>4. Documents submitted need not be notarized;</li> <li>5. The body of the email should contain a statement declaring the authenticity of the submitted documents and a commitment to submit physical versions of the exact same submitted documents to the SEC once the ECQ is lifted;</li> <li>6. The sender should request for a Return Receipt and a Delivery Status Notification</li> </ol>	
<p><b>MC No. 9, s. 2020<sup>5</sup> (March 18, 2020)</b></p>	<p>Guidelines for the filing of the General Information Sheet (GIS) during the COVID-19 outbreak and Enhanced Community Quarantine:</p> <ol style="list-style-type: none"> <li>1. Where election of directors, trustees, and officers was held, the GIS shall be submitted within thirty (30) days from actual meeting thru mail, private courier or email at <a href="mailto:mlmliwanag@sec.gov.ph">mlmliwanag@sec.gov.ph</a>, <a href="mailto:mtdmabuyo@sec.gov.ph">mtdmabuyo@sec.gov.ph</a> or <a href="mailto:cmdnotice@sec.gov.ph">cmdnotice@sec.gov.ph</a></li> </ol>	<p>Within 30 days from actual meeting</p>
	<ol style="list-style-type: none"> <li>2. Election of directors, trustees, and officers originally scheduled between 1 March 2020 to 31 May 2020, that is not held on account of health and safety reasons in relation to COVID-19 and the corporation has no facilities for remote communication, shall be reported to the SEC through a notice within thirty (30) days from the original meeting date through mail, courier or email (<a href="mailto:cmdnotice@sec.gov.ph">cmdnotice@sec.gov.ph</a>), accompanied by a statement specifying new date for election, which must be within sixty (60) days from the originally scheduled date</li> </ol>	<p>Within 30 days from original date of meeting</p>
	<ol style="list-style-type: none"> <li>3. Results of the election of directors, trustees, or officers, subsequent to the report of non-holding of elections, and which is held outside the covered period, shall be reported through the submission of a GIS within thirty (30) days from the date of actual meeting when the election was held</li> </ol>	<p>Within 30 days from actual meeting</p>

<sup>5</sup> <http://www.sec.gov.ph/wp-content/uploads/2020/03/2020MCNo09-1.pdf>

<p>MC No. 6, s. 2020<sup>6</sup> (March 12, 2020)</p>	<p>Guidelines on the attendance and participation in meetings conducted through remote or electronic means of communication:</p> <ul style="list-style-type: none"> <li>• Sec. 4 – directors who cannot physically attend or vote at board meetings can participate and vote through remote communication, but not by proxy.</li> <li>• Sec. 5 – a director who participates through remote communication shall be deemed present for purposes of determining quorum.</li> <li>• Sec. 6 – notice of meetings may be sent through electronic mail, messaging service or such other manner as may be provided in the by-laws or by board resolution, which must be sent at least two (2) days prior to the scheduled meeting.</li> <li>• Sec. 8 – the director participating in the meeting via remote communication may cast his vote through electronic mail, messaging service or such other manner as may be provided in the internal procedures, which vote shall be sent to the Presiding Officer and the Corporate Secretary for notation.</li> <li>• Sec. 10 – when so provided in the by-laws or by majority of the board, stockholders may participate in meetings through remote communications or other alternative modes of communication.</li> <li>• Sec. 11 – a stockholder who participates through remote communication or <i>in absentia</i> shall be deemed present for purposes of quorum.</li> <li>• Sec. 12 – the right to vote of stockholders may be exercised in person, through a proxy, or when so authorized in the bylaws or by a resolution of the board, through remote communication or <i>in absentia</i>. In the election of directors of corporations vested with public interest, voting may be done through remote communication or <i>in absentia</i>,</li> </ul>	
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<sup>6</sup> [http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo06\\_1.pdf](http://www.sec.gov.ph/wp-content/uploads/2020/04/2020MCNo06_1.pdf)

	<p>notwithstanding the absence of a provision in the bylaws of such corporations.</p> <ul style="list-style-type: none"> <li>• <i>Sec. 13</i> – for the convenience of the stockholders, corporations shall issue their own internal procedures embodying the mechanisms for participation in meetings and voting through remote communication or <i>in absentia</i></li> <li>• <i>Sec. 14</i> – the Secretary shall send out the notices of the election/meeting to all stockholders, through electronic mail, messaging service or such other manner as may be stated in the by-laws. Notice of regular meetings must be sent at least twenty-one (21) days prior to the scheduled meeting. Notice of special meetings must be sent at least one (1) week prior to the scheduled meeting. In case of postponement of regular meetings, written notice shall be sent at least two (2) weeks prior to the date of the meeting.</li> <li>• <i>Sec. 15</i> – meetings shall be held at the principal office of the corporation, or if not practicable, in the city or municipality where the principal office of the corporation is located.</li> </ul>	
<p><b>MC No. 5, s. 2020<sup>7</sup></b> (March 12, 2020)</p>	<p>Extending the filing period for Annual Reports and Audited Financial Statements for the year ended 31 December 2019, as follows:</p> <ol style="list-style-type: none"> <li>1. For companies doing domestic operations only</li> <li>2. For companies with domestic and foreign operations</li> </ol>	<p>30 June 2020 30 June 2020 or 60 days from the date of lifting of travel restrictions, whichever comes later</p>

<sup>7</sup> <http://www.sec.gov.ph/wp-content/uploads/2020/03/2020MCNo05.pdf>

In keeping with our commitment of providing our clients and the public with the best possible service we can, we will continue to provide you with relevant updates on issuances made by the various government agencies during the period of ECQ.

Keep safe.

Thank you very much.

  
DAMIAN M. PLACIDO, JR.  
Managing Partner

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