



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, City of Mandaluyong

**THE 2006 RULES OF PROCEDURE
OF THE
SECURITIES AND EXCHANGE COMMISSION**

Pursuant to the Securities Regulation Code (R.A. 8799), Corporation Code of the Philippines (B.P. 68), Presidential Decree No. 902-A, as amended, and other related laws, and in the interest of a just, speedy and inexpensive resolution of disputes and complaints over which the SEC has jurisdiction, the Commission hereby promulgates the following rules of procedure to govern actions and proceedings before it.

**RULE I
General Provisions**

SEC. 1-1. Title. – These Rules shall be known as the “The 2006 Rules of Procedure of the Securities and Exchange Commission”.

SEC. 1-2. Definitions. – For purposes of these Rules, the following terms shall mean:

- a. Commission – the Securities and Exchange Commission (SEC).
- b. The Code, The SRC – the Securities Regulation Code or Republic Act (R.A) 8799.
- c. Commissioner – the Chairperson or any of the Commissioners.
- d. Commission En Banc – the Commissioners appointed pursuant to the Securities Regulation Code acting as a collegial body; it is the highest governing body of the Commission.
- e. Operating Department – refers to the Company Registration and Monitoring Department (CRMD), Compliance and Enforcement Department (CED),

Corporation Finance Department (CFD), Market Regulation Department (MRD), Non-Traditional Securities and Instruments Department (NTD), and Extension Offices (EOs).

- f. Hearing Panel or Officer – any officer, body or panel duly designated or created through the pertinent office order by the Director (or Officer-in-Charge) of an Operating Department, or by the Commission pursuant to these Rules or by Resolution of the En Banc, to hear and decide a case or complaint. At least one member of the hearing panel shall be a member of the Philippine Bar.
- g. Order – any directive, other than a Decision of a Hearing Panel or Officer.
- h. Decision – means the whole or any part of the final disposition issued by a Hearing Panel or Officer, Operating Department or the Commission En Banc pertaining to any matter within its jurisdiction.
- i. Corporation – also refers to a partnership, association or any other entity registered or licensed by the Commission.
- j. Office of the General Accountant (OGA) - the office that advises, assists and provides technical support to the Commission and SEC Operating Departments on issues relating to accounting and auditing.
- k. Office of the General Counsel (OGC) – the office that advises and assists the Commission and its Directors on legal issues that may be brought before them, and it may be assigned such other functions as may be delegated by the Commission En Banc.

SEC. 1-3. Construction. – These rules shall be liberally construed in order to promote public interest and assist the parties in obtaining a just, prompt, expeditious, and inexpensive resolution, settlement, and/or disposition of all actions brought before the Commission and to carry out the objectives of the laws it is mandated to implement.

The following rules shall be used in the interpretation of certain words and phrases found in these Rules:

- (a) "Action" shall include any case, complaint or petition filed by a party before the Commission;

(b) "Complaint" or "complainant" shall have the same meaning as "petition" or "petitioner", respectively;

(c) Unless otherwise specified, the duties and responsibilities of a Director of an Operating Department as provided for in these Rules shall likewise devolve upon the Officer-in-Charge of the said department;

(d) The words "he" and "his" shall be construed as a collective reference to persons and not meant to give preferential treatment to the male gender.

SEC. 1-4. Nature of Proceedings. – Subject to the requirements of due process, the proceedings before the Commission shall be summary in nature and the technical rules of evidence used in the regular courts shall, whenever practicable, be supplementary to these Rules.

SEC. 1-5. Venue of Hearings. – As a general rule, all actions brought under these Rules shall be commenced and heard at the principal office of the Commission in Metro Manila. In cases where it involves a corporation, the principal office of which is located in a place where the Commission has an extension office, the action or complaint may be filed in the said extension office, provided that unless specified in the next following section or when the Commission en banc orders otherwise, the hearing of the action shall be held at the principal office of the Commission in Metro Manila.

SEC. 1-6. Jurisdiction of Operating Departments, Extension Offices and Special Offices over cases filed before the Commission. The Operating Departments, Extension Offices and Special Offices shall take jurisdiction over cases in accordance with their respective core functions.

SEC. 1-7. Assignment of Cases. – All actions filed with the Commission shall be assigned to a hearing panel or officer duly designated by the Director or Officer in Charge of the Operational Department which has jurisdiction over them, as the case may be, unless otherwise determined by the Commission En Banc.

RULE II

PARTIES

SEC. 2-1. Who may be Parties. - Only natural or juridical persons or entities authorized by law or a party in interest acting through an attorney-in-fact, where applicable, may be parties to any action before the Commission.

SEC. 2-2. Parties in Interest. - All actions filed with the Commission must be pursued and defended in the name of the real party in interest. All persons who have an interest in the subject of an action and in obtaining the relief demanded shall be joined as complainants. All persons who claim an interest in the controversy, or the subject thereof which is adverse to that of the complainant, or is necessary for a complete resolution or settlement of the action shall be joined as respondents.

SEC. 2-3. Intervention. - A natural or juridical person may, at any stage of the proceedings, be permitted by the Hearing Panel or Officer to intervene in an action or complaint if he has a legal interest therein or when he is so situated as to be adversely affected by the decision of the Commission.

The said party may file a motion to intervene or oppose the subject action before the Hearing Panel or Officer stating therein the reason for his intervention or opposition.

The motion should contain all the relevant supporting documents and, if allowed, shall be treated as a complaint-in-intervention. The Hearing Panel or Officer may require the original parties to the action to answer or comment on the intervention as the case may warrant or require them to submit their arguments against it in their position papers or memoranda prior to the submission of the action for resolution.

An answer to the intervention, when required by the Hearing Panel or Officer, should be filed within five (5) days from receipt of the corresponding order.

RULE III COMMENCEMENT OF ACTION

SEC. 3-1. Commencement of Actions. – An action filed under these Rules shall be commenced by filing a verified complaint with supporting documents with the Operating Department that has jurisdiction over the subject matter.

SEC. 3-2. Definition of Action. – An action refers to the right of a party to avail of the procedures provided in these Rules to protect his interests and to expect a resolution based on the facts of the case and applicable laws.

SEC. 3-3. Pleadings Allowed. – The only pleadings that may be filed in any action are the complaint, answer, reply and rejoinder, if necessary, and motions in intervention.

SEC. 3-4. Verification. – The complaint and answer shall be verified by an affidavit that states that the affiant has read the complaint or answer and that the allegations therein are true and correct of his own personal knowledge and/or based on authentic records. A verification based on "information and belief," or which lacks the proper form of verification, shall be considered as improper and may cause the summary dismissal of the complaint or the expunging of the answer.

SEC. 3-5. Non-Forum Shopping. – The complainant shall certify under oath that: (a) he has not commenced any action or filed any complaint involving the same subject matter or issues in any court, tribunal or agency and, to the best of his knowledge, no such other action is pending therein; (b) if there is such other pending action, a complete statement of its present status; and (c) if he should thereafter learn that the same or similar action has been filed or is pending, he shall report that fact within five (5) days from such knowledge to the Operating Department concerned.

Failure to comply with any of the foregoing requirements shall result in the dismissal without prejudice of the complaint. The submission of a false certification or non-compliance with any of the undertakings enumerated in the preceding paragraph shall constitute indirect contempt of the Commission and may give rise to the imposition of administrative and criminal sanctions. If the acts of the party or his counsel constitute willful forum shopping, the same

shall be considered a justifiable ground for the summary dismissal with prejudice of the action and constitute direct contempt of the Commission with the attendant administrative and criminal consequences.

SEC. 3-6. Prohibited Pleadings. - The following pleadings or any submission that is filed or made under a similar guise or title shall not be allowed:

- a) Motion to Dismiss
- b) Motion for a Bill of Particulars
- c) Motion for New Trial, Reconsideration of Judgment or Order, or Reopening of Trial;
- d) Petition for relief from judgment;
- e) Motion for extension of time to file pleadings, affidavits, or any other submission of similar intent;
- f) Motion to declare a party in default;
- g) Motion for postponement and any other motions of similar intent; and
- h) Motion for leave to amend pleadings.

Should one be filed, said prohibited pleadings or submissions shall be automatically expunged from the records of the case.

Notwithstanding sub-paragraph "g" above, the Hearing Panel or Officer may, for a compelling and valid reason, reset a hearing or conference not later than ten (10) business days thereafter.

SEC. 3-7. Duty of the Director of the Operating Department. - The Director shall, from an initial examination of the allegations or averments in the complaint and such evidence that may be attached to it, dismiss the complaint if he finds that it is insufficient in form and substance. Otherwise, he shall refer it to a Hearing Panel or Officer for investigation or examination. If the complaint has a valid and legal basis, he shall issue the appropriate summons to the parties concerned. All orders emanating from an Operating Department under this section shall be under the signature of its Director or Officer-in-Charge, as the case may be.

SEC. 3-8. Form of Pleadings. - All pleadings filed shall be written, printed or typed on bond paper in English or Pilipino.

Each pleading shall contain a caption stating the name of the Commission, the Operating Department that has jurisdiction over the action, the title of the case, the case number, if any, and a description of the pleading.

The original and three (3) signed copies of the pleading shall be filed with the Commission. All respondents shall be furnished with copies of the pleadings, except the complaint which shall be furnished by the Commission to the respondent as an attachment to the summons. Except for the initiatory pleading, there shall be filed as many additional signed copies of the said pleadings as there may be respondents.

No pleading shall be accepted by the Commission unless it conforms to the formal requirements provided for in these Rules.

SEC. 3-9. Verified Complaint. - The complaint shall contain the following information: (a) the names and residences of the parties; (b) a concise statement of the ultimate facts constituting the complainant's cause(s) of action; (c) a brief statement of the right(s) sought to be enforced; (d) the law, rule or regulation on which the complaint is based; (e) a summary of the complainant's claims; (f) a statement of the issues to be resolved; (g) the affidavits of witnesses, copies of documentary and other pieces of evidence; and (h) the relief(s) sought.

This rule notwithstanding, the Commission may, *motu proprio*, accept and take cognizance of a complaint filed under a different form in the interest of public service and social justice, or to protect the investing public.

SEC. 3-10. Capacity. - The facts showing the capacity of a party to sue or be sued, or the authority of a party to sue or be sued in a representative capacity, or the legal existence of an organized association of persons that is made a party to an action must be averred. A party desiring to raise an issue on the legal existence of any party or the capacity of any party to sue or be sued in a representative

capacity shall do so by specific denial and shall be supported by evidence that is within his knowledge. Failure to comply with this requirement shall be deemed a waiver of the right to question the capacity or authority of a party to sue or be sued.

SEC. 3-11. Answer. - Within fifteen (15) days from the service of summons, the respondent shall file his answer to the complaint and serve a copy thereof to the complainant. The answer shall contain the affidavits of witnesses and copies of documentary evidence, if any.

SEC. 3-12. Effect of Failure to Answer. - If the respondent fails to answer the complaint within the abovestated period, he shall be considered as in default. The Hearing Panel or Officer shall, *motu proprio*, proceed to render judgment granting the complainant such relief as the complaint may warrant, unless the Hearing Panel or Officer determines that the complainant should be required to submit *ex parte* additional evidence.

SEC. 3-13. Reply and Rejoinder. - Within ten (10) days from the service of the answer, the complainant may rebut any new matter raised in the answer by way of a reply. A rejoinder to the reply may be submitted by the respondent within five (5) days from receipt of the reply. The reply and rejoinder shall likewise contain the affidavits of witnesses and supporting documentary evidence, if any. The Hearing Panel or Officer may disallow the filing of a reply and rejoinder if in its/his opinion the same are not necessary under the circumstances.

SEC. 3-14. Affidavits, Documents and Other Evidence. - The affidavits of the parties' respective witnesses, documents, and other supporting evidence shall be attached to the appropriate pleading.

Supporting affidavits shall be made on personal knowledge, shall set forth such facts as will be admissible in evidence, and shall show affirmatively that the affiant is competent to testify on the matters stated therein.

SEC. 3-15. Docket Fee. - A docket fee shall be assessed by the Operating Department concerned for any

pleading filed under these Rules in accordance with the Schedule of Fees that shall form part of these Rules, and which fee shall be paid upon the filing of the subject pleading.

SEC. 3-16. Proof of Service. - Proof of service shall consist of a written admission of the party served, or the official return of the server, or the affidavit of the party serving, containing a full statement of the date, place and manner of service. If the service is by ordinary mail, proof thereof shall consist of an affidavit of the person who undertook the mailing of facts showing compliance with section 7, Rule 13 of the Rules of Court. If service is made by registered mail, proof shall be made by such affidavit and the registry receipt issued by the mailing office. The registry return card shall be filed immediately upon its receipt by the sender, or in lieu thereof the unclaimed letter together with the certified or sworn copy of the notice given by the postmaster to the addressee.

If the service is by facsimile or by any other electronic means in accordance with existing laws, proof of service shall be made in writing by the designated server setting forth the manner, place and date of service, or a written admission of the party served.

RULE IV SUMMONS

SEC. 4-1. Summons. - Upon the filing of the complaint and payment of filing fees, and determination by the Director of the Operating Department's jurisdiction over it and its sufficiency in form and substance, the proper summons to the respondent shall be issued by the Director not later than ten (10) days from the date of filing of the complaint.

SEC. 4-2. Contents. - The summons shall be directed to the respondent under the seal of the Commission and shall contain:

- a. The names of the parties to the action;
- b. An order to the respondent to answer within the time fixed by these Rules; and

- c. A notice that if the respondent fails to file its answer within the prescribed period, a judgment by default may be rendered in favor of the complainant and the relief(s) applied for may be granted.

SEC. 4-3. Alias Summons. - If the summons is returned unserved on any or all of the respondents or is lost, the Director at the instance of the complainant, may issue one (1) alias summons in the same form as the original summons.

SEC. 4-4. By Whom Summons May Be Served. - The summons may be served by the designated server of the Commission.

SEC. 4-5. Return of Summons. - When the service has been completed, the designated server shall return the summons, together with the proof of service, to the originating Operating Department.

SEC. 4-6. Personal Service of Summons. - The summons shall be served by handing a copy thereof to the respondent in person or, if he refuses to receive it, by tendering it to him. If the respondent is a corporation, partnership or association, service shall be made on its president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel.

SEC. 4-7. Substituted Service. - If, for justifiable reasons, the respondent cannot be served personally with the summons as provided in the preceding section, service may be effected either (a) by leaving a copy of the summons at the respondent's dwelling house or residence where some person of suitable age and discretion is residing, or (b) by leaving a copy at the respondent's principal office or regular place of business where some competent person is in charge.

SEC. 4-8. Service Upon Private Foreign Entities. - If the respondent is a foreign corporation doing business in the Philippines, service may be made on its resident agent designated in accordance with existing law for that purpose, or, if there is no such agent, the Commission shall transmit a copy of the summons to the home office of said foreign entity by registered mail, by facsimile or by any other electronic means in accordance with existing laws. The period to answer

shall be thirty (30) days from receipt of the summons by the home office, with the expenses that may be incurred by the Commission for such service paid in advance by the parties at whose instance the service was made.

SEC. 4-9. Service by Publication. – If the address of a respondent is unknown or, even if known, his whereabouts cannot be ascertained by diligent inquiry, service of summons may, by leave of the Director of the Operating Department concerned, be effected on him by publication of the complaint once in a newspaper of general circulation and in such places, including the Commission's website (*www.sec.gov.ph*), and for such time as the Director may order. The publication expenses shall be for the complainant's account.

If the respondent does not reside or is not found in the Philippines, service may, by leave of the Director be effected out of the Philippines by personal service in the manner provided for in Section 4-8 of these Rules; or by publication of the complaint once in a newspaper of general circulation in the Philippines and/or the country where respondent may be found and in such places as the Director may order such as but not limited to, the Commission's website. A copy of the complaint and the order granting such leave shall be sent by registered mail to the last known address of the respondent.

Any order granting such leave shall specify a reasonable time within which the respondent must answer, which shall not be less than thirty (30) days from the date of last publication, in the case of a resident respondent whose address is unknown or whose whereabouts cannot be ascertained; and not less than sixty (60) days from the date of the last publication, in the case of a non-resident respondent,

Any application for leave to effect service of summons by publication shall be made by motion in writing and supported by an affidavit of the complainant or some person on his behalf, setting forth the grounds for the application.

SEC. 4-10. Proof of Service. – The proof of service of a summons shall be made in writing by the designated server setting forth the manner, place and date of service. It

shall specify the papers served with the summons and the name of the person who received them, and shall be sworn to when made by a person other than the server of the Commission.

Service by publication on a resident respondent whose address is unknown or whose whereabouts cannot be ascertained may be proven by the affidavit of the newspaper editor, or business/advertising manager or SEC website administrator and to which affidavit a copy of the publication shall be attached.

Service by publication on a non-resident respondent may be proven, aside from the affidavit of the editor, business/advertising manager, or SEC website administrator, by the affidavit of the server stating that a copy of the complaint and the order of the Commission was sent by registered mail to the last known address of the respondent.

The respondent's voluntary appearance before the Commission shall be equivalent to service of summons for purposes of acquiring jurisdiction over his person, unless he makes an express reservation regarding on the nature of his appearance therein.

RULE V PROCEEDINGS BEFORE THE HEARING PANEL OR OFFICER

SEC. 5-1. Preliminary Conference. – In any action and upon assignment by the Director of the Operating Department concerned, the Hearing Panel or Officer shall, in compliance with the existing rules on alternative dispute resolution, set the case for conference within ten (10) days after the last pleading allowed under Section 3-13 is filed or upon expiration of the period within which to file the reply or rejoinder mentioned therein. The parties and/or their counsels, the latter with the requisite special power-of-attorney in the absence of his client, shall be directed to appear before the Hearing Panel or Officer on the date set in the notice to consider the following actions:

- a. The possibility of an amicable settlement which includes referral to mediation and other forms of Alternative Dispute Resolution (ADR);

- b. The simplification of the issues; and
- c. Such other matters that may aid in the just and speedy disposition of the case.

The Hearing Panel or Officer shall terminate the conference stage if after two (2) conferences, the parties fail to settle their differences.

SEC. 5-2. Amicable Settlement. - During the conference, the Hearing Panel or Officer shall ensure that the parties exhaust all available means to arrive at a fair and reasonable settlement of the case. The parties, with or without the assistance of counsel, shall submit during the conference specific proposals or counter-proposals to arrive at an amicable settlement of the case.

Amicable settlement shall be encouraged at any stage of the proceedings, provided it is not prejudicial to the public interest or third parties, or contrary to law, rules or regulations of the Commission, or against good morals or public policy. The amicable settlement shall be reduced into writing, duly signed by the parties and/or their counsels, and shall be the basis of the appropriate Order or Decision of the Hearing Panel or Officer.

SEC. 5-3. Failure to Appear at the Conference. - The failure of the complainant to appear at the conference shall result in the dismissal of the complaint, unless it involves public interest whereby the Hearing Panel or Officer may, *motu proprio*, reset the case for conference within five (5) days from receipt of proof of service of new summons. The respondent who appears in the absence of the complainant shall be entitled to judgment based on the facts alleged and relief(s) prayed for in the answer.

If the sole respondent fails to appear, the complainant shall be entitled to judgment in accordance with the immediately preceding paragraph. However, this rule shall not apply if one or more respondents who have been sued under a common cause of action and who have pleaded a common defense appear at the conference.

No other conferences, other than the circumstance mentioned in the first paragraph of this section, shall be called

in the event any of the parties to the action is absent or fails to attend the first conference called for this purpose, except for valid reasons as determined by the Hearing Panel or Officer.

SEC. 5-4. Conference Order. - After the conference, the Hearing Panel or Officer shall issue an Order stating the action taken during the conference, the stipulations made by the parties on any of the matters considered, and the evidence the parties have agreed upon.

RULE VI DECISION

SEC. 6-1. Decision. - The Hearing Panel or Officer shall decide the complaint within thirty (30) days from its submission for resolution. The Decision shall contain a clear statement of the facts proven or admitted by the parties and the law on which the resolution is based. The Decision shall be signed by the Director of the Operating Department concerned and be served on the parties not later than ten (10) days after its promulgation.

SEC. 6-2. Finality of Decision. - The Decision of the Hearing Panel or Officer, in the absence of a timely appeal, shall become final and executory upon entry in the Book of Entry of Judgment.

SEC. 6-3. Clarificatory Conference. - Notwithstanding the immediately preceding section, at any time after the case has been submitted for resolution, the hearing panel/officer may, in his discretion, require a further clarificatory examination of documents, or submission of additional documentation to ascertain factual issues pertinent and necessary to the resolution/decision of the case. Nothing herein shall be construed to extend the period for decision stated in Sec. 6-1 above.

RULE VII CONTEMPT

SEC. 7-1. Direct Contempt. - The Commission or the Hearing Panel or any authorized officer may summarily pass judgment on acts of direct contempt committed in the presence of, or so near, the Chairman or any Commissioner or Hearing Panel or Officer as to obstruct or interrupt the proceedings, including disrespect towards the Hearing Panel or Officer, offensive acts towards others, and other contumacious acts. Those found to be in direct contempt shall be punished in accordance with the penalties prescribed by the Rules of Court. The Hearing Panel or Officer may, through the OGC, request the law enforcement agencies of the locality where the hearing or investigation is being conducted to assist in the exercise of this disciplinary authority.

SEC. 7-2. Indirect Contempt. - The Commission or the Hearing Panel or Officer may, after observance of due process, cite or punish any person for indirect contempt on any of the grounds prescribed under the Revised Rules of Court.

RULE VIII SUBPOENA AND SUBPOENA DUCES TECUM

SEC. 8-1. When Issued. - If the attendance of a witness or the production of specified documents is necessary, any Operating Department or any party can request the issuance of a subpoena or subpoena duces tecum in the course of any investigation or in any proceeding of the Commission. Provided, however, that the CED may, *motu proprio*, issue a subpoena pursuant to an investigation.

RULE IX PRODUCTION OR INSPECTION OF DOCUMENTS OR THINGS

SEC. 9-1. Motion for Production or Inspection Order. - Upon motion of any party showing good cause therefor, the Hearing Panel or Officer may (a) order any party to produce and permit the inspection and copying or photographing, by or on behalf of the requesting party, of any designated documents, papers, books, accounts, letters,

photographs, objects or tangible things, not otherwise privileged, which constitute or contain evidence material to any matter involved in the complaint and are in his possession, custody or control; or (b) order any party to permit entry into a designated place or other property in his possession or control for the purpose of inspecting, measuring, surveying, or photographing the property or any designated relevant object of operation in the premises.

The order shall specify the time, place and manner of the inspection and taking of copies and photographs, and may prescribe other terms and conditions that are justified by the circumstances; Provided, however, that the request for production or inspection of documents or things shall be made before or during the conference and only for documents and things previously referred to in the complaint, answer or other pertinent pleadings.

RULE X CEASE AND DESIST ORDER

SEC. 10-1. Who May Apply. – A verified complaint may be filed by the aggrieved party with the Commission, through the CED, for the issuance of a Cease and Desist Order (CDO) pursuant to the provisions of Section 64 of the SRC.

SEC. 10-2. Issuance of a CDO. – The Commission, through the OGC, after proper investigation or verification by the CED, *motu proprio*, or upon verified complaint, may issue a CDO without the necessity of a prior hearing if in its judgment the act or practice, unless restrained, will operate as a fraud on investors or is otherwise likely to cause grave or irreparable injury or prejudice to the investing public.

For other cases however, the Commission En Banc may issue an order for the grant of a CDO as it may deem necessary and warranted in accordance with its powers under existing laws. The CDO shall also be available in the case of anonymous complaints or based on information that has come to its attention which requires immediate action to protect the interests of the public

SEC. 10-3. Lifting of CDO. - A party against whom a CDO was issued may, within a non-extendible period of five (5) business days from receipt of the order, file a formal request or motion for the lifting thereof with the OGC. Said motion or request shall be set for hearing by the OGC not later than fifteen (15) days from its filing and the resolution thereof shall be made not later than ten (10) days from the termination of the hearing.

SEC. 10-4. Who May Issue a Provisional Remedy. - A provisional remedy may be issued by the Director of the CED on the basis of his initial evaluation of the issue, or upon the recommendation of the Hearing Panel or Officer, as the case may be.

The Commission En Banc, however, may issue an order for the grant of a CDO as it may deem necessary and warranted in accordance with its powers under existing laws. The CDO shall also be available in the case of anonymous complaints or based on information that has come to its attention which requires immediate action to protect the interests of the public.

SEC. 10-5. Failure to File Motion to Lift. - (a) If the respondent fails to file a motion to lift CDO within the prescribed period, the Director of the CED may file with the Commission a motion to make the CDO permanent, attaching thereto a draft Order making the CDO permanent. The Order shall contain the following:

- i. a brief and procedural history of the case;
- ii. a statement declaring the CDO as permanent;
- iii. a statement ordering the respondent to appear before the Commission within fifteen (15) days to file its Comment and to show cause why the stated penalty should not be imposed.

(b) The Commission may conduct hearing within fifteen (15) business days from the filing of the motion to make the CDO permanent. After the termination of the hearing, the Commission shall resolve the motion within ten (10) business days.

SEC. 10-6. Dissemination of the CDO. - Upon the issuance of a CDO, the CED shall (a) serve it on the

respondent/s or any of its authorized representatives; (b) post copies of the order at the entrance of the main office and/or branches, if any, of the respondent/s, and (c) post it in the Commission's Internet website. The CDO may, as determined by the Director of the CED and at the discretion of the Commission, be published in newspapers of general circulation or other media outlets.

SEC. 10-7. Automatic Lifting of the CDO. - (a) In the event that the motion or request to lift the CDO is not resolved within the prescribed period, the CDO shall be automatically lifted.

SEC. 10-8. Prohibitions. - No pleading, motion or submission in any form that may prevent the resolution of an application for a CDO by the Commission shall be entertained except under Rule XII herein. A CDO, when issued, shall not be the subject of an appeal and no appeal from it will be entertained; Provided, however, that an order by the Director of the Operating Department denying the motion to lift a CDO may be appealed to the Commission En Banc through the OGC.

SEC. 10-9. Settlement Offers. - A settlement offer in accordance with Sec. 55 of the SRC and SRC Rule 55.1, shall be made in writing and signed by the party making the offer at any stage of the proceedings, *provided*, that no settlement offer shall be accepted after an Order shall have become final and executory, *provided further*, that if the respondent is a juridical person, the necessary board resolution shall also be attached to the offer.

SEC. 10-10. Criteria for Settlement Offer. - (a) In recommending the approval or if the Operating Department's recommendation is unfavorable but the proposer so requests that the offer be presented to the Commission En Banc, the Director of the CED, after consultation with the handling lawyer/team, shall prepare a memorandum for the Commission, taking into consideration the following:

- i. The gravity of the offense;
- ii. The amount and time spent by the Commission;
- iii. The chances of a favorable decision if the case were to go to trial;

iv. Whether the respondent has previously violated any provision of any law being administered by the Commission;

v. The total imposable penalty;

vi. The damage caused, if any;

vii. Whether the settlement is in the public interest.

viii. Other pertinent matters.

(b) No settlement offer that is less than fifteen (15%) percent of the total imposable penalty or damage caused shall be accepted.

RULE XI APPEALS FROM DECISIONS OR ORDERS OF OPERATING DEPARTMENTS

SEC. 11-1. Ordinary Appeal. - An appeal to the Commission En Banc may be taken from a decision, order, or resolution issued by an Operating Department if there are questions of fact, of law, or mixed questions of fact and law.

SEC. 11-2. How Appeal is Taken. - Appeal may be taken by serving upon the adverse party and filing with the Commission En Banc within fifteen (15) days from notice of Decision, Order or Ruling, a Notice of Appeal and a Memorandum on Appeal and paying the corresponding docket fee therefor. Provided, that no appeal shall be given due course unless it includes a certification of non-filing of multiple petitions and complaints provided for in Section 3-5 hereof.

SEC. 11-3. Perfection of Appeal. - The appeal shall be deemed perfected upon the filing of the Memorandum on Appeal and payment of the required docket fee within the period provided for in these Rules.

SEC. 11-4. Memorandum on Appeal; Form and Contents of Appeal . The Memorandum on Appeal shall specify the parties to the appeal; designate the Decision, Order or Ruling or part thereof appealed from; and shall

indicate the material dates to show that the appeal was seasonably filed.

The full names of all the parties to the proceedings shall be stated in the caption of the Memorandum on Appeal and shall include the decision, order or ruling from which the appeal is taken, and, in chronological order, copies of any such pleadings, petition, motions and all interlocutory orders as are related to the appealed decision, order or ruling and necessary for the proper understanding of the issues involved, together with such date as will show that the appeal was perfected on time. The Memorandum on Appeal in seven (7) copies shall contain a concise statement of facts and issues involved, the errors assigned, the grounds relied upon for the appeal and the arguments in support thereof.

SEC. 11-5. Reply Memorandum. - The appellee shall file seven (7) copies of the reply memorandum with the Commission En Banc, furnishing copies thereof to the appellant within ten (10) days from receipt of the Order to file reply memorandum.

Failure to file the reply memorandum within the prescribed period in the Order shall be construed as a waiver to file the same.

SEC. 11-6. Dismissal of Appeal for Non-Compliance. - The appeal may be dismissed by the Commission En Banc for failure to comply with these Rules, or failure to perfect the appeal within the prescribed period.

SEC. 11-7. When Appeal Deemed Submitted for Decision. - Upon the filing of the reply memorandum with the Commission En Banc, or after the expiration of the period to file the same and no such memorandum has been filed, the appeal shall be deemed submitted for decision, unless the Commission En Banc *motu proprio*, or upon motion and for special reason, sets the case for oral arguments.

SEC. 11-8. Review Standard. - Findings of fact by the Operating Department shall not be disturbed by the Commission En Banc unless serious errors of fact have been committed.

SEC. 11-9. Disposition of the Appeal. - The Commission En Banc may affirm, reverse or modify the Decision, Order or ruling appealed from, or direct further proceedings to be taken thereon. No motion for reconsideration of the Decision of the Commission En Banc shall be entertained.

**RULE XII
PETITION FOR REVIEW ON CERTIORARI**

SEC. 12-1. Petition for Review on Certiorari. When any Hearing Officer/Panel of the Commission, has acted without or in excess of its jurisdiction, or with grave abuse of discretion and there is no appeal, nor any plain, speedy and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition with the Commission En Banc alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings, order or ruling of such Hearing Officer or Panel and granting such relief as the applicable laws may require.

The Petition shall be accompanied by a certified true copy of the Judgment, Order or Ruling subject thereof, together with the copies of all pleadings and documents relevant thereto. Provided that no petition for review on certiorari shall be given due course unless it includes a certification of non-filing of multiple petitions and complaints provided for in Section 3-5 hereof.

SEC. 12-2. Where petition filed. The petition shall be filed with the Commission En Banc in seven (7) copies, within ten (10) days from receipt of the order or ruling subject of the petition, furnishing a copy thereof to the party interested in sustaining the order and the Hearing Officer/Panel who issued the same.

SEC. 12-3. Parties Respondent. When the Petition filed relates to the acts or omission of a Hearing Officer of the Commission, the petitioner shall join, as parties respondent, the person or persons interested in sustaining the order; and it shall be the duty of such person or persons to defend the questioned order or ruling.

SEC. 12-4. Order to Answer. If the Petition is sufficient in form and substance to justify such process, the Commission En Banc shall issue an order requiring the respondent/s to answer the petition within ten (10) days from receipt of a copy thereof. Such order shall be served to the respondent in such manner as the Commission En Banc may direct.

SEC. 12-5. Expediting Proceedings. The Commission En Banc may issue any and all orders that shall expedite the proceedings.

SEC. 12-6. Summary Proceedings. The proceedings before the Commission En Banc shall be summary in nature. Upon receipt of the verified petition, the Commission En Banc may either dismiss the petition if it is not sufficient in form and substance or if it is filed manifestly for delay or if from its face there is no showing that in issuing the questioned Order or Ruling, the Hearing Officer/Panel acted without or in excess of jurisdiction, or with grave abuse of discretion. It may require the party or parties interested in sustaining the questioned Order or Ruling, to Comment or Answer thereon within ten (10) days from notice upon the filing of which the petition is deemed submitted for resolution, unless the Commission En Banc sets the case for oral arguments.

SEC. 12-7. Stay of the Action. No petition for review or certiorari shall stay the progress of the action in the main case unless the Commission En Banc orders otherwise. The Commission En Banc may also issue a status quo Order for the preservation of the rights of the parties during the pendency of the proceedings.

RULE XIII EFFECTIVITY

SEC. 13-1. Transitory Provisions. - All matters pending resolution before the Commission under other rules of procedure that have been submitted for resolution at the time of the approval of these Rules shall be decided under the said rules. In all other cases, these Rules shall apply.

SEC. 13-2. Repeal and Separability. – All existing rules, regulations or orders or any part thereof that are inconsistent with these Rules are hereby repealed, amended or modified accordingly. If any part or provision of these Rules is declared unconstitutional or illegal, the other parts or provisions shall remain valid.

SEC. 13-3. Effectivity. – These Rules shall take effect fifteen (15) days after publication in two (2) newspapers of general circulation.

Mandaluyong City, December 21, 2006.


DE B. BARIN
Chairperson


MA. JUANITA E. CUETO
Commissioner


JESUS E. G. MARTINEZ
Commissioner


RAUL J. PALABRICA
Commissioner


THADDEUS E. VENTURANZA
Commissioner

**Schedule of Docket Fees in accordance with
Section 3-15 of the SEC Revised Rules of
Procedure**

Departments	Complaints/ Petitions (inclusive of U.P. legal research fee)	Request for Opinion	Complaint (for misstatement of financial statements)	Complaint (for deviation from the Generally Accepted Accounting Principles in the Philippines	Complaint (for other than those described above)
Office of the General Counsel (OGC)	2,020.00	5,000.00			
Office of the General Accountant (OGA)		5,000.00	2,000.00 or 0.001% of the amount of alleged misstatement, whichever is higher	2,000.00 or 0.001% of the value of the resulting adjustment (if any), whichever is higher	2,000.00
Corporate Finance Department (CFD)	2,020.00	5,000.00			
Non-Traditional Securities and Instruments Department (NTD)	310.00	5,000.00			
Company Registration and Monitoring Department (CRMD)	2,000.00	5,000.00			
Compliance and Enforcement Department (CED)	510.00	5,000.00			
Market Regulation Department (MRD)	2,020.00	5,000.00			