

Incomplete/Incorrect Advisement Report:

**FIRST OFFENSE:**

Reprimand

**SECOND OFFENSE:**

Basic Penalty: P10,000.00

Daily Penalty: 200.00

**THIRD OFFENSE**

Basic Penalty: P20,000.00

Daily Penalty: 400.00

Continued non-payment of the assessed fine and/or failure to comply with the requirement within a period of fifteen (15) days after notice and hearing, shall be a sufficient ground for the Commission to take other appropriate action or remedies available under Section 158 of the Revised Corporation Code of the Philippines.

Further, the commission of a fourth offense for the same violation is a ground for the suspension/revocation of the erring company's registration or secondary license, which shall be made after notice and hearing, in accordance with the abovementioned procedures.

This is without prejudice to administrative penalties that may be imposed by the Commission pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities Regulation Code and other related laws.

## C. ABUSIVE MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to Sections 26 and 27 of the Revised Corporation Code, an interested director or officer of a corporation shall be disqualified from being a director, trustee or officer of any other corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested director or officer for abusive material RPTs. The disqualification shall be for a period of at least one (1) year or more, as may be determined by the Commission.

The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by the Commission, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code of the Philippines, Securities Regulation Code, and other related laws.

### CONTACT US

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# RULES ON MATERIAL RELATED PARTY TRANSACTIONS FOR PUBLICLY-LISTED COMPANIES

SEC MEMORANDUM  
CIRCULAR NO. 10,  
SERIES OF 2019

## RULES ON MATERIAL RELATED PARTY TRANSACTIONS

Securities and Exchange Commission recognizes that transactions between and among related parties may create financial, commercial and economic benefits to individual institutions and to the entire group where said institutions belong.

In this regard, related party transactions (RPTs) are generally allowed provided, that when RPTs amount to ten percent (10%) or higher of a company's total assets, it shall be considered as material related party transactions subject to these Rules.



**THE RULES APPLY ONLY TO MATERIAL RPTs OR RPTs AMOUNTING TO TEN PERCENT (10%) OR HIGHER OF A COMPANY'S TOTAL ASSETS. COMPLIANCE TO THESE RULES SHALL BE MANDATORY FOR ALL PUBLICLY-LISTED COMPANIES (PLCS).**



## DISCLOSURE/REPORTORIAL REQUIREMENTS

1. All existing publicly-listed companies shall be required to submit to the Commission a policy on material related party transactions in accordance with these Rules within six (6) months from the effectivity of the Material RPT Rules. Companies listed after the effectivity of these Rules shall be required to submit their Material RPT Policy in accordance with these Rules within six (6) months from listing date. The policy shall be signed by the company's Chairman of the Board and Compliance Officer.
2. The Material RPT Policy with accessible link shall be posted on the company's website within five days (5) from its submission to the Commission.
3. The Advisement Report on Material RPTs (Annex A of the Rules) shall be filed within three (3) calendar days after the execution date of the transaction. The Advisement Report shall be signed by the reporting PLC's Corporate Secretary or authorized representative.

4. A summary of material related party transactions entered into during the reporting year shall be disclosed in the company's Integrated Annual Corporate Governance Report (I-ACGR) submitted annually every May 30.

## IMPOSABLE PENALTIES

- a. Non/late filing of or incomplete/incorrect signature in the Material Related Party Transaction Policy

BASIC PENALTY: P10,000.00  
MONTHLY PENALTY: 1,000.00

The monthly penalty will continue to accrue until the Material RPT Policy is submitted to the SEC.

- b. Non/Late Filing of or Incomplete/Incorrect Advisement Report

Non/Late filing of Advisement Report:

FIRST OFFENSE:

Reprimand

SECOND OFFENSE:

Basic Penalty: P30,000.00

Daily Penalty: 200.00

THIRD OFFENSE

Basic Penalty: P40,000.00

Daily Penalty: 400.00