

SECURITIES AND EXCHANGE COMMISSION
ANNUAL REPORT 2009

Encouraging
Philippine Business Enterprises
to be Conscious of and
Responsive to their
Corporate Social
Responsibility

TABLE OF CONTENTS

1	Mission
	Values
2	2009 Vision
3	Message of the Commission
4	OPERATIONAL HIGHLIGHTS
5	/ Public Information and Education
9	/ Registration, Licensing and Accreditation
16	/ Public Assistance and Prosecution of Cases
20	REGULATORY ISSUANCES
26	FISCAL PERFORMANCE
32	Corporate Social Responsibility
35	2010 Vision
36	2010 Commissioners
37	Directors
38	Accomplishments by Major Final Output
46	Organizational Chart
47	Find us here
48	Directory
50	Editorial Committee



MISSION

To strengthen the corporate and capital market infrastructure of the Philippines, and to maintain a regulatory system based on international best standards and practices, that promotes the interests of investors in a free, fair and competitive environment

We shall be guided in this mission by the values of **INTEGRITY, PROFESSIONALISM, ACCOUNTABILITY, INDEPENDENCE AND INITIATIVE.**

VALUES

INTEGRITY	We are morally upright, honest, sincere in our private and public lives.
PROFESSIONALISM	We consistently implement the law, provide timely, efficient and competent service to the public.
ACCOUNTABILITY	We abide by prescribed ethical and work standards in government service.
INDEPENDENCE	We act without fear or favor, and render sound judgment in the performance of our duties and responsibilities.
INITIATIVE	We are strategic and forward looking in the fulfillment of our developmental and regulatory functions.

SECURITIES AND EXCHANGE COMMISSION



SEC 2009 Vision

By December 31, 2009, the Securities and Exchange Commission shall have laid down policies and procedures that will encourage Philippine business enterprises to be conscious of and responsive to their corporate social responsibility to their employees, community stakeholders and our country.



MESSAGE

We are presenting, with pride, the 2009 Annual Report of the Securities and Exchange Commission which summarizes our principal accomplishments for the year.

Our country and the rest of the international community greeted the entry of 2009 with some degree of pessimism and apprehension on account of the September 2008 financial meltdown in the United States which later spread to the rest of the world.

Taking its cue from the national leadership, the SEC undertook the appropriate measures to mitigate the adverse effects, both direct and indirect, of what has been described as the worst economic problem ever to hit the world since the Great Depression in the 1930s.

This Annual Report retraces the activities and programs that the SEC put in place to enable our country to ride out, with the least inconvenience and suffering to our people, the resulting economic contraction.

Judging from the results, we can say that our actions bore fruit. Although the worst of the financial crisis is over, however, the years ahead remain a challenge we must face with fresh insights and renewed spirit.

The gains in 2009 show that we can, as a people working together, look forward to an economy that is resilient and capable of meeting the challenges to its viability and strength.

May we all remain committed to the fulfillment of our duties and responsibilities to our people and the government we serve.

MABUHAY!

Chair Fe B. Barin
Commissioners Ma. Juanita E. Cueto,
Raul J. Palabrica, Manuel Huberto B. Gaité
and Eladio M. Jala

OPERATIONAL HIGHLIGHTS



WITH the adverse effects of the once-in-a-millennium financial meltdown that hit the United States in September 2008, which later spread to Europe and other parts of the world, still lingering, 2009 was a challenging year for the Philippine capital market.

Unsure of the future, the country's business, commercial and industrial sectors adopted a wait-and-see attitude. Investment and expansion plans and programs were either reviewed or put on hold in anticipation of events or developments in the global financial community that may influence the course of such plans and programs.

A feeling of pessimism pervaded in the major financial capitals of the world. In the process, the conventional principles on free trade, market forces, private initiative, and government deregulation came under scrutiny to determine their relevance or effectiveness under present conditions.

In line with the course of action laid down by the national government to meet the challenges of what was then thought of as a potential Great Depression, Part II, the Securities and Exchange Commission undertook the appropriate measures to help restore confidence in the Philippine economy and the ability of our people to ride over problems caused about by circumstances beyond their control.

PUBLIC INFORMATION AND EDUCATION

AS in times past of similar nature, the global financial crisis spawned its version of "snake oil" salesmen and con artists who fed on the financial apprehensions of the public.

Several companies engaged in activities that offered or promised to give to unsuspecting "investors" dividends or products in consideration for their purchase or subscription to the companies' stocks, participation shares or securities.

Last year, the SEC, through its Enforcement and Prosecution Department (EPD) received information from the public about four (4) companies that were allegedly engaged in the offering or sale of securities to the public without the benefit of a secondary license issued by the SEC, in violation of the Securities Regulation Code (Republic Act No. 8799).

Upon verification of SEC records and inspection of the addresses stated in their certificate of registration, which were found to be either unoccupied or no longer valid, EPD posted warnings or advisories in the SEC website about entering into transactions with the said corporations.

The following are the names of these companies and the unlawful activities they engaged in:

NAME OF CORPORATION	NATURE OF ACTIVITY AND FINDINGS
Talbot & Reese, Inc.	<p>It engaged in boiler room operations and cold calling activities that promised huge profits to prospective investors.</p> <p>Has no authority or license to solicit investments from the public.</p> <p>Has no secondary license to act as broker/dealer in securities, investment adviser, investment house, or transfer agent.</p>
ROP Business Provider Corp.	<p>It solicited investments from the public in the form of investment contracts or loans that promised high rates of returns.</p> <p>Has no authority or license to solicit investments from the public.</p>
Rise E-Commerce Systems, Inc.	<p>It solicited investments from the public in the form of investment contracts.</p> <p>Has no authority or license to solicit investments from the public.</p>
Goodlife Fashion & Accessories Enterprise Corp.	<p>It solicited investments from the public in the form of a DOUBLE YOUR MONEY scheme that offered investments in the form of Distributorship Agreements and promised profits ranging from 14% to 30% per month.</p> <p>The investors were invited to open branches to sell, on consignment basis, the goods of the corporation.</p> <p>Has no authority or license to solicit investments from the public.</p>

To protect the public against these companies, EPD posted written warnings in the SEC website <sec.gov.ph> and sent notices to national newspapers of general circulation informing them about their illegal activities and advised the public to desist from entering into transactions with them and to report to EPD their illegal activities.

In addition, the SEC issued cease-and-desist orders against eleven (11) companies engaged in unlawful solicitation activities and alerted the public against dealing with the said companies. The details of the said orders are summarized as follows:

NAME OF CORPORATION	NATURE OF ACTIVITY AND FINDINGS
Legacy Consolidated Plans, Inc. Legacy Card, Inc. Galaxy Realty & Holdings, Inc. Shining Armor Property, Inc. One Realty Corporation One Card Company, Inc.	<p>These companies enticed the public to invest in various investment contracts, such as, Double Your Money (3-year or 5-year plan) Program, Mutual Fund, Pre-Need Buy Back with Deed of Assignment, Motor Vehicle with Money Back, Maxicore and bank products called Certificate of Time Deposit and One Card International Credit Cards, which the solicitors represented as safe investments that can generate 100% rate of interest.</p> <p>Postdated checks are issued upon receipt of the investment representing settlement of promised returns on equal, monthly or quarterly basis.</p> <p>These companies are not authorized or licensed to solicit investments from the public.</p>
Crown Regency Holiday International, Inc. Fuente Triangle Realty Development Corp. Megatrend Realty Networks, Inc. Boracay Multiple Properties Developers	<p>These companies are not authorized or licensed to solicit investments from the public.</p>
Capitol Plans, Inc.	<p>The company was engaged in the offer, sale and issuance to the public of unregistered pre-need plans without a dealer's license.</p>

To enhance its information and education campaign in the other sectors of our society, the SEC, through its Speakers Bureau, conducted briefings for students from different colleges and universities of the country on the following subjects:

- Investment Scams and Internet Frauds
- Anti-Money Laundering Act
- Company Registration and Reportorial Requirements
- Financial Reporting Process

These briefings were attended by six hundred twenty nine (629) students from eleven (11) educational institutions, the details of which are shown in the table below:

Date of Briefing	Name of School	Number of Participants
January 27	Technological Institute of the Philippines	45
February 6	Laguna Santiago Educational Foundation	29
February 18	Jesus is Lord Colleges Foundation	34
February 20	Camarines Norte State Colleges	42
March 30 and April 1	University of St. La Salle – Bacolod City	93
April 21	Holy Trinity Colleges – Puerto Princesa City	41
September 2	Saint Mary’s University – Bayombong, Nueva Vizcaya	88
September 14	Ateneo de Naga University	128
October 8	University of St. La Salle – Bacolod City	100
October 22	Palawan State University	29

In addition, the SEC conducted public seminars in the cities of Davao, Cagayan de Oro and Bacolod for lawyers, accountants and other professionals, in coordination with the local chapters of the Philippine Institute of Certified Public Accountants (PICPA), on the latest accounting rules and regulations, reportorial requirements and other relevant legal issues.

Similar briefing sessions were also held for members of PICPA in Metro Manila, Association of Certified Public Accountants in Public Practice, Association of Certified Public Accountants in Commerce and Industry, Association of Certified Public Accountants in Education and the Financial Executives of the Philippines.



REGISTRATION, LICENSING AND ACCREDITATION

DESPITE the financial crisis, the registration of domestic corporations and partnerships, and licensing of foreign corporations to do business in the Philippines remained steady as in the previous years.

In 2009, the SEC registered 14,045 stock corporations, 9,408 non-stock corporations, and 2,682 partnerships.

It issued licenses to sixty nine (69) branch offices and forty three (43) representative offices of foreign corporations, while two (2) regional headquarters and twelve (12) regional office headquarters licenses were issued to multinational corporations.

Tables 1 and 2 below show last year's Top 10 corporations and their respective paid-up capitals, and the capitalization of the corporations broken down according to the nature of their business activity.

TOP CORPORATIONS REGISTERED in 2009

(based on Initial Paid-up Capital)

RANK	NAME	PAID-UP CAPITAL (PhP)	NATURE OF BUSINESS
1	Smartmatic TIM Corporation	1,130,000,000	Trading
2	Sumisho Motor Finance Corp.	1,000,000,000	Financing
3	Integrated Geosolutions, Inc.	600,000,000	Realty
4	Manila North Harbor Port, Inc.	500,000,000	Sea Transport
5	Nove Ferum Holdings, Inc.	440,000,000	Holding
6	82 Alpha Holdings Corp.	360,000,000	Holding
7	Boracay Island Water Co.	300,000,000	Water Sewerage
8	Neiman Rhodes Holdings, Inc. United Golden Star Energy, Inc. Philippine Geiko Holdings, Inc.	200,000,000 200,000,000 200,000,000	Holding Power Generation Holding
9	Topcoal Trading Corp.	150,000,000	Trading
10	Marcventures Mineral Holdings	360,000,000	Holding

INCREASE OF CAPITAL STOCK

(more than Php 500 Million)

NATURE OF BUSINESS	PAID-UP CAPITAL
1. Holding	PhP 1,716,843,163
2. Realty	PhP 805,952,508
3. Trading	PhP 1,342,500,000

There was a seventy seven percent (77%) increase in the value of the securities registered with the SEC during the preceding year. The equity and debt securities, and proprietary and non-proprietary shares or certificates registered had an aggregate value of PhP110.326 Billion, broken down as follows:

TYPE OF SECURITIES	VALUE
Equity Securities	PhP 12,243,397,489.30
Debt Securities	PhP 102,304,000,000
Proprietary & Non-Proprietary Shares or Certificates	PhP 1,679,188,028
TOTAL	PhP 110,326,585,517.30

A comparative analysis of the value of the securities registered in 2009 and 2008 shows that in 2009, and for the first time, more debt securities were registered than equity securities. The debt securities were issued and registered by fifteen (15) companies and consisted of a combination of corporate and short term commercial papers.

The increase in the value of securities registered was matched by a rise in activities in the financing and lending business. The SEC issued one thousand seven hundred sixty one (1,761) Certificates of Authority to financing and lending companies, whose capitalization are shown in the table below:

NATURE OF COMPANY	CAPITALIZATION (Paid-up)
Financing Companies	
Head Office	PhP 1,085,500,000.00 *ave PhP10,000,000.00/company
Branch Office	PhP 98,500,000.00 *ave PhP500,000.00/company
Lending Companies	
Head Office	PhP 571,248,594.52 *ave PhP 1,000,000.00/company
Branch Office	PhP 145,094,100.00 *ave PhP 150,000.00/company
TOTAL	PhP 1,900,342,694.52



The capital market was similarly active as shown by the number of licenses issued by the SEC to institutional and individual market participants:

NEW LICENSES ISSUED IN 2009*		
Type of Market Participant	Institutional	Individual
Broker-Dealers	148	-
Broker-Dealers-Branch offices	13	-
Investment House/Securities Underwriters	41	-
Government Securities Eligible Dealers	61	-
Investment Company Advisers	16	-
Mutual Fund Distributors	10	-
Transfer Agents	28	-
Surety Companies	11	-
Other Market Participants	3	-
Associated Persons	-	175
Salesmen (Equities)	-	1,002
Salesmen (Fixed Income)	-	1,258
Certified Investment Solicitors	-	1,334
Compliance Officers	-	80
Associated Persons/Compliance Officers	-	8
Listed Companies	248	-
Mutual Funds	46	-
Registered Issuers of Securities	134	-
Credit Rating Agency	2	-
Public Companies	32	-
TOTAL	793	3,857

**excludes renewal of licenses*

It is also noteworthy to mention that additional funds were infused into the Philippine capital market by way of the trust funds that pre-need companies were required to maintain pursuant to the rules and regulations of the SEC.

(Note: Republic Act No. 98291, also known as the Pre-need Code of the Philippines, transferred primary and exclusive supervision and regulation of pre-need companies from the SEC to the Insurance Commission, effective January 2, 2010).

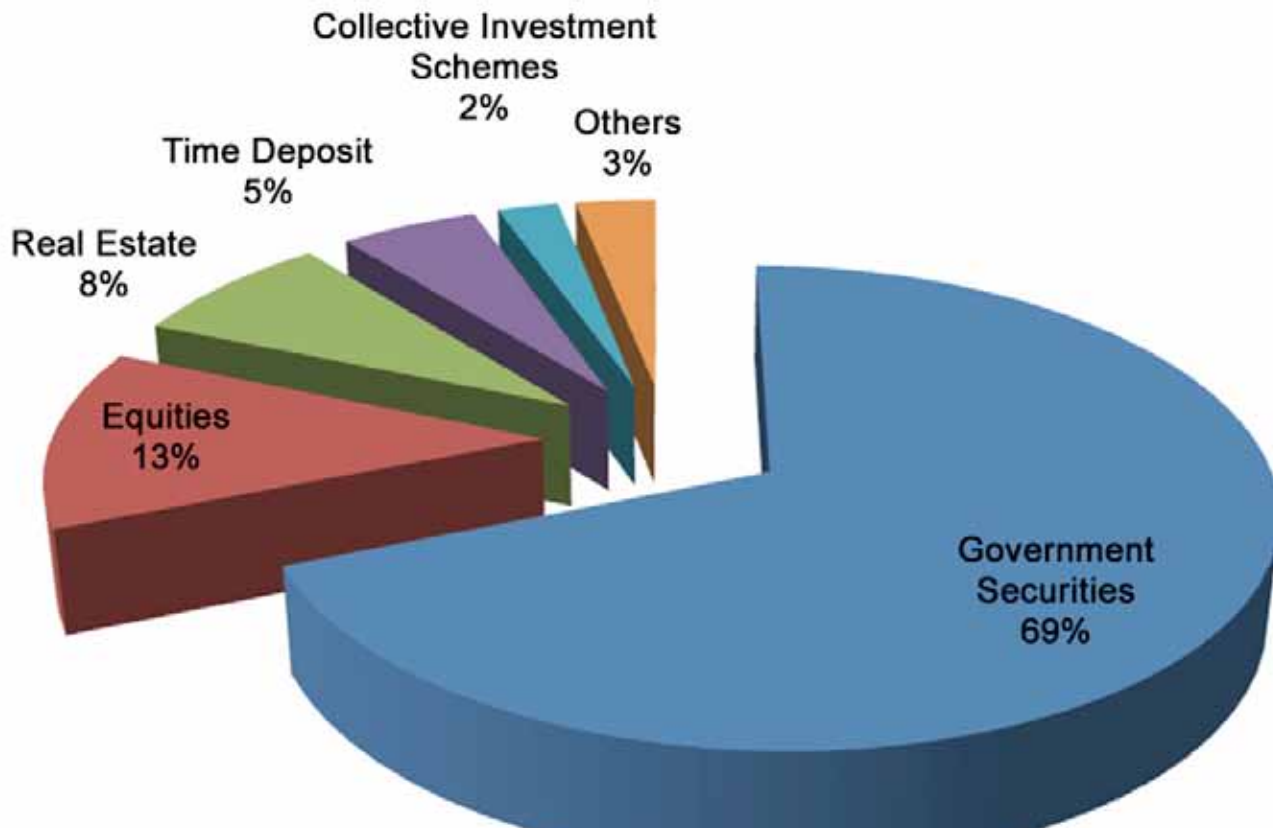
As of November 30, 2009, the trust fund equity of the pre-need industry amounted to PhP95.6 Billion. Of this amount, PhP65.8 Billion, or 69%, was invested in government securities, such as, Republic of the Philippines (ROP) bonds, treasury bills and fixed rate treasury notes and bonds.

Investments worth PhP11.9 Billion were made in equities listed in the Philippine Stock Exchange, and PhP7.6 Billion went to real estate or eight percent (8%) of the total trust fund equity.

The rest of the investment portfolio was invested in time deposits, commercial papers, private bonds, collective investment schemes and other investment instruments. The matrix and pie chart shown below illustrate the allocation of the trust funds.

**INVESTMENT PORTFOLIO OF THE TRUST FUNDS
OF PRE-NEED CORPORATIONS**
(as of November 30, 2009 in thousands of pesos)

INVESTMENT OUTLETS	November 2009		2008	
	Amount	Percent to Total	Amount	Percent to Total
Total Trust Fund Equity	95,557,682	100.00	94,309,655	100.00
Cash in Bank	120,642	0.13	35,201	0.14
Government Securities	65,799,990	68.86	69,485,147	73.68
Time Deposit	5,080,121	5.32	3,834,507	4.07
Commercial Papers	9,662	0.01	86,896	0.09
Private Bonds	675,510	0.71	519,294	0.55
Direct Loans	564,649	0.59	428,154	0.45
Common Trust Fund/Collective Investment Scheme	1,293,529	1.35	2,325,092	2.47
Mutual Funds	952,361	1.00		0.00
Equities	11,902,379	12.46	11,776,065	12.49
Real Estate	7,579,869	7.93	7,543,211	8.00
Other Investments	238,231	0.25	621,924	0.66
Receivables and Other Assets (Net)	1,340,739	1.40	(2,445,836)	(2.59)



Drawing from the lessons of the financial crisis, the SEC, through the Office of the General Accountant, carefully processed and evaluated the applications for accreditation of external auditors and auditing firms to ensure their compliance with the Revised Guidelines on Accreditation of Auditing Firms and External Auditors (Rules 68 and 68.1 of the Securities Regulation), Philippine Financial Reporting Standards and Philippine Standards on Auditing.

The following tables show the comparative number of external auditors and auditing firms accredited in 2009 and 2008 by category:

Three-year Accreditation

Category	Auditing Firm		External Auditor	
	2009	2008	2009	2008
A	43	42	234	217
B	19	18	52	50
C	101	81	483	393
D	20	18	144	108
TOTAL	183	159	913	768

Probationary Accreditation

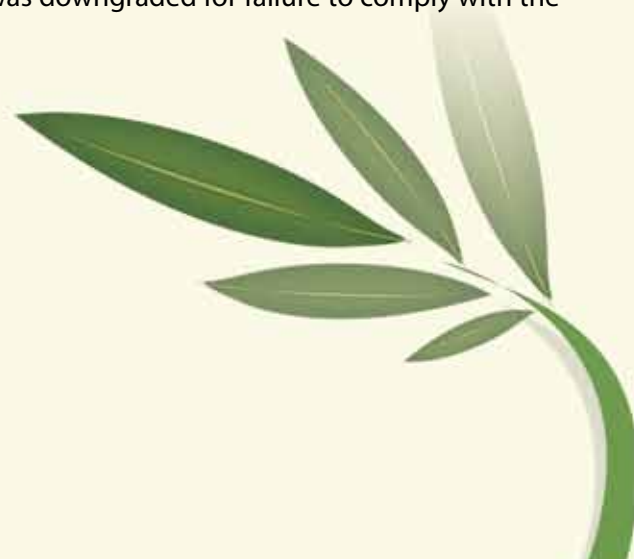
Category	Auditing Firm		External Auditor	
	2009	2008	2009	2008
A	5	4	9	5
B	-	-	1	1
C	32	20	161	95
D	6	6	130	97
TOTAL	43	30	301	198

In the evaluation of applications for accreditation, the SEC determines the professional qualifications, experience and audit quality of the applicant-auditors. Those who fail to meet the standards are denied accreditation or granted conditional accreditation.

Thus, only qualified auditors are accredited by the SEC to ensure that the financial reports they audit are of high quality in terms of compliance with accounting standards, transparency and reliability. After accreditation, the SEC further conducts an evaluation of the financial statements they audited during the period of their accreditation.

In 2009, the SEC imposed monetary fines on twenty (20) accredited external auditors for violations of the Guidelines on Accreditation and Reportorial Requirements of External Auditors arising from material deficiencies and deviations noted in the course of the review of the financial statements of their clients.

Additionally, the accreditation of seven (7) external auditors was downgraded for failure to comply with the required level of audit quality as accredited auditors.



To complement the accreditation process, in 2009, the SEC reviewed the 2008 audited financial statements of One Thousand Six Hundred Thirty-four (1,634) corporations to determine their compliance with the requirements of applicable accounting standards and SEC rules and regulations. The details of the said review are shown below:

NATURE OF COMPANIES	
Companies listed in the Philippine Stock Exchange and holders of secondary licenses	100
Broker-Dealers of Securities	20
Financing Companies	45
Corporations with total assets of at least PhP5 Million	1,000
Foundations with total assets of at least PhP100 Million	25
Corporations whose AFS were reviewed in relation to the applications for accreditation of their external auditors	444
TOTAL	1,634

The SEC issued comment letters to the corporations with secondary licenses to explain the violations and, in addition, required them to include in their reply a resolution from their board of directors or audit committee acknowledging information about such violations and the remedial actions it has taken or shall take to avoid a repeat of the violations.

PUBLIC ASSISTANCE AND PROSECUTION OF CASES

IN the wake of the collapse of the Legacy Group of Companies headed by businessman Celso de los Angeles, the SEC received, and attended to, 2,885 complaints from the public involving investment scams and questionable preneed plans and other violations of the laws that the SEC is mandated to enforce.

The assistance of the SEC was, in twenty three (23) occasions, likewise sought by other government agencies in regard to complaints they received from the public that involved the said laws.

Tables 1 and 2 illustrate the breakdown of these complaints:

Table 1

COMPLAINTS FILED WITH THE SEC	
SOURCES	NUMBER OF COMPLAINTS
Public (through mail and personal filing)	88
Investment scams complaints	2,793
Public (through email)	4

Table 2

COMPLAINTS ENDORSED TO THE SEC BY OTHER OFFICES	
GOVERNMENT OFFICE	NUMBER OF COMPLAINTS
Bangko Sentral ng Pilipinas	4
Board of Investments	1
Department of Trade and Industry	3
Dept. of Social Welfare and Development	1
Office of the President	1
Anti-Money Laundering Council	8
National Bureau of Investigation	1
Senate of the Philippines	1
Securities Futures Commission - Hongkong	3

On the basis of the complaints received from the public and after conducting the appropriate investigations, the SEC, through its Enforcement and Prosecution Department (EPD), filed the appropriate complaints with the Department of Justice for violation of the laws that the SEC is mandated to enforce or implement.

Additionally, the SEC revoked the certificates of registration of corporations that violated the Corporation Code.

Of significant mention is the fact that the SEC applied for and was granted two (2) search warrants. These were enforced through joint operations with the National Bureau of Investigation.

One search warrant was enforced against the offices of Legacy Group of Companies and yielded voluminous documents that can be used as evidence in pursuing cases against Legacy by the SEC, Bangko Sentral ng Pilipinas, and Philippine Deposit Insurance Corporation.

To further strengthen its enforcement and prosecution efforts, the SEC sought authority from the Department of Justice (DOJ), and was granted, through DOJ Department Order No. 995 Series of 2009, for all lawyers of EPD to be designated as Special Prosecutors to assist DOJ prosecutors in the prosecution of criminal cases involving violations of the Corporation Code, Securities Regulation Code, Investment Company Act (RA 2629), Financing Act (RA5980), and other laws, rules and regulations being implemented by the SEC.

Below is a summary of the SEC's accomplishments in the abovementioned criminal and administrative actions.

Criminal Actions

NATURE OF ACTION	VIOLATION CHARGED	NUMBER OF CASES FILED
Complaint-affidavit filed with the DOJ	Sec. 8 – SRC (Registration of Securities)	9
	Sec. 16 – SRC (In relation to Pre-Need Rules)	3
	Sec. 26 – SRC (Fraudulent Transactions)	8
	Sec. 28 – SRC (Registration of Brokers, Dealers, Salesmen and Associated Persons)	2
	Sec. 68 – SRC (Special Accounting Rules)	1
	Sec. 45 – Corporation Code	6
	Art. 183 – Revised Penal Code (Perjury)	1

Criminal Actions

NATURE OF ACTION	VIOLATION CHARGED	NUMBER OF CASES FILED
Criminal Information Filed in court	Sec. 8 – SRC (Registration of Securities)	2
	Sec. 16 – SRC (In relation to Pre-Need Rules)	1
	Art. 172 – Revised Penal Code (Falsification of Public Documents)	2
	Sec. 31 (B) – Investment Company Act (Destruction and Falsification of Reports and Records)	1

Administration

NATURE OF ACTION	VIOLATION CHARGED	NUMBER OF CASES FILED
Revocation of Certificates of Registration	Sec. 6 (l)(2) – Presidential Decree 902- A (Serious Misrepresentation)	2
	Sec. 6 (l)(6) – PD 902-A (Failure to comply \ with reportorial requirements)	1

REGULATORY ISSUANCES



AS part of its regulatory and supervisory activities, the SEC, through its Office of the General Counsel and Office of the General Accountant, issued in 2009 several opinions on significant legal and accounting issues.

Foreign investments and nationality requirements on certain business activities were the subject of several SEC's legal opinions, namely:

- A Philippine trustee that will hold seventy five percent (75%) of the voting stock reserved for Filipino citizens meets the citizenship requirement under the Labor Code of the Philippines for it to participate in private recruitment. (*SEC-OGC Opinion No. 09-01-A, December 8, 2009, addressed to Donato Zarate & Rodriguez*)
- Artist management involves contracting with local and foreign talents and sharing in their earnings, and so it falls within the definition of "recruitment and placement of workers." A wholly-owned foreign corporation cannot engage in artist management since the Labor Code of the Philippines provides that only corporations with not more than twenty five percent (25%) foreign equity can engage in the recruitment and placement of workers, locally or overseas. (*SEC-OGC Opinion No. 09-33, dated December 18, 2009, addressed to the Law Firm of R.V. Domingo & Associates*).
- The establishment or ownership of educational institutions, under the 1987 Constitution, allows up to forty percent (40%) foreign equity. The rule is inapplicable, however, to technical skills training school that would cater primarily to foreign temporary students. In that case, the ownership, management, and operations of the training school can be undertaken by foreign nationals pursuant to Article XIV, Section 4(2) of the 1987 Constitution. (*SEC-OGC Opinion No. 09-0, March 27, 2009 addressed to Picazo Buyco Tan Fider & Santos*).
- The construction of power plants for energy companies may be undertaken by a corporation wholly-owned by foreign investors, assuming it has complied with the US\$200,000.00 minimum paid-up capital, since the undertaking is not a project requiring a public utility franchise. Otherwise, the project proponent or the facility operator, if it is a corporation, must be owned by Filipinos up to sixty percent 60% of its capital stock. (*SEC-OGC Opinion No. 09-2, August 11, 2009 addressed to Ortega, Del Castillo, Bacorro, Odulio, Calma & Carbonell*).
- With regard to lending companies, the restriction or prohibition imposed by Section 6 of Republic Act No. 9474, also known as the Lending Company Regulation Act of 2007, is limited only to the increase in excess of forty nine percent (49%) in foreign ownership of voting stocks in lending companies (*SEC OGC Opinion No. 09-2, October 23, 2009 addressed to De Guzman Celis & Dionisio Law Offices*).
- A corporation engaged in the operation of PAGCOR E-Games Stations, which offers online casino through various computer games, is considered engaged in the gambling business. For this reason, the nationality requirement applies. In particular, foreign equity participation in a domestic corporation engaged in the gambling business is limited up to forty percent (40%) of the outstanding capital stock of the corporation pursuant to the Foreign Investment Negative List or Executive Order No. 584 dated 08 December 2006. (*SEC-OGC Opinion No. 09-3, December 7, 2009*)

For its part, the Office of the General Accountant issued the following opinions on certain accounting issues:

- For purposes of Section 126 of the Corporation Code which requires the deposit of securities by foreign corporations that want to transact business in the Philippines based on its gross income, the words “revenue” and “income” are synonymous”

Paragraph 7 of PAS 18 defines “Revenue,” as ... “ the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.”

Thus, the starting point for the computation of revenue is its gross amount without any deduction.

- PAS No. 1 (Presentation of Financial Statements to interim financial statements) does not apply to the structure and content of condensed interim financial statements except those requirements provided under paragraphs 15 to 35 thereof. The said paragraphs pertain to the general features that apply equally to all entities’ financial statements, which consists of Fair Presentation and Compliance with IFRS, Going Concern, Accrual Basis of Accounting, Materiality and Aggregation, and Offsetting.
- A corporation that has not commenced its operation since its incorporation is not exempt from submitting the applicable components of financial statements as required by the SEC, particularly, the Auditor’s Report, Statement of Management’s Responsibility, Balance Sheet, Income Statement or Statement of Receipts and Disbursements, Statement of Cash Flows, Statement of Changes in Equity or Statement of Fund Balance, Notes to Financial Statements and Supplemental Written Statement of External Auditor.

In response to, and in anticipation of, the exigencies in the corporate and securities sectors, the SEC issued in 2009 the following Memorandum Circulars:

Memorandum Circular No. 1

In order to address the pre-need companies’ concern on capital and trust fund deficiencies, the affected companies were given up to 15 April 2009 to apply for the funding scheme known as the “Multi-year Capital and Trust Fund Build-up.”

The scheme requires the applicant companies to acknowledge their trust fund deficiency and/or capital impairment based on their Actuarial Valuation Report and Audited Financial Statements ending 31 December 2008. Given the deficiencies, the scheme also requires the applicant companies to submit a 5-year projected financial statement and the guidelines to be followed in building up their trust fund and capital.

Memorandum Circular No. 2

This Memorandum Circular allows the single declaration for several cash dividends within a year on the condition that their record and payment dates are explicitly provided.

Memorandum Circular No. 3

Under this Memorandum Circular, pre-need companies were required to submit a Baseline Report based on one-time independent audit of the trust fund account of the companies as of 31 March 2009. Pre-need companies are further required to submit a Trust fund Valuation and Compliance report containing the Internal Control Policies of the Trustee Bank, description of Trust Fund Assets and Liabilities, Procedures for Deposits and Withdrawals from the Trust Fund, Divestment Program, and the auditors' Findings and Recommendations. Subsequent changes in the Trust Fund are required to be reflected in Quarterly Reports.

Memorandum Circular No. 3-A

This Memorandum Circular provides for the templates for the Baseline and Quarterly Reports to be submitted by pre-need companies in compliance with Memorandum Circular No. 3 series of 2009.

Memorandum Circular No. 4

This Memorandum Circular amended the SEC Consolidated Scale of Fines by deleting the word "warning" as a penalty for the first offense and including a sub-group for public companies engaged in the business of providing "health and educational" services.

Memorandum Circular No. 5

All publicly-listed companies were enjoined to participate as respondents in the Corporate Governance Survey using the Corporate Governance Scorecard as survey instrument; Memorandum Circular No. 5 series of 2009 provides for the following administrative penalties for failure to comply with the Commission's directive to participate in the survey:

- 1st Offense - Reprimand
- 2nd Offense - P25,000.00
- 3rd Offense - P50,000.00

Memorandum Circular No. 6

This Memorandum Circular approved and promulgated the Revised Code of Corporate Governance which applies to registered corporations and to branches or subsidiaries of foreign corporations operating in the Philippines that (a) sell equity and/or debt securities to the public that are required to be registered with the Commission, or (b) have assets in excess of Fifty Million Pesos and with at least 200 stockholders who own at least 100 shares each of equity securities, or (c) whose equity securities are listed on an Exchange, or (d) are grantees of secondary licenses from the Commission.

Memorandum Circular No. 7

This Memorandum Circular clarifies that applications for registration of articles of incorporation, articles of partnership, amendments to such articles, and reports may be filed at the SEC main office or at any of the Commission's Extension Offices.

Memorandum Circular No. 8

This Memorandum Circular promulgated the Scale of Fines for Non - Compliance with the Financial Reporting Requirements.

Memorandum Circular No. 9

This Memorandum Circular provides for a two-year "cooling-off period" for regular directors and a 1 year "cooling off period" for Chairman Emeritus, Ex-Officio Directors, and Members of Advisory Board before they can qualify for nomination or election as Independent Director.

Memorandum Circular No. 10

This Memorandum Circular amended Rules 16.2 and 16.3 of the New Rules on the Registration and Sale of Pre-Need Plans by increasing the minimum trust fund contribution rates.

Memorandum Circular No. 11

This Memorandum Circular requires pre-need companies to fully fund their deficiency within 30 days if the same is below 15% of the Pre-Need Reserve and to fund at least 50% of the deficiency within 15 days if the same is more than 15% of the Pre-Need Reserve.

Memorandum Circular No. 12

This Memorandum Circular directs all publicly-listed companies to participate as respondents in the Corporate Governance Survey using the Corporate Governance Scorecard as the survey instrument. The Circular also required accomplished Scorecards to be submitted to the Corporation Finance Department not later than 21 September 2009.

Memorandum Circular No.13

This Memorandum Circular provides the guidelines for accrediting firms and individuals as external auditors belonging Groups A to D.

Memorandum Circular No. 14

This Memorandum Circular adopted a number coding system depending on the last numerical digit of the company's SEC registration number. The Commission is on its second year in the implementation of the scheme.

Memorandum Circular No. 15

This Memorandum Circular extended by one (1) year the period within which corporations whose certificates of registration were revoked for failure to comply with the reportorial requirements to file petitions to lift the revocation order. Companies covered were those included in mass revocation orders issued by the SEC on various dates from 26 May 2003 to 2 August 2006.

Memorandum Circular No. 16

This Memorandum Circular was issued to remind all companies about their responsibilities in the preparation of reports.



FISCAL PERFORMANCE



ALTHOUGH the country was not immune to the adverse effects of the global financial crisis, the SEC managed to meet, and in fact, exceeded, its financial commitments to the national government.

PhP627.8M

SEC's net assets

PhP244.1M

Amount of exceeded target collection set by national government

PhP5.854B

Five-year contribution to the National Government

Government Equity of PhP612.7 Million was higher by PhP7.4 Million than the prior year's level of PhP605.3 Million attributed to the net income for the year.

The SEC's collections in 2009 of PhP1,078.8 Million **exceeded** the targeted collections set by the national government of PhP834.7 Million by PhP244.1 Million.

Compared to last year, the SEC's collections were lower by 19.5% from the previous year's collections of PhP1,340.9 Million. The bulk of the collections were in the form of Registration Fees amounting to PhP797.1 Million, which was lower by 22.1% from the prior year's collection of PhP1,017.4 Million. These were fees collected from new corporations and partnership as well as corporations that applied for capital increases and for extension of their corporate life.

Likewise, collections from Miscellaneous Income of PhP119.6 Million went down by 29.5% over last year's collections of PhP169.6 Million.

On the other hand, Fines and Penalties collected in 2009 amounted to PhP133.0 Million, up by 23.9% from 2008 collections of PhP107.3 Million. The increase resulted from the continuous monitoring of the compliance by corporations with their reportorial requirements and other responsibilities under existing laws.

Thus, for the last five years, the SEC has contributed a total of PhP5.854 billion to the national government.

The relevant data and information about the SEC's financial position can be seen in the following matrices:

**SECURITIES AND EXCHANGE COMMISSION
REGULAR AGENCY BOOKS
CONDENSED BALANCE SHEET
AS OF DECEMBER 31, 2009**

		2009	2008
ASSETS			
Current Assets			
Cash	PhP	276,843,250.45	253,723,039.18
Receivables		105,602,119.61	93,172,297.52
Inventories		1,979,158.63	2,004,185.55
Prepayments		1,003,341.31	1,453,302.50
Other Current Assets		1,732,848.94	1,549,868.94
Total Current Assets		387,160,718.94	351,902,693.69
Investments, Property, Plant and Equipment and Other Assets			
Investments		6,700.00	6,700.00
Property, Plant and Equipment - Net		238,944,222.97	270,456,395.61
Other Assets		1,694,043.86	3,060,811.65
Total Investments, Property, Plant and Equipment and Other Assets		240,644,966.83	273,523,907.26
TOTAL ASSETS	PhP	627,805,685.77	625,426,600.95

LIABILITIES AND EQUITY

Current Liabilities			
Payable Accounts	PhP	11,016,673.31	15,002,197.50
Inter-Agency Payables		3,717,960.32	4,693,265.17
Other Current Liability Accounts		392,733.24	445,212.05
Total Current Liabilities		15,127,366.87	20,140,674.72
Equity			
Government Equity		612,678,318.90	605,285,926.23
TOTAL LIABILITIES AND EQUITY	PhP	627,805,685.77	625,426,600.95

**SECURITIES AND EXCHANGE COMMISSION
REGULAR AGENCY BOOKS
CONDENSED STATEMENT OF INCOME AND EXPENSES**

For the Year Ended December 31, 2009 and December 31, 2008

	2009	2008
Income		
Subsidy Income from National Government	PhP 314,001,429.12	341,180,469.00
Permit Fees	1,900,000.00	1,089,343.39
Registration Fees	90,650,000.00	93,488,150.71
Fines and Penalties-Permits and Licenses	6,715,500.00	3,423,005.90
Interest Income	5,050,187.59	5,053,316.01
Miscellaneous Income	1,140,999.81	4,130,617.64
Gain on sale of disposed assets	154,280.00	0.00
Total Income	PhP 419,612,396.52	448,364,902.65
Less: Expenses		
Personal Services	253,757,057.61	256,908,424.01
Maintenance and Other Operating Expenses	106,625,539.48	115,017,114.04
Financial Expenses	2,200.00	11,787.90
Total Expenses	360,384,797.09	371,937,325.95
NET Income before Depreciation	PhP 59,227,599.43	76,427,576.70
Less: Depreciation Expense	51,436,361.46	37,192,110.99
NET Income After Depreciation	PhP 7,791,237.97	39,235,465.71

See accompanying Notes to Financial Statements

**SECURITIES AND EXCHANGE COMMISSION
REGULAR AGENCY BOOKS
COMPARATIVE STATEMENT OF GOVERNMENT EQUITY
As of December 31, 2009 and 2008**

	2009	2008
Government Equity, Beginning	PhP 605,285,926.23	PhP 572,315,396.54
Retained Operating Surplus		
Current Operations	7,791,237.97	39,235,465.71
Adjustment of Prior Years (Note 14)	(398,845.30)	(6,264,936.02)
	PhP 7,392,392.67	PhP 32,970,529.69
Government Equity, End	PhP 612,678,318.90	PhP 605,285,926.23

**SECURITIES AND EXCHANGE COMMISSION
CONTRIBUTIONS TO THE NATIONAL GOVERNMENT
For the Years Ended December 31, 2009 and 2008**

CONTRIBUTIONS TO NG	2009	2008	2007	2006	2005	TOTAL
Permit Fees	28,996,223.31	46,521,886.75	25,039,109.48	36,093,580.19	50,669,122.89	187,319,922.62
Registration Fees	797,118,340.87	1,017,393,715.83	1,503,820,594.13	672,473,796.90	616,401,615.22	4,607,208,062.95
Fines and Penalties-Permits and Licenses	132,995,527.49	107,322,699.74	100,544,848.13	86,696,099.97	82,464,345.82	510,023,521.15
Miscellaneous Income	119,643,823.03	169,649,197.71	135,637,898.60	66,686,791.35	58,197,569.47	549,815,280.16
TOTAL CONTRIBUTIONS TO NG	PhP 1,078,753,914.70	PhP 1,340,887,500.03	PhP 1,765,042,450.34	PhP 861,950,268.41	PhP 807,732,653.40	PhP 5,854,366,786.88

SECURITIES AND EXCHANGE COMMISSION

DATA ON ENTITIES REGISTERED FOR THE YEAR 2009

KIND	NO.	CAPITAL
New Corporation	10,946	78,865,738,000.00
Increase in Capital	1,187	196,546,786,835.00
Merger	42	12,549,008,375.00
Extension of Corporate Life	66	25,952,392,725.00
Foreign Corporations	339	7,186,061,780.00
Branch Office of Foreign Corp.	69	2,222,530,405.00
Regional Headquarters	<u>13</u>	<u>534,007,560.00</u>
Sub-total	<u>12,662</u>	323,856,525,680
Partnership	2,130	
Non Stock Corporations	<u>5,438</u>	
TOTAL	20,230	



CORPORATE

THE SEC's programs and activities on corporate social responsibility remained on track in 2009 despite the economic slowdown brought about by the financial maelstrom.

In addition to the briefings conducted by Speakers Bureau, which were earlier mentioned in this Annual Report's discussion on Operational Highlights, the SEC strengthened its "On the Job Training" program for students.

The year-round apprenticeship program, which gives students the opportunity to perform supervised work in various SEC departments, helps student trainees develop good work habits, self-confidence and a positive outlook in life.

In 2009, the SEC, in partnership with twenty seven (27) educational institutions in Metro Manila and the provinces of Quezon, Cagayan, Batangas and Romblon, accepted three hundred fifty six (356) students into the program.

The deployment of the students in various SEC departments was based on the peculiar needs of the said departments and the skills level of the participants.

The students assigned to the receiving and public assistance sections were taught the rudiments of attending to the needs (and complaints) of people who transacted business with the SEC, and the mechanics on the proper filing, documentation and recording of financial statements, regular reports and other corporate filings.

Those with computer or IT expertise were deployed at the Economic Research and Information Department to assist in desk function and troubleshooting activities.

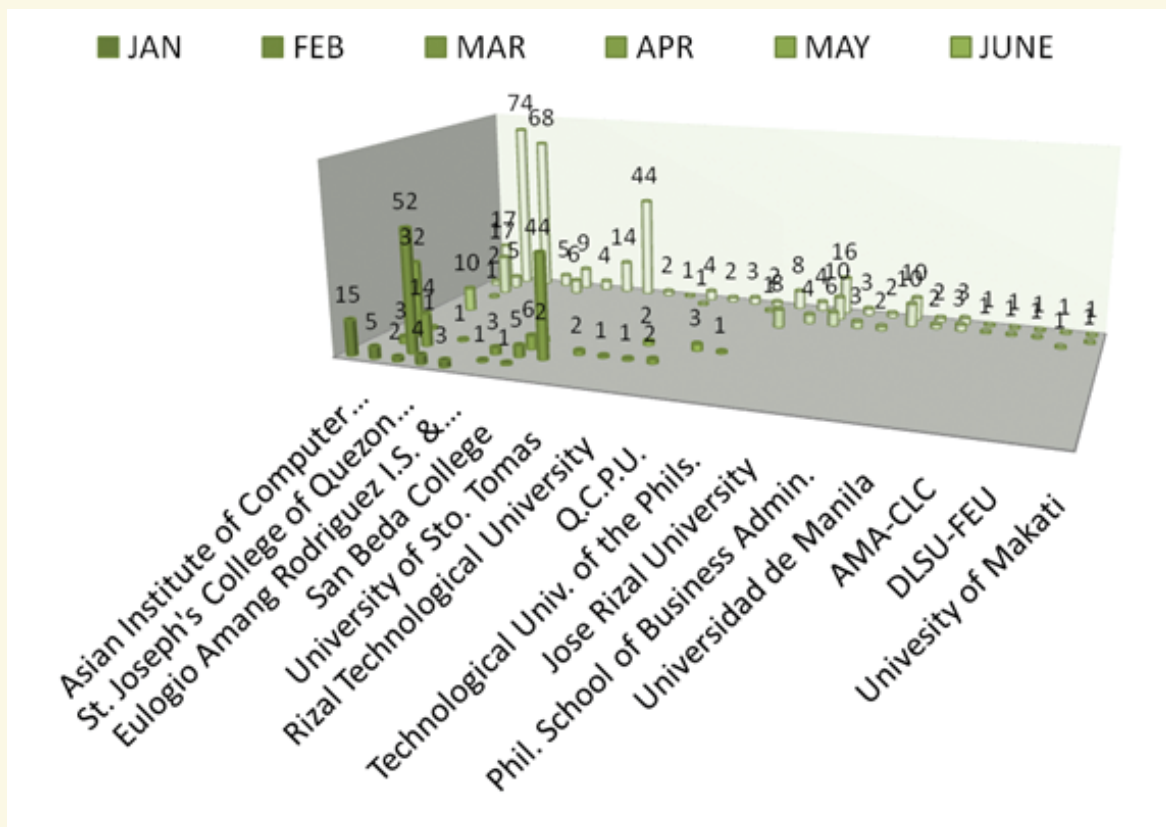


SOCIAL RESPONSIBILITY

THE other SEC departments had their respective share of student trainees who were given the opportunity, subject to close supervision by the regular staff, to try their hand in handling or attending to the SEC's day-to-day regulatory duties and responsibilities.

Of significant recognition in this project is the two-year continuing arrangement between the SEC and the University of St. Louis in Tuguegarao City where, in 2009, forty four (44) of its students endured a nine-hour trip from Tuguegarao City, and stayed at lodging houses near the SEC office or with relatives. Their exemplary conduct during the OJT program – reporting for training on time and in proper business attire – is a tribute to the discipline and training that their school faculty had given them.

The details of the SEC's 2009 OJT program are shown in the following graph:





The SEC's activities in 2009 that relate to its corporate social responsibility also include a Blood Donation program, medical and dental missions and relief assistance to the victims of typhoon Ondoy.

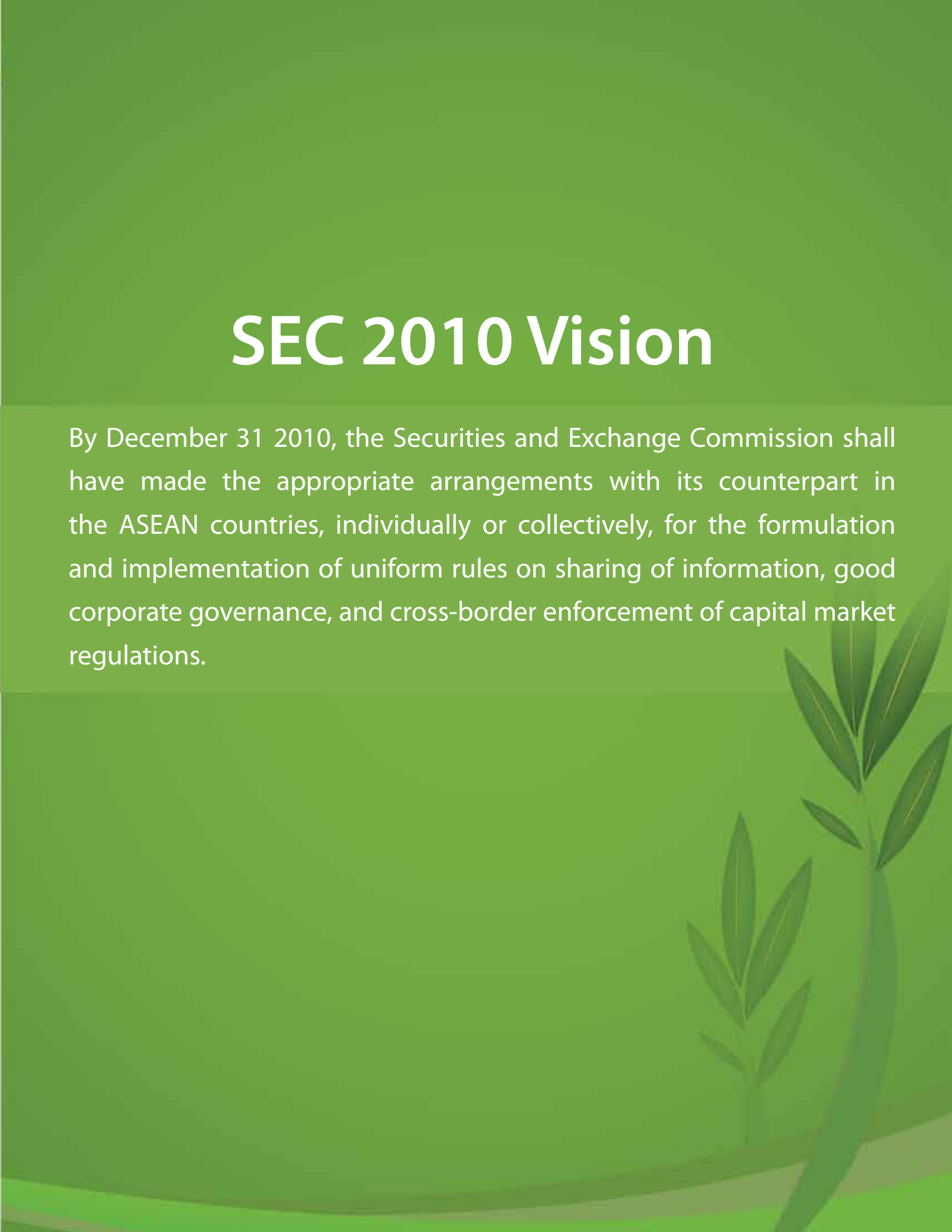
Two bloodletting programs undertaken by SEC were participated in by sixty four (64) blood donors, with the pediatric patients of the Philippine Medical Center in Quezon City as the beneficiary of the blood donations.

When typhoon Ondoy wrecked havoc on Metro Manila, the SEC, in coordination with the SEC Employees Association, launched a relief collection campaign to assist the calamity victims which included its own employees and its contracted security personnel.



SEC 2010 Vision

By December 31 2010, the Securities and Exchange Commission shall have made the appropriate arrangements with its counterpart in the ASEAN countries, individually or collectively, for the formulation and implementation of uniform rules on sharing of information, good corporate governance, and cross-border enforcement of capital market regulations.



2010 COMMISSIONERS



Commissioner Ma. Juanita E. Cueto



Commissioner Raul J. Palabrica



Chair Fe B. Barin



Commissioner Manuel Huberto B. Gaité



Commissioner Eladio M. Jala

DIRECTORS



Ma. Gracia F. Casals-Diaz
General Accountant



CA Gerard M. Lukban
Commission Secretary



Vernetta G. Umali-Paco
General Counsel



Vicente Graciano P. Felizmenio Jr.
Non-Traditional Securities and
Instrument Department



Justina F. Callangan
Corporation Finance
Department



Renato V. Egypto
Cagayan de Oro
Extension Office



Russel L. Ildesa
Iloilo Extension Office



Adelaida C. Navarro-Banaria
Financial Management
Department



Benito A. Cataran
Company Registration and
Monitoring Department



Marylou I. Duka-Castillo
Legaspi Extension Office



Hubert Dominic B. Guevara
Enforcement and Prosecution
Department



Annie G. Tesoro
Baguio Extension Office



Acting Director
Lindeza R. Gavino
Cebu Extension Office



Marcos G. Florendo, Jr.
Zamboanga Extension Office



Virgilio V. Salentes
Economic Research and
Information Department



Javey Paul D. Francisco
Davao Extension Office



Jose P. Aquino
Market Regulation
Department



Marilyn M. Peneyran-Lim
Human Resource and
Administrative Department

ACCOMPLISHMENTS BY
MAJOR FINAL OUTPUT





CALENDAR YEAR 2009 AT A GLANCE

PLANNED

ACHIEVED

MFO 1: Capital market development services

Policy-formulation, rulemaking, and inter-agency cooperation services to facilitate the development of a globally competitive Philippine capital market

- 1. Formulate and implement policies, plans, and programs to strengthen the regulatory framework and enhance the liquidity and stability of the capital market**
 - Provided technical inputs for the following: Corporate Reform Bill; the proposed Pre-Need Code of the Philippines; proposed amendments to the National Internal Revenue Code; the proposed Collective Investment Schemes Law; proposed amendments to the New Central Bank Act, and Section 34(h) of the National Internal Revenue Code; the Implementing Rules and Regulations of the Credit Information System Act; and the proposed Statute providing for the Disclosure of Lobbying Activities in the Philippines.
 - Issued sixteen (16) Memorandum Circulars concerning capital and trust fund build up requirements as well as trust fund valuation report for pre-need companies, the Revised Code of Corporate Governance, qualifications of independent directors, and imposition of administrative penalties for publicly-listed companies which do not participate in the corporate governance survey, among others.

- 2. Undertake joint activities with local and foreign institutions, industry groups, and professional organizations for mutual assistance in implementing capital market development initiatives and related regulatory efforts**
 - Participated in activities of inter-agency committees / working groups, viz., agency commitments and inputs for the ratification of the Fifth Protocol to the WTO - General Agreement on Trade in Services (GATS), regional framework agreements on trade and investments (e.g., ASEAN - China, ASEAN - European Union, ASEAN-Korea and the ASEAN - Australia - New Zealand); formulation of the implementation plan for the ASEAN Economic Community Blueprint 2015; developing the Microinsurance framework and strategy; and the formulation of the framework for compiling statistics on realized foreign direct investments.
 - Participated in various initiatives and advocacies on capital market development, Treasury (BTr), Office of the Solicitor General (OSG), Presidential Anti - Graft Commission (PAGC), Philippine Economic Zone Authority (PEZA), Philippine Deposit Insurance Corporation (PDIC), Department of Social Welfare and Development (DSWD), Philippine Institute of Certified Public Accountants (PICPA),

PLANNED

ACHIEVED

Philippine Institute of Architects, Philippine Council for NGO Certification, and the National Economic Research and Business Assistance Centers (NERBAC) in the regions.

MFO 2: Services for the generation and dissemination of information

Services related to the generation and dissemination of information about SEC, its registered entities, and the capital market, to promote understanding and adherence to SEC-administered laws and regulations, enhance public awareness and participation in capital formation, and protect the interest of the investing public

3. Provide investor education and assistance, investment promotion, and information dissemination activities

- Distributed 15,043 citizen's manuals and other investor information materials.
- Responded to 49,482 queries in person, by phone, and through e-mail.
- Issued 60 legal opinions to queries about the interpretation of certain provisions of the Corporation Code, the Securities Regulation Code, and other SEC administered laws.
- Processed 148,021 requests for corporate records, certifications, company listings and statistics from public researchers and government agencies.
- Conducted six (6) public seminars across the country. Officials and personnel from the Head Office also served as resource persons in trade briefings conducted by investment promotion agencies and seminars organized by industry groups, as well as information dissemination activities of industry participants on the adoption of accounting and auditing standards and other SEC rules and regulations. Officials and personnel from the Extension Offices likewise gave lectures and/or acted as resource persons in various fora (including radio and TV appearances) to encourage public participation in the capital market by explaining the basics of investing, SEC registration procedures and requirements, and investor - protection efforts.

- Conducted certification seminars for licensing purposes and to enhance Associated Persons' and Salesmen's knowledge of, and adherence to certain laws and regulations so they may be able to effectively perform their functions.
- Sustained the conduct of student orientation programs to inform participants about the powers and functions of SEC, its registration and reportorial requirements, and the basics of investing, among others. These briefings involved 702 students from 11 academic institutions in Metro Manila and the provinces. Furthermore, 138 students from 27 educational institutions were given the opportunity to undertake on-the-job training in the Head Office.

4. Conduct studies and researches on corporate performance and industry trends

- Undertook the gathering and processing of data from annual audited financial statements of corporations, and published the Philippines 10000 (Top 10,000 Corporations, 2009 Edition) in September 2009.
- Processed 491 requests for corporate information, company and industry listings, and related company registration and investment statistics upon request of institutional and individual researchers.

5. Manage the development, implementation, and maintenance of information systems, databases, and the SEC website

- Through the web-enabled SEC - iView module of the SEC - iReport system, made possible the online viewing and printing of digitized documents. The system has approximately 36.77 million document pages, including the 4.47 million pages uploaded during the year. Apart from reducing person-to-person transactions at the head office, the SEC-iView has given the public the flexibility and convenience of viewing and printing documents, such as, company registration documents, periodic reports and disclosures, and financial statements in the confines of their homes, offices, and internet shops. Additionally, around 91% of walk-in clients at the Public Reference Unit were served within one hour, which is a substantial improvement compared to the less than 10% served in 2001 (using the old document imaging system), wherein other clients had to return on another day either to claim their requested documents and /or re-file their request.

PLANNED

ACHIEVED

- SEC-iRegister made possible the processing on a daily average of 2,030 requests for verification of company names and reservation of proposed company names, as follows:
 - o Verification: 1,618
 - a. Online (through the internet, 24x7): 1,228
 - b. Walk-ins at the Head Office (8 hours, Mondays to Fridays): 390
 - o Reservation: 412
 - a. Online (24x7): 237
 - b. Walk-ins (8x5): 175
- Posted at the SEC website 1,638 various materials on registration procedures, reportorial requirements, and schedule of fees. The Cease and Desist Orders issued to errant entities and advisories were also posted at the website to alert the public on irregularities committed by those firms. Apart from educating the public on detecting and avoiding illegal investment schemes and scams, they were encouraged to report the same to SEC and/or the authority concerned so that action can be undertaken against unscrupulous firms and individuals.

MFO 3: Registration, enforcement, regulation and monitoring

Services related to the registration, licensing, and accreditation of firms and individuals, registration of securities and market instruments, monitoring and/or evaluation of corporate reports, financial disclosures and registration statements, and the enforcement of SEC-administered laws and regulations by investigating potential legal infractions and imposing penalties against errant entities

6. Register stock and non-stock corporations, record articles of partnership, issue license to foreign corporations

- Registered 13,703 stock corporations and 9,706 non-stock corporations; recorded 2,668 articles of partnership; and granted licenses to 69 foreign branch offices and 43 representative offices of foreign corporations and 14 regional headquarters and regional operating headquarters of multinationals.
- Processed and approved 27,396 various applications, among others: 7,585 applications for amendments of Articles of Incorporation and By-Laws; 1,187 increase of capital stock; 49 corporate mergers and consolidations; 141 dividend declarations,

148 dissolutions, 29 decrease of capital stock; 697 applications for amended Articles of Partnerships including Deeds of Assignment, Affidavit of Withdrawal, and Dissolution of Partnership; various Foreign Investments Act (FIA)-related applications; and registered 17,609 stock and transfer books and membership books for stock corporations and non-stock corporations.

7. Register/license capital market participants, and securities and investment instruments

- Registered / issued licenses to 3,469 institutions, such as, securities brokers and dealers, investment houses, financing companies, investment companies, government securities eligible dealers, transfer agents, pre-need plan dealers and general agents, surety companies, and mutual fund distributors; and 57,460 individuals, such as, associated persons and salesmen of broker-dealer firms, and salesmen of pre-need firms.
- Accredited 226 auditing firms and 1,214 individual external auditors.
- Evaluated applications and issued 133 Certificates of Eligibility (COE) covering non-performing assets worth PhP 2.70 billion.
- Registered PhP 110.32 billion worth of securities, broken down as follows: PhP 12.24 billion equity securities, P 96.40 billion debt securities, and PhP 1.68 billion proprietary and non-proprietary shares/certificates.

8. Examine, inspect, verify, and/or evaluate corporate reports, financial disclosures, and registration statements

- Continued the process of monitoring compliance with reportorial requirements under Section 141 of the Corporation Code of the Philippines. Monitored 18,618 corporations of which, 6,037 corporations were fined, 1,370 certifications of registration were revoked, and 299 revocation orders were set aside. Received and reviewed 18,652 financial reports, disclosures, other periodic reports of regulated entities, including audited financial statements of pre-need companies.
- Monitored 491 foundations for compliance with Rule 68 of the Securities Regulation Code and SEC Memorandum Circular (MC) No. 8 s. 2006 – Revised Guidelines on Foundations.

PLANNED

ACHIEVED

9. Conduct enforcement, regulatory compliance-monitoring, surveillance, and intelligence activities

- Sustained the monitoring of SEC regulated institutions' compliance with the Anti-Monetary Laundering Act (AMLA) and the Code of Corporate Governance, and sent the corresponding show-cause letters to those firms which failed to comply with the related requirements.
- Sustained the monitoring of market trading participants and their daily transactions through the use of a real-time market surveillance system for detecting unusual price and volume movements to identify and / or address any potentially problematic or fraudulent stock transaction in its early stage.
- Processed 2,873 complaints from the public (of which 2,793 complaints were filed by investors of 'Legacy'-related companies), 23 from local and foreign law enforcement agencies, and 57 referrals from within SEC.
- Evaluated 24 investigation reports including four (4) reports on pre-need companies referred by the Pre-Need Task Force; imposed administrative sanctions on 20 complaints received; and filed forty-two criminal complaints with the Department of Justice (DOJ), including six (6) complaints involving the 'Legacy' group of companies.
- Rendered 113 decisions on regular cases and appeals, such as petitions to change corporate name, calling of meeting, dissolution, revocation of certificate of registration, and appeals to the Commission En Banc on decisions issued by operating departments.
- Downgraded the accreditation of seven (7) external auditors for failure to comply with audit regulations.
- Revoked the registration/certificate of authority of 19 entities and suspended the registration / certificate of authority of eight (8) firms for their failure to comply with their respective disclosure and reporting obligations.
- Imposed fines on 20 accredited external auditors and 12 companies for violations of certain accreditation and reportorial guidelines, and non-compliance with their Manual on Corporate Governance, respectively.

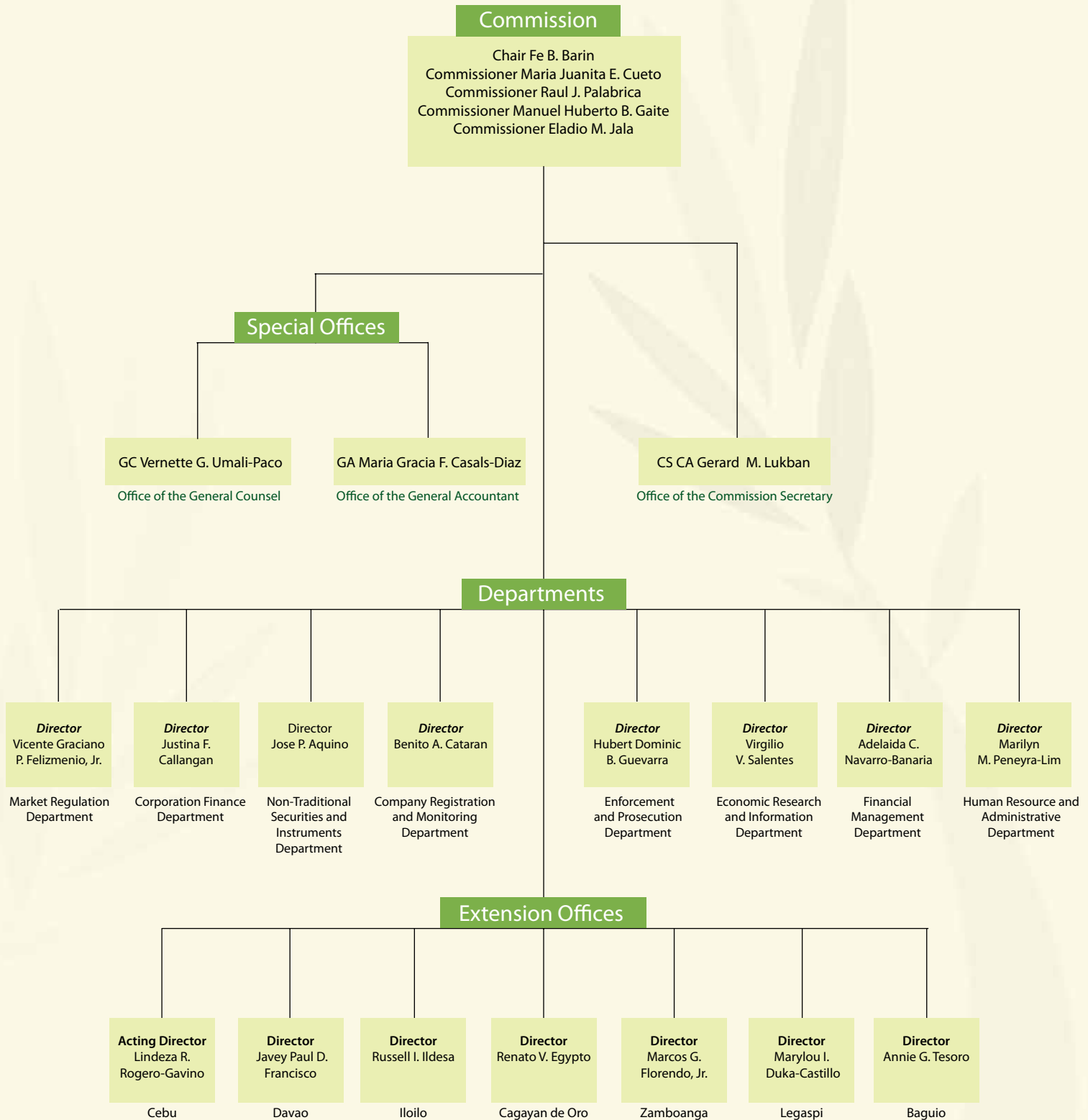
Other activities undertaken to deliver on SEC's MFOs---

10. Observe prudence in the administration of SEC's mandate and resources

- Adhered to auditing and accounting rules and regulations prescribed by the Commission on Audit (COA). For the year in review, there was no material observation, adverse finding / exception on collections and disbursements noted by the COA regarding the SEC's financial transactions and internal control processes.
- For the last five years, the level of SEC expenditures accounted for less than 50% of the income generated during the period. As of end of year 2009, total collections reached PhP 1,179.20 billion, while total expenditures stood at only 31% thereof, amounting to PhP 369.5 million.



SEC ORGANIZATIONAL CHART



*Assumed 18 March 2009

*Assumed 23 November 2009

FIND US HERE



BAGUIO EXT. OFFICE
 SEC Bldg., Gen.Luna
 Rd. Baguio City
 (074) 442-8170
 442-8171
 Director Annie G. Tesoro



HEAD OFFICE
 SEC Bldg., EDSA Greenhills
 Mandaluyong City
 TRUNK LINE 5840923
 Chair Fe. B. Barin



LEGAZPI
 2/F Chiniel Bldg. Rizal St. Albay
 District, Legazpi City
 (052)584-0923
 Director
 Marylou I. Duka-Castillo



ILOILO
 SEC Bldg., Gen. Hughes
 St. Iloilo City
 (033) 337-9984
 335-0025
 Director Russell I. Ildesa



CAGAYAN DE ORO
 SEC Bldg., 14th St.,
 Cagayan de Oro City
 (088)857-4325
 Director Renato V. Egypto



CEBU
 SEC Bldg. V. Rama Ave.,
 Guadalupe, Cebu City
 (032)253-5337
 253-6987
 253-7221
 Acting Director
 Lindeza R. Rogero-Gavino



ZAMBOANGA
 SEC Bldg., San Jose
 Panigayan St. Zamboanga City
 (062)991-7163
 993-1437
 Director Marcos G. Florendo Jr



DAVAO
 SEC Bldg. Luisa Drive, Luna
 Subd., Molina, Davao City
 (082)298-2170
 298-1893
 Director
 Javey Paul D. Francisco

DIRECTORY

Direct Local Fax
TRUNK LINE 584-0923

Executive Offices

OFFICE OF THE CHAIRPERSON

Hon Fe B. Barin	584-5343	205	584-5498
	84-5767	229	
		282	

OFFICE OF THE COMMISSIONERS (8th Floor)

Hon. Ma. Juanita E. Cueto	584-689	204	584-6434
	584-8320	268	
Hon. Raul J. Palabrica	584-5008	206	584-5539
		239	
Hon. Eladio M. Jala	584-615	203	584-5358
	584-6857	246	
		217	
Hon. Manuel Huberto B. Gaité	584-8142	202	584-6159
	584-6769		

Special Offices

OFFICE OF THE GENERAL COUNSEL (9th Floor)

Atty. Vernetta Umali-Paco			
vupaco@sec.gov.ph	584-5348	207	584-8459
	584-5418	216	
		290	
	584-8260	267	

OFFICE OF THE COMMISSION SECRETARY (8th Floor)

Com. Sec. CA Gerard M. Lukban			
gmlukban@sec.gov.ph	584-8141	209	84-6367
	584-5478	278	
		291	

OFFICE OF THE GENERAL ACCOUNTANT (7th Floor)

Atty. Ma. Gracia F. Casals-Diaz	584-9763	285	584-6120
---------------------------------	----------	-----	----------

PUBLIC ASSISTANCE 584-1119 / 584-1269

Operating Departments

MARKET REGULATION DEPARTMENT (6th Floor)

Director Vicente Graciano P. Felizmenio Jr.			
gpfelizmenio@sec.gov.ph	584-5703	223	584-5593
Exchanges Division	584-2016	226	
Brokers/Dealers Division	584-7164	225	

Investment Houses Division

Asst. Dir. Celso Virgilio C. Ylagan IV			
cvylagan@sec.gov.ph			584-8178

CORPORATION FINANCE DEPARTMENT (6th Floor)

Director Justina F. Callangan			
justina.callangan@sec.gov.ph	584-6103	227	584-5990

Financing Companies Division

Asst. Dir. Victor C. Estrada			
vcestrada@sec.gov.ph	584-5950	228	

Mutual Funds Division

Asst. Dir. Emmanuel Y. Artiza	584-7264	230	
-------------------------------	----------	-----	--

Securities Regulation Division	584-8503	231	
	584-8504		

NON-TRADITIONAL SECURITIES & INSTRUMENTS DEPARTMENT (10th Floor)

Director Jose P. Aquino			
jose.aquino@sec.gov.ph	584-6058	208	584-6447
		273	

Registration and Licensing Division

Asst. Dir. Merle Joy B. Pascual			
mjbascual@sec.gov.ph	584-5324	249	

Actuarial Review Division	584-5717	248	
---------------------------	----------	-----	--

Monitoring and Audit Division

Asst. Dir. Leonora S. Tandoc			
lpsmtandoc@yahoo.com	584-5476	245	
	584-9227		

RELEASING 584-5285

COMPANY REGISTRATION AND MONITORING DEPARTMENT (2nd Floor)

Director Benito A. Cataran			
benito.cataran@sec.gov.ph	584-5811	212	584-5319

Corporate and Partnership Registration Division

Asst. Dir. Ferdinand B. Sales	584-9225	219	584-2202
	584-0763		

Financial Analysis and Audit Division

Asst. Dir. Yolanda L. Tapales			
yolly_tapales@yahoo.com	584-5922	238	584-2106
	584-8520		

Corporate Filing and Records Division

Asst. Dir. Gerardo F. Del Rosario			
gfdelrosario@sec.gov.ph	584-8738	214	584-7895
		256	584-8803

Secondary Licensing Division

Atty. Thelma V. Alcoriza			
		272	

Law and Regulation Division

Atty. Rosalina T. Tesorio	584-2887	240	
---------------------------	----------	-----	--

DIRECTORY


	Direct	Local	Fax		Direct	Local	Fax
ENFORCEMENT AND COMPLIANCE DEPARTMENT (5th Floor)				Corporate Planning Division			
Director Hubert Dominic B. Guevara hbguevara@sec.gov.ph	584-6337	280	584-8709		584-6117	244	
					584-7238	242	
Inspection and Surveillance Division				Investor Information Assistance and Publication Division			
Asst. Dir. Ma. Elmira A. Alconaba	584-7187	211		Asst. Dir. Romell Antonio O. Cuenca rocuenca@sec.gov.ph	218 584-7256 584-1119 584-1269	279 243	
Complaints and Investigation Division				Library (9th Floor) library@sec.gov.ph			
Asst. Dir. Jocelyn C. Villar-Altamira jcaltamira@sec.gov.ph	584-7652	224			584-5994	253	
Evaluation and Prosecution Division				Management Information System Division			
	584-5704	281		Asst. Dir. Lilia O. Pinzon lopinzon@sec.gov.ph	584-7204 584-7236 584-7234	262	584-6894
	584-6047			Server room			
	584-5235			FINANCIAL MANAGEMENT DEPARTMENT (4TH Floor)			
Support Services				Director Adelaida C. Navarro Banaria aida.banaria@sec.gov.ph			
HUMAN RESOURCE AND ADMIN. DEPARTMENT (4th Floor)					584-6585	234	584-7257
Director Marilyn Peneyra-Lim mplim@sec.gov.ph	584-6165	236	584-5293	Budget and Fiscal Division			
Training and Development Division				Asst. Dir. Thoureth I. Dela Cruz tidelacruz@sec.gov.ph			
Asst. Dir. Jernel R. Macatangay jrmacatangay@sec.gov.ph	584-6654	266 233			584-5571	277 251	
Central Receiving and Records Division				Accounting Division			
Asst. Dir. Isma C. Gonzales icgonzales@sec.gov.ph	584-5285	271		Asst. Dir. Renato A. Santos rasantos@sec.gov.ph			
Ground Floor	584-6543				584-6101	269	
Mimeographics Unit		264		Treasury Division			
Public Reference Unit (Basement)	584-5285			Asst. Dir. Daisy B. Pabuaya dbpabuaya@sec.gov.ph			
Personnel Division					584-5548	221	
	584-6072			Cashier Ground Floor			
	584-5714	213		Resident Auditor (COA)			
	584-5715				584-6737	222	
Medical/Dental Clinic (3rd Flr.)				OTHER OFFICES			
	584-5326	263		Office of the Ombudsman 3rd Floor Atty. Helen M. Acuña-Sykioco 584-9772			
General Services Division				Press Office 3rd Floor			
Asst. Dir. Ferdinand A. Jugo fajugo@sec.gov.ph	584-5826	210			584-8470	258	584-5352
Procurement Specialist	584-5330	232		Consultant 3rd Floor			
Building Specialist	584-5516		584-5608	SECCU Express Lane 3rd Floor			
Printing		276					255 220 261
ECONOMIC RESEARCH AND INFORMATION DEPARTMENT (7th floor)				SECEA 3rd Floor			
Director Virgilio V. Salentes vvsalentes@yahoo.com vvsalentes@sec.gov.ph	584-6220	235	5845526	Canteen 3rd Floor			
				SBCC Basement			
				Security Guard			
				Ground Floor			
				8th floor			
				4th floor			
						201	
						241	
						252	

Editorial Committee



(First Row Left to Right) Emelynda J. Fausto-Sun, Faye Rose Q. Mitra, Kenneth Joy Quimio, Melvelyn S. Barrozo, Diana Z. Elviña-Cortes

(2nd Row Left to Right) Christian Noel D. Castillo, Alexis M. Cervantes, Simon C. Cajulao, Jr., Romell Antonio O. Cuenca, Renato A. Santos, Gaile Dante A. Caraan, Clemente S. Sapó



*For any comments or suggestions
about the 2009 Annual Reports and
future publications,
please email any of us at mis@sec.gov.ph*

Leaves of Progress

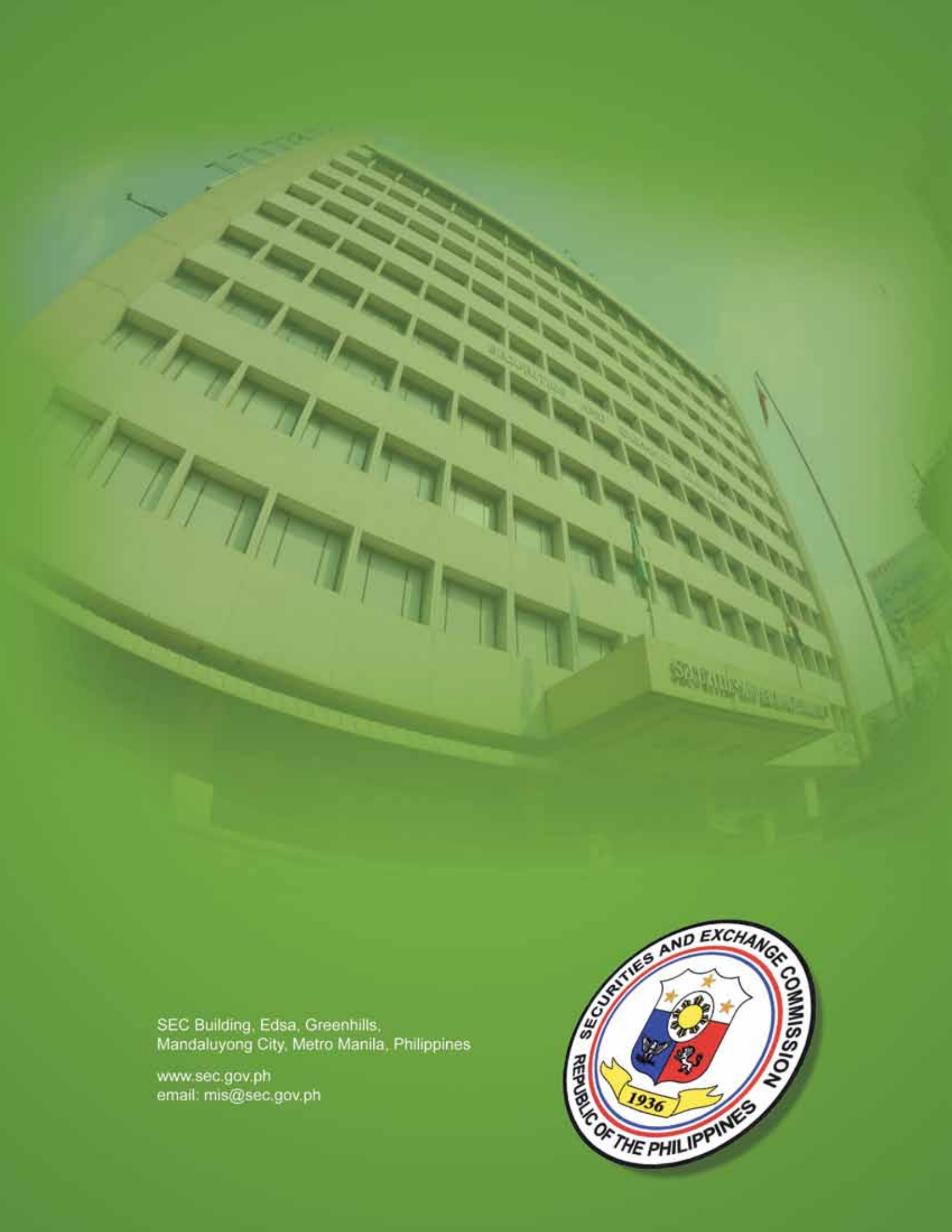
The stages of growth by the leaves that grace the covers and pages of this Annual Report – from buds to shoots to fully matured leaves – symbolize the state of the Philippine economy during the 2008 global financial crisis.

Working together, our people met head-on the challenges of that unprecedented economic maelstrom and, amid pessimistic forecasts, even managed to post a respectable growth rate.

Although the financial storm has not yet completely passed, our country, like the leaves in this Annual Report, is expected to continue to flourish in the coming years.

The Securities & Exchange Commission will not falter in its determination and efforts to play a major role in that growth.

Mabuhay ang Pilipinas!



SEC Building, Edsa, Greenhills,
Mandaluyong City, Metro Manila, Philippines

www.sec.gov.ph
email: mis@sec.gov.ph

