

SEC MEMORANDUM CIRCULAR NO. 8
Series of 2026

TO : **All Concerned**

SUBJECT : **2026 RULES OF PROCEDURE OF THE SECURITIES AND EXCHANGE COMMISSION**

DATE : **11 February 2026**

WHEREAS, Section 5.1(g) of Republic Act No. 8799, otherwise known as the *Securities Regulation Code* (SRC), empowers the Securities and Exchange Commission (the "Commission") to prepare, approve, amend or repeal rules, regulations, and orders, and to issue opinions and provide guidance on and supervise compliance with such rules, regulations, and orders;

WHEREAS, Section 5.1(n) of the SRC authorizes the Commission to exercise such other powers as may be provided by law, as well as those which may be implied from, or which are necessary or incidental to carry out the express powers granted to the Commission to achieve the objectives and purposes of these laws;

WHEREAS, Republic Act No. 11232, otherwise known as the *Revised Corporation Code of the Philippines* (RCC), expressly grants the Commission the power to investigate alleged violations of the RCC, rules, regulations or orders, and to impose administrative sanctions for such violations under Sections 154 and 158 thereof;

WHEREAS, pursuant to Presidential Decree No. 902-A, as amended, the Commission retains jurisdiction to investigate and hear administrative cases and to exercise adjudicative powers over corporations, partnerships, and associations;

WHEREAS, the Commission is mandated to enforce compliance with special laws, including, but not limited to, Republic Act No. 8556 (*The Financing Company Act of 1998*), Republic Act No. 9474 (*The Lending Company Regulation Act of 2007*), and Republic Act No. 11765 (*Financial Products and Services Consumer Protection Act*), which laws vest the Commission with the authority to formulate rules and procedures to ensure the protection of investors and the public;

WHEREAS, the Commission previously promulgated the *2016 Rules of Procedure of the Securities and Exchange Commission*, to govern actions and proceedings before it;

WHEREAS, there is a need to update, streamline, and clarify the procedural rules to align with the provisions of recent statutory developments, current jurisprudence, and the evolving landscape of corporate and securities regulation, ensuring a just, prompt, expeditious, complete, and inexpensive determination of every action and proceeding before the Commission;

WHEREAS, on 22 January 2026, after public consultation, the Commission *En Banc* approved Resolution No. 37, series of 2026, adopting the 2026 Rules of Procedure of the Securities and Exchange Commission;

NOW, THEREFORE, the Commission hereby promulgates the following **2026 Rules of Procedure of the Securities and Exchange Commission**:

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**INVESTORS
IN PEOPLE**
We invest in people



2026 RULES OF PROCEDURE OF THE SECURITIES AND EXCHANGE COMMISSION

RULE I GENERAL PROVISIONS

Section 1. Title. These Rules shall be known and cited as the “2026 Rules of Procedure of the Securities and Exchange Commission” (the “SEC Rules”).

Section 2. Scope and Coverage. These SEC Rules shall apply to all administrative and adjudicative proceedings before the Commission, including its Operating Departments, Extension Offices, and Special Hearing Panels (SHPs), unless otherwise expressly provided under applicable laws, rules, regulations, or circulars issued by the Commission.

Section 3. Definition of Terms. The terms hereunder shall be construed, as follows:

- a. **Action** refers to either an administrative or adjudicative action or proceeding;
- b. **Adjudicative action** refers to any proceeding involving the determination of rights between opposing parties, and/or the grant of relief/s to a party/-ies in the exercise by the Commission of the powers and authorities under law;
- c. **Administrative action** refers to any proceeding involving the determination of any violation of laws, rules, regulations, circulars or orders administered, implemented, issued, and/or promulgated by the Commission, and the imposition of appropriate penalties provided therein;
- d. **Commission** refers to the Securities and Exchange Commission;
- e. **Commission En Banc** refers to the highest governing body of the Commission composed of the Chairperson and four (4) Commissioners, acting as a collegial body, appointed pursuant to the Securities Regulation Code;
- f. **Corporation** refers to an artificial being created by operation of law having the right of succession, and the powers, attributes, and properties expressly authorized by law or incidental to its existence;
- g. **Decision** refers to the final disposition issued by the Operating Department, Extension Office, SHP, the Commission *En Banc*, or such other department or office that may be created or reorganized by the Commission *En Banc*, on any action, matter or issue within its jurisdiction, including, but not limited to, assessment letters containing the corresponding penalties and assessed fines based on a finding of violations;
- h. **Director** refers to the head of the Operating Department or Extension Office;
- i. **Extension Office** refers to the Bacolod City, Baguio City, Butuan City, Cagayan De Oro City, Cebu City, Davao City, Ilagan City, Iloilo City, Koronadal City, Laoag City, Legazpi City, Lipa City, Tacloban City, Tarlac City, and Zamboanga City Extension Offices of the Commission, or such other Extension Office that may be created or reorganized by the Commission *En Banc*;
- j. **Formal Charge** refers to a written document issued by an Operating Department, Extension Office or SHP stating that based on its finding and determination sufficient grounds exist to initiate an administrative action. It narrates the ultimate facts constituting the violation and specifies the provisions of the law, rule or regulation violated. The Formal Charge shall be accompanied by copies of the documentary evidence and/or sworn statements or affidavits executed by the witness/-es, if any, and shall contain a directive to file an Answer;
- k. **Hearing Officer** refers to any officer of the Commission duly authorized to conduct proceedings in an action filed before or initiated by the Commission;
- l. **Laws** shall refer to the statutes administered and enforced by the Commission, including, but not limited to, Republic Act (R.A.) No. 11232 or the Revised Corporation Code of the Philippines (RCC),

R.A. No. 8799 or the Securities Regulation Code (SRC), Presidential Decree No. 902-A (PD No. 902-A), R.A. No. 9474 or the Lending Company Regulation Act (LCRA), R.A. No. 8556 or the Financing Company Act (FCA), R.A. No. 2629 or the Investment Company Act (ICA), R.A. No. 11647 or the Foreign Investments Act of 2022 (FIA), R.A. No. 11765 or the Financial Products and Services Consumer Protection Act (FCPA), and their respective implementing rules and regulations, as well as laws that Congress may, now or hereafter, delegate to the Commission the implementation thereof;

- m. **Operating Department** refers to the Company Registration and Monitoring Department (CRMD), the Corporate Governance and Finance Department (CGFD), the Enforcement and Investor Protection Department (EIPD), the Financial Analysis and Audit Department (FAAD), the Financing and Lending Companies Department (FinLenD), the Markets and Securities Regulation Department (MSRD), the Office of the General Accountant (OGA), the Office of the General Counsel (OGC), or such other department or office which the Commission *En Banc* may, now or hereafter, create or reorganize, which acts upon matters and/or determines issues in the exercise of their respective functions and/or authorities delegated by the Commission *En Banc*;
- n. **Person** refers to a natural person, a corporation or a partnership. This term also includes natural persons or entities who, by the nature of the acts and/or transactions performed and/or carried out, are subject to the regulatory authority of the Commission;
- o. **Petitioner** refers to the person who initiates an adjudicative action;
- p. **Pleading** refers to any document filed with the Commission in relation to an administrative or adjudicative action;
- q. **Respondent** refers to the person who is the subject of a Formal Charge, as contemplated under Section 39 of these SEC Rules, in an administrative action, or to the defending party in an adjudicative action;
- r. **Self-Regulatory Organization (SRO)** refers to an organized Exchange, registered clearing agency, organization, or association registered as an SRO under Section 39 of the SRC, and which has been authorized by the Commission to: (1) enforce compliance with the relevant provisions of the SRC and the rules and regulations adopted thereunder; (2) promulgate and enforce its own rules which have been approved by the Commission, by its members and/or participants; and (3) enforce fair, ethical, and efficient practices in the securities and commodity futures industries including securities and commodities exchanges; and
- s. **Special Hearing Panel (SHP)** refers to a panel created by the Commission pursuant to these SEC Rules, consisting of Hearing Officers duly designated for that purpose.

Section 4. Construction of Rules. These SEC Rules shall be liberally construed to ensure the just, prompt, and inexpensive determination of every action and/or proceeding before the Commission. At all times, these SEC Rules shall promote the public interest and carry out the objectives of the laws, rules or regulations the Commission is mandated to administer and enforce.

Section 5. Suspension of Rules in Exceptional Cases. In the broader interest of justice and in order to best serve public interest, the Commission may exempt any particular matter from these SEC Rules in exceptional cases and apply such suitable, fair, and reasonable procedure to improve the delivery of public services and to assist the parties in obtaining a speedy, judicious, and complete disposition of cases.

Section 6. Suppletory Application of the Rules of Court. In the absence of any applicable provision in these SEC Rules, the pertinent provisions of the Rules of Court of the Philippines, as amended, and prevailing jurisprudence may, in the interest of justice, be applied by analogy or suppletorily to the proceedings before the Commission.

Section 7. Venue of Actions. All actions brought under these SEC Rules shall be filed, commenced, and heard at the SEC Headquarters or the appropriate Extension Office.

Section 8. Jurisdiction of the Operating Departments. The Operating Departments and Extension Offices shall exercise jurisdiction over cases, matters, and actions provided below:

A. Company Registration and Monitoring Department (CRMD)

1. Verified Petition to change corporate name (Section 17, RCC) and the Cease and Desist Order (CDO) issued pursuant to Section 17, paragraph 2 of the RCC, or any subsequent amendments thereto;
2. Verified Opposition to the use or reservation of corporate names;
3. Verified Petition for voluntary dissolution where no creditors are affected (Section 134, RCC);
4. Verified Petition for voluntary dissolution where creditors are affected (Section 135, RCC);
5. Verified Complaint for involuntary dissolution (Section 138, RCC) based on:
 - i. Continuous inoperation of a corporation (Section 21, RCC);
 - ii. Court-ordered dissolution of a corporation;
 - iii. Final judgment that the corporation procured its incorporation through fraud;
 - iv. Final judgment by a court of competent jurisdiction that the corporation –
 - a. Was created for the purpose of committing, concealing, or aiding the commission of securities violations, smuggling, tax evasion, money laundering, or graft and corrupt practices;
 - b. Committed or aided in the commission of securities violations, smuggling, tax evasion, money laundering, or graft and corrupt practices, and its stockholders knew of the same; and
 - c. Repeatedly and knowingly tolerated the commission of graft and corrupt practices or other fraudulent or illegal acts by its directors, trustees, officers, or employees;
6. Verified Petition for revocation of Certificate of Incorporation on the following grounds:
 - i. Fraud in the procurement of Certificate of Incorporation;
 - ii. Failure of a delinquent corporation to resume operations and comply with all the requirements of the Commission within two (2) years from the declaration of delinquent status;
 - iii. Failure to comply with a lawful order of the CRMD; and
 - iv. Other violations of laws, rules or regulations which the Commission *En Banc* has delegated to the CRMD for implementation;
7. Verified Petition to lift suspension or revocation of Certificate of Incorporation, except those whose certificates were suspended or revoked on the ground of fraud in the procurement of Certificate of Incorporation;
8. Verified Complaint to mark the General Information Sheet (GIS) as disputed;
9. Verified Petition to correct entries in company registration documents;
10. Verified Petition on matters with respect to the payment in the form of property other than cash for the subscription of shares that is used as part of the paid-up capital of a corporation;
11. Verified Complaint for violation of right to inspect and/or reproduce corporate books/records, except those falling within the authority of other Operating Departments;
12. Verified Petition for disqualification of directors, trustees, and officers of a corporation, except those falling within the authority of other Operating Departments;

13. Verified Petition to resolve corporate deadlocks under Section 103 of the RCC;
14. Verified Petition for calling of a stockholders' or members' meeting and/or the conduct of election of the board of directors/trustees under Sections 25 or 49 of the RCC;
15. Petition for revival of corporate existence; and
16. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the CRMD.

B. Corporate Governance and Finance Department (CGFD)

1. Administrative actions involving any of the following regulated entities:
 - i. Registered investment companies, except exchange traded funds (ETFs);
 - ii. Registered issuers of proprietary or non-proprietary resort or club shares, membership certificates, and timeshares;
 - iii. Public companies;
 - iv. Foundations; and
 - v. Accredited non-government organizations (NGOs) under R.A. No. 10693 or the Microfinance NGOs Act;
2. All matters relating to, or involving rules and regulations on corporate governance issued by the Commission for the following covered companies such as:
 - i. Publicly-listed companies;
 - ii. Registered issuers of proprietary or non-proprietary shares or certificates;
 - iii. Registered investment companies; and
 - iv. Public companies;
3. Petition for voluntary revocation of the secondary license issued by the CGFD for the offer and sale of securities of registered investment companies, except ETFs, and registered issuers of proprietary or non-proprietary shares/timeshares or certificates under Section 13 of the SRC and Rule 13.2 of its Implementing Rules and Regulations (2015 SRC-IRR);
4. Petition or Opposition concerning the Articles of Incorporation, By-Laws, or any amendments thereto, of covered entities necessary for the issuance of an authority or license from the CGFD, including orders of amendment in compliance with the RCC and the SRC;
5. Action for suspension or revocation of Certificate of Incorporation and/or action for imposition of other administrative penalties based thereon, or Petition to lift revocation orders arising from:
 - i. Failure to comply with a lawful order of the CGFD Director or his/her authorized representative/s;
 - ii. Failure of a delinquent covered corporation to resume operations and comply with all the requirements within the prescribed period from declaration of delinquent status; and
 - iii. Other violations of laws, rules, or regulations which the Commission *En Banc* has delegated to the CGFD for implementation; and
6. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the CGFD.

C. Enforcement and Investor Protection Department (EIPD)

1. Investigation and administrative actions involving the following:
 - i. Market manipulation and related offenses;
 - ii. Insider trading and related offenses;
 - iii. Unlawfully selling, offering or transacting securities without a secondary license or acting as capital market professionals without a license;
 - iv. Violations of circulars, guidelines, memoranda, rules, and regulations issued by the Commission pursuant to its mandate under R.A. No. 9160 or the Anti-Money Laundering Act, as amended, and its Implementing Rules and Regulations; and
 - v. *Ultra vires* acts in violation of the RCC.
2. Administrative and/or enforcement actions for violations of securities laws, rules, or regulations that, under the other provisions of these Rules, are not within the jurisdiction of another Operating Department or Extension Office;
3. Administrative actions for fraudulent transactions involving securities;
4. Administrative actions for all violations under PD No. 902-A, other than those which have been delegated to, and/or fall under the jurisdiction of other Operating Departments;
5. All other matters involving investor protection filed by the public, referred by SROs, or referred by other Operating Departments for violation of laws, rules, or regulations administered or implemented by the Commission, which do not fall under the jurisdiction of other Operating Departments;
6. Action or Petition for suspension or revocation of Certificate of Incorporation, or for the imposition of other administrative penalties based thereon, or Petition to lift revocation orders arising from:
 - i. Serious misrepresentation as to what the corporation can do or is doing to the great prejudice of or damage to the general public;
 - ii. Failure to comply with a lawful order of the EIPD Director or his/her authorized representative/s;
 - iii. Corporate registration in all cases, except those which fall under the jurisdiction of the CRMD; and
 - iv. Other violations of laws, rules, or regulations which the Commission *En Banc* has specifically delegated to the EIPD for implementation;
7. Late disclosure, non-disclosure, incomplete disclosure, and false disclosure of beneficial owner/s, and violation of policies related to beneficial ownership transparency pursuant to applicable rules, regulations, and guidelines promulgated by the Commission; and
8. Such other matters as may be determined by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the EIPD.

D. Financial Analysis and Audit Department (FAAD)

1. Actions (*motu proprio* or via verified petition) for revocation/cancellation of Certificates of Approval of Increase of Authorized Capital Stock, Certificates of Filing of Amended Articles of Incorporation, Acknowledgement Letters, and other Certificates of Approval issued by the FAAD on the following grounds:
 - i. Fraud in the procurement of FAAD Certificates/Acknowledgement Letters;
 - ii. Failure to transfer ownership of properties used as paid-up capital within the prescribed period;

- iii. Failure to comply with the lawful order of the FAAD; or
 - iv. Other violations of laws, rules or regulations which the Commission *En Banc* has delegated to the FAAD for implementation;
2. Verified Petition for correction of the entries in the Certificates of Approval of Increase of Authorized Capital Stock, Certificates of Filing of Amended Articles of Incorporation, Acknowledgement Letters, and other Certificates of Approval issued by the FAAD including supporting documents, as applicable;
 3. Verified Petition for substitution of payment pursuant to the Guidelines Covering the Use of Properties that Require Ownership Registration as Paid-Up Capital relating to applications filed before the FAAD; and
 4. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the FAAD.

E. Financing and Lending Companies Department (FinLenD)

1. Administrative proceedings involving registered financing and lending companies;
2. Monitoring of compliance by financing and lending companies with applicable laws, rules, and regulations;
3. Processing and resolution of requests for reconsideration of imposed penalties;
4. Action for suspension or revocation of Certificate of Authority, Certificate of Incorporation, or for the imposition of other administrative penalties;
5. Petition to lift revocation order; and
6. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the FinLenD.

F. Markets and Securities Regulation Department (MSRD)

1. Actions involving securities markets and market institutions such as:
 - i. Exchanges;
 - ii. Over-the-counter markets and other trading markets;
 - iii. Alternative trading systems;
 - iv. SROs;
 - v. Clearing agencies;
 - vi. Securities lending agencies;
 - vii. Depositories;
 - viii. Central trade reporting systems;
 - ix. Registrar of qualified buyers; and
 - x. Financial technology, wherever applicable.
2. Revocation of Secondary License issued by the MSRD;
3. Actions involving capital market intermediaries and professionals including, but not limited to:
 - i. Brokers/dealers;
 - ii. Exchange traded funds;

- iii. Government securities eligible dealers;
 - iv. Government securities brokers;
 - v. Associated persons/compliance officers and salespersons of broker/dealers;
 - vi. Transfer agents;
 - vii. Investment houses and underwriters of securities;
 - viii. Investment company advisers/fund managers of investment companies;
 - ix. Fund managers of Real Estate Investment Trusts (REIT);
 - x. Fund managers trading in futures contract (or commodity pool operator)/commodity trading advisor/futures broker, and any other commodities futures role;
 - xi. Investment advisors;
 - xii. Mutual fund distributors;
 - xiii. Associated persons/compliance officers and salespersons of broker/dealers/investment houses/underwriters;
 - xiv. Fixed income market salesmen (FIMS);
 - xv. Compliance officers and certified investment solicitors of investment company advisers/mutual fund distributors and REIT fund managers (for compliance officers only);
 - xvi. Crowdfunding intermediaries;
 - xvii. Financial technology used by any of the above capital market intermediaries and professionals; and
 - xviii. Other securities market participants and professionals;
- 4. Administrative and adjudicative actions involving publicly-listed companies and registered issuers falling under the jurisdiction of the MSRD;
 - 5. Petition for voluntary revocation of Certificate of Incorporation and Permit to Sell of publicly-listed companies and registered issuers;
 - 6. Action or Petition for suspension or revocation of Certificate of Incorporation, order of registration, and Permit to Sell or for imposition of other administrative penalties based thereon, and Petition to lift revocation orders arising from:
 - i. Failure to comply with the lawful order of the MSRD Director or his/her authorized representative/s; and
 - ii. Other violations of laws, rules or regulations which the Commission *En Banc* has delegated to the MSRD for implementation;
 - 7. Inspection of records and disqualifications of officers and directors with regard to the entities regulated by the MSRD; and
 - 8. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the MSRD.

G. Office of the General Accountant (OGA)

- 1. Administrative actions involving Audited Financial Statements submitted by corporations, except those that are under the jurisdiction of another Operating Department as provided under these Rules.
- 2. All administrative actions involving non-compliance with the rules and regulations covering independent professionals or experts engaged by corporations, who are not under the jurisdiction of another Operating Department;
- 3. Action or Petition for suspension or revocation of Certificate of Incorporation or Accreditation and/or imposition of other administrative penalties based thereon, or Petition to lift revocation orders; and

4. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the OGA.

H. Office of the General Counsel (OGC)

1. Cases appealed to the Commission *En Banc*; and
2. Such other matters as may be provided by law or delegated by the Commission *En Banc*.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the OGC.

Section 9. Jurisdiction of Extension Offices. Extension Offices shall have jurisdiction over matters that fall within the authority of the Operating Departments, provided that the principal office of the corporations, partnerships, associations, or entities involved are located within the Extension Office's territorial coverage, except for:

- a. Highly technical matters under existing laws including, but not limited to, the RCC, SRC, ICA, and FCPA, which are within the competence of a particular Operating Department; and
- b. Cases enumerated under Section 8 (C)(1) and (4) of these SEC Rules which are under the exclusive jurisdiction of the EIPD or the relevant Operating Departments.

Unless otherwise provided under these Rules, it shall be understood that any action analogous to the foregoing shall be filed with the appropriate Extension Office.

RULE II PLEADINGS

Section 10. Pleadings. The only pleadings allowed to be filed are the Petition, Answer, and such other pleading(s) as may be directed by the Operating Department, Extension Office, SHP, or the Commission *En Banc* to be filed, at its discretion. All other pleadings shall not be allowed.

Unless otherwise directed by the Operating Department, Extension Office or SHP, copies of every pleading, its attachments, and other relevant documents filed in connection with an action or proceeding before the Commission shall be served on all the parties to the case, except the Petition, which shall be served upon the respondent by the Commission as an attachment to the Summons.

The Petition and the Answer in an adjudicative action shall be verified.

All pleadings, motions, and other submissions filed with the Commission shall be in English and must comply with the Supreme Court's Efficient Use of Paper Rule (A.M. No. 11-9-4-SC).

Section 11. Prohibited Pleadings and Other Submissions. The following pleadings, motions or submissions requesting or praying for similar or analogous reliefs shall not be allowed:

- a. Motion to Dismiss, except on grounds of lack of jurisdiction on the part of the Commission, prescription, pendency of another case involving the same parties and action, or *res judicata* for issues raised involving the same parties which have already been resolved by the Commission;
- b. Motion for a Bill of Particulars;
- c. Motion for Reconsideration, except those filed pursuant to Rule XIII of these SEC Rules;
- d. Petition for Relief from Judgment;
- e. Motion for Extension of Time to file pleadings, affidavits, or any other submission of similar purpose;

- f. Motion to Declare a Party in Default;
- g. Motion for Postponement and any similar motions;
- h. Motion for Leave to Amend Pleadings;
- i. Reply; and
- j. Rejoinder.

Any prohibited pleading or submission filed with the Commission shall be expunged from the case records.

Section 12. Manner of Filing. Pleadings shall be filed personally, by registered mail or accredited courier, or by electronic mail to the designated official email address of the Commission. Except for initiatory pleadings, all other pleadings shall be furnished to the opposing party/-ies in the manner allowed under these SEC Rules.

The submission of incomplete documents may constitute a ground for the dismissal of an action without prejudice.

Unless expressly authorized by the relevant Operating Department, Extension Office, SHP, or the Commission *En Banc*, all subsequent pleadings and/or submissions shall be filed by electronic mail through the official email address of such Operating Department, Extension Office, SHP, or the Commission *En Banc*, or by other electronic means as the Commission may, now or hereafter, recognize and allow.

Pleadings and submissions filed electronically shall be digitally signed in accordance with the Rules on Electronic Evidence¹ and in Portable Document Format (.pdf). The date of electronic transmission shall be deemed as the date of filing and transmission.

Section 13. Manner of Service. Pleadings, motions, and other documents shall be served personally, by registered mail, accredited courier, electronic mail, or by such other means as may be allowed by the Commission.

Service of pleadings shall be made in accordance with Rule 13, Sections 5 to 9 of the Rules of Court, as amended.

Section 14. Email Transmittal Requirements.

- a. **Subject.** The transmittal email shall include in the subject line, the docket number/s, case title/s, and the name of the pleading being filed, which shall indicate the nature of the action.
- b. **Body.** The body of the email shall contain sufficient information to enable the Operating Department, Extension Office, SHP, or the Commission *En Banc* to ascertain: (1) the party/-ies filing the pleading; (2) the nature of the pleading; (3) the party/-ies against whom relief, if any, is sought; and (4) the relief/s sought.

Additionally, the body of the email shall include:

- i. Primary manner of filing, if applicable;
- ii. Filing date; and
- iii. Case details, including: (1) docket number/s; (2) case title/s; (3) name of the filing party, (4) contact number/s of the filer; (5) other email address/es of the filer, if any; and (6) a list of the documents attached to the transmittal email.

Section 15. Proof of Service. Service shall be proven in the same manner provided under Rule 13, Section 17 of the Rules of Court, as amended.

¹ A.M. No. 01-7-01-SC, July 17, 2001.

Section 16. *Completeness of Service.* The completeness of the service of pleadings, motions, and other documents shall be determined in accordance with Rule 13, Section 15 of the Rules of Court, as amended.

**RULE III
MANNER, COMPLETENESS, AND PROOF OF SERVICE OF PAPERS
EMANATING FROM THE COMMISSION**

Section 17. *Manner of Service.*

- a. ***Individuals.*** Decisions, resolutions, orders and other processes emanating from the Commission under these SEC Rules shall be served by electronic mail to the email address of the person, his/her counsel, or authorized representative provided in the pleadings filed with the Commission.

If service by electronic mail is not feasible, service shall be made personally, by registered mail, or by accredited courier, in accordance with Rule 13, Sections 5 to 11 of the Rules of Court, as amended.

In any case, the decision, resolution, or order may also be served simultaneously through publication on the Commission's website.

- b. ***Corporations.*** Service to a juridical person shall be made by electronic mail to its registered email address provided in its SEC Memorandum Circular No. 28, series of 2020 (SEC MC No. 28-2020), submission. If the juridical person has not yet complied with SEC MC No. 28-2020 or has not provided an email address, service shall be made to any director, officer, corporate secretary, or agent thereof available on the Commission's records by electronic mail; or, if not feasible, personally, by registered mail, or by accredited courier.

In any case, the decision, resolution or order may also be served simultaneously through publication on the Commission's website.

- c. ***Foreign Corporations Doing Business in the Philippines.*** Service to foreign corporations doing business in the Philippines shall be made by electronic mail to the email address of its resident agent designated in accordance with existing laws for that purpose, as specified in its SEC MC No. 28-2020 submission. If the foreign corporation has no resident agent, service shall be made to its principal office by registered mail or by such other means, including the publication on the Commission's website, as the Commission may, in its discretion, deem appropriate.

- d. ***Last Known or Registered Address.*** Service shall be deemed effected if transmitted to the last known or registered address, or email address provided in the records of the Commission.

Section 18. *Completeness of Service.* The completeness of the service of decisions, resolutions, orders, and other processes shall be determined in accordance with Rule 13, Section 15 of the Rules of Court, as amended.

Service by publication shall be deemed complete upon publication of the decisions, resolutions, orders and other processes on the Commission's website.

Section 19. *Proof of Service.* Proof of service of decisions, resolutions, orders and other processes shall be governed by Rule 13, Section 17 of the Rules of Court, as amended.

If the service of decisions, resolutions, orders, and other processes is by publication on the Commission's website, proof of service thereof shall consist of an affidavit of the Commission's website administrator, to which affidavit a copy of the publication shall be attached.

**RULE IV
CONDUCT OF CASE CONFERENCE AND ISSUANCE OF SUBPOENA**

Section 20. *Case Conference.* At any stage of the investigation or proceedings, and before the rendition of a decision, the Operating Department, Extension Office, SHP or the Commission *En Banc*, may, at its discretion, issue an order setting the case for conference after an Answer is filed. The order shall direct the parties

and/or their respective counsels to appear before the Hearing Officer on the scheduled date to consider the following matters:

- a. Possibility of an amicable settlement;
- b. Stipulation of facts;
- c. Simplification of the issues;
- d. Obtaining the latest office or residential address of the parties and/or their counsels;
- e. Fixing hearing dates, as may be necessary; and
- f. Such other matters that may aid in the just and speedy disposition of the action.

The conference may be conducted in person or virtually, at the discretion of the Operating Department, Extension Office, SHP or the Commission *En Banc*. Otherwise, the parties shall be directed to submit a position paper in lieu thereof.

Failure of a party to attend the case conference shall be deemed a waiver of such party's right to present additional arguments and/or evidence. The Operating Department, Extension Office, SHP or the Commission *En Banc* shall forthwith proceed to render a decision on the case based on the arguments and the evidence on record.

Section 21. Minutes of Case Conference. The Hearing Officer shall prepare and issue the minutes of the case conference, which may include, among others, the new allegations, claims, and a statement of the legal issues presented for resolution.

Section 22. Termination of Case Conference. The Hearing Officer may terminate the case conference after determining that the parties failed to amicably settle.

Section 23. Subpoena and Examination/Inspection Order. In the course of any investigation or proceeding, the Director of the Operating Department or Extension Office, the Presiding Officer of SHP or the Commission *En Banc*, may, *motu proprio* or upon motion, issue a:

- a. Subpoena *ad testificandum*;
- b. Subpoena *duces tecum*; or
- c. Examination/Inspection Order.

Section 24. Contents of Subpoena and Examination/Inspection Order. The subpoena shall bear the title of the action, proceeding, or investigation and shall state the name of the person whose appearance is required or the name of the custodian of the documents sought. In case of a subpoena *duces tecum*, the subpoena shall contain a description of the documents or objects to be produced.

An examination/inspection order shall specify the date and place of the inspection, the names of the authorized persons conducting the inspection, including their authority to copy or photograph documents. Additional terms and conditions may be included as deemed necessary under the circumstances.

Section 25. Non-Compliance with Subpoenas and Examination/Inspection Order. Any unreasonable delay or unjustified failure or refusal to comply with the subpoenas and examination/inspection order issued by the Commission shall constitute indirect contempt and may subject the relevant person/s to the appropriate administrative sanctions.

RULE V
JUDICIAL NOTICE OF RECORDS FILED BEFORE THE COMMISSION

Section 26. *Judicial Notice of Records Filed Before the Commission.* An Operating Department, Extension Office SHP or the Commission *En Banc* may, in all actions pending before it and, in its discretion, take administrative notice of any information or document filed with, and is within the custody and records of the Commission, if the same will facilitate the complete and speedy disposition of the action.

RULE VI
SPECIAL HEARING PANEL

Section 27. *Creation of Special Hearing Panel.* The Commission *En Banc* may, at its discretion, constitute an SHP to hear and decide actions or cases involving matters that are within the jurisdiction of multiple Operating Departments or Extension Offices. The SHP shall be composed of at least three (3) members from the relevant Operating Departments or Extension Offices, to be headed by a Presiding Officer designated by the Commission *En Banc*, who shall have the authority to sign all orders, decisions, resolutions, and processes issued by the SHP.

All decisions or resolutions of the SHP shall require the concurrence of the majority of the members thereof.

The EIPD shall serve as the Secretariat of the SHP which shall consist of three (3) personnel, including at least one (1) lawyer. The members of the Secretariat shall be designated by the Commission *En Banc*.

The Secretariat shall be responsible for the day-to-day operations and administration of the SHP, provide administrative and logistical support thereto, and ensure that its proceedings achieve the objectives of these SEC Rules.

The Secretariat shall not perform any adjudicatory function or act as a representative of the SHP or any member thereof.

RULE VII
ADJUDICATIVE ACTION

Section 28. *How Commenced.* An adjudicative action shall commence upon the filing of a Petition with the Operating Department, Extension Office or SHP having jurisdiction over the subject matter, and the payment of the applicable docket fees. Non-payment of the docket fee shall render the Petition as not filed.

The Petition shall be verified and accompanied by a Certificate of Non-Forum Shopping duly subscribed and sworn to by the Petitioner or the latter's authorized agent.

The Petition shall contain the names and addresses and/or email addresses of the parties, a concise statement of the material facts and circumstances constituting the causes of action, the issues to be resolved and the reliefs sought.

The Petition must be supported by relevant documents, affidavits, and such other evidence as would reasonably tend to establish *prima facie* the truth of the allegations contained therein.

The Petition shall include an express consent by the petitioner, or his/her counsel, to the electronic service of orders, notices, decisions, resolutions and other issuances of the Commission, if the petitioner has not yet complied with the requirements of SEC MC No. 28-2020.

All initiatory pleadings must be filed in one (1) original copy, two (2) duplicate copies and such number of duplicate copies thereof equivalent to the number of respondents, regardless of the mode of filing.

A Motion for Intervention in an adjudicative action, if allowed herein, may be filed by any party upon a showing that he/she has a legal interest in the subject matter thereof or may be adversely affected by the decision of the Commission.

Section 29. Verification and Certification Against Forum Shopping. A pleading shall be verified by an affidavit of an affiant, or a duly authorized agent acting on the basis of a secretary's certificate or a special power of attorney, which must be attached to the pleading, and shall include the following attestations:

- a. The allegations in the pleading are true and correct based on his/her personal knowledge or on authentic documents;
- b. The pleading is not filed to harass, cause unnecessary delay or needlessly increase the cost of litigation; and
- c. The factual allegations have evidentiary support or, if specifically identified, are expected to have evidentiary support after a reasonable opportunity for discovery.

The signature of the affiant or the duly authorized agent shall serve as a certification of the truthfulness of the allegations contained in the pleading.

A verified Petition shall also be certified by a sworn statement with the following attestations:

- a. The petitioner has not commenced any other action or proceeding involving the same subject matter or issues in any court, tribunal or agency and, to the best of his/her knowledge, no such other action or proceeding is pending therein;
- b. If there is such other pending action or proceeding, a complete statement of the present status shall be disclosed; and
- c. If the petitioner subsequently learns that a similar or related action or proceeding has been filed or is pending, he/she shall immediately inform the concerned Operating Department, Extension Office, SHP or the Commission *En Banc* within five (5) days from acquiring such knowledge.

Failure to comply with the foregoing shall result in the dismissal of the Petition without prejudice. The submission of a false certification or non-compliance with any of the undertakings therein shall constitute indirect contempt of the Commission and may subject the party and/or counsel to the corresponding administrative and criminal sanctions.

If a party or counsel willfully engages in forum shopping, the Petition shall be summarily dismissed with prejudice and such act shall constitute direct contempt of the Commission.

Section 30. How Conducted.

- a. The Operating Department, Extension Office or SHP may issue an Order, *motu proprio* or upon motion, dismissing the Petition on any of the following grounds:
 - i. It has no jurisdiction over the subject matter of the adjudicative action; or
 - ii. There is a similar or identical case involving the same parties and subject matter filed or pending before the Commission.
- b. Otherwise, the Petition shall be assigned a case number.

Section 31. Summons. Within five (5) days from receipt of the Petition, the Operating Department, Extension Office or SHP shall issue summons which may be served through the following modes:

- a. **Service on Individuals.** Service may be made electronically through the email address indicated in the verified Petition. In the event that no email is provided, personal service of the summons shall be effected by handing the same to the respondent and informing him/her of such fact. If the respondent refuses to receive the summons, service may be made by leaving the same within his/her view and presence.

- b. ***Service on Domestic Private Juridical Entity.*** For corporations that have complied with SEC MC No. 28-2020, service may be made electronically by transmitting the same to the corporation's registered email address as specified in its SEC MC No. 28-2020 submission.

If electronic service is not feasible, service may be made by delivering a copy of the summons to the corporation, partnership or association through its president, managing partner, general manager, corporate secretary, treasurer or in-house counsel, wherever they may be found. If none are available, service may be made upon their secretaries or a person who customarily receives correspondence at their principal office.

If the entity is under receivership or liquidation, service shall be made on the receiver or liquidator.

- c. ***Service on Foreign Private Juridical Entity.*** If the foreign entity is doing business in the Philippines, service may be made to its resident agent or, in his/her absence, to any officer, agent, director or trustee within the country.

If the foreign entity is unregistered or without a resident agent, service outside of the Philippines may be effected by:

- i. Personal service through the appropriate foreign court which has jurisdiction in the country where the entity may be found, or to its last known address with the assistance of the Department of Foreign Affairs;
 - ii. Registered mail at the respondent's last known address;
 - iii. Publication, at least once, in a newspaper of general circulation in the respondent's country or its last known address;
 - iv. Facsimile;
 - v. Electronic means, with proof of service as provided under Rule III, Section 19 of these SEC Rules; or
 - vi. Absent the foregoing, any other mode as may be directed by the relevant Operating Department, Extension Office or SHP, in its discretion.
- d. ***Service on Entities Without Juridical Personality.*** Service may be made by publication on the Commission's website, or on any person associated with the entity or in charge of its office or place of business. However, such service shall not bind a person whose connection with the entity ended before the action was filed, provided that due notice was given.
- e. ***Service on Parties whose Whereabouts is/are Unknown.*** If, despite diligent inquiry, the whereabouts of the respondent/s is/are unknown, service may be effected by publication on the Commission's website or in the respondent's last known country of residence, within ninety (90) days from the commencement of the action, upon order of the relevant Operating Department, Extension Office or SHP. Costs shall be borne by the petitioner.
- f. ***Substituted Service.*** If, for justifiable causes, personal service of summons is not effected after at least three (3) attempts on two (2) separate dates, substituted service may be made:
- i. By leaving a copy at the respondent's residence with a person at least eighteen (18) years of age and of sufficient discretion residing therein;
 - ii. By leaving a copy at the respondent's principal place of business with a competent person working therein who regularly receives correspondences;
 - iii. By leaving a copy, if refused entry after making the server's authority and purpose known, with any of the homeowners' association officer, condominium corporation officer or chief security officer of the community or the building where the respondent may be found; or

- iv. By sending a copy through registered mail or private courier to the respondent's last known address.

Section 32. Verified Answer. Within thirty (30) days from receipt of the summons, the respondent shall file his/her verified Answer and serve a copy thereof to the petitioner, in accordance with these SEC Rules.

The verified Answer shall contain the material facts in support of the respondent's defense/s, accompanied by relevant evidence supporting the same, including affidavits, documents and other competent proof.

The verified Answer shall include an express consent by the respondent or his/her counsel to the electronic service of orders, notices, decisions and other issuances of the Commission and to receive pleadings or other papers from the opposing party or counsel by electronic service, and the designated email address where such electronic service shall be received.

Section 33. Effect of Failure to File a Verified Answer. If the respondent fails to file a verified Answer within the prescribed period, the Director of the Operating Department or Extension Office or the Presiding Officer of SHP shall, *motu proprio*, render a decision based on the allegations in the Petition, provided that such allegations are duly supported by the evidence on record.

Section 34. Provisional Remedy for Issuance of Ex Parte Cease and Desist Order. If the Petition or Answer contains a prayer for the issuance of an *ex parte* CDO under Section 156 of the RCC, the relevant Operating Department, Extension Office or SHP may issue such CDO against any person who is found to be engaging, or is about to engage, in any act, transaction, or practice that is fraudulent or can be expected to cause significant, imminent and irreparable harm to public safety or welfare.

The *ex parte* CDO shall be effective for a maximum period of twenty (20) days and may be made permanent, after notice and hearing.

Section 35. Amicable Settlement. The parties may, at any stage of the proceedings, agree upon and enter into an amicable settlement provided that the same is not prejudicial to public interest or to third parties, or contrary to law, rules, regulations, good morals or public policy.

Any settlement agreed upon by the parties shall be reduced into writing, signed by the parties and/or their counsels, and shall be used as a basis in issuing a judgment based on a compromise agreement.

Section 36. Submission of Position Papers. The Operating Department, Extension Office or SHP may issue an order directing the parties to submit their respective position papers with a copy furnished to the other party/-ies.

Section 37. Submission of Memorandum Decision by the Parties. Each party shall prepare and submit a proposed draft decision, upon order of the Operating Department, Extension Office or SHP, with a copy furnished to the opposing party, addressing all issues identified for determination during the proceedings. The memorandum decision shall contain clearly and distinctly the facts, issues, and applicable laws and jurisprudence upon which they are based.

The relevant Operating Department, Extension Office or SHP may consider, partly or in its entirety, and/or use the memorandum decision submitted by a party. Nothing herein shall be construed as rendering the memorandum decision binding upon the Operating Department, Extension Office or SHP, which shall retain full discretion to adopt, reject or modify the parties' proposed findings and conclusions in the memorandum decision.

Section 38. Rendition of Judgment. After the action is submitted for decision, the Director of the Operating Department or Extension Office, or the Presiding Officer of the SHP shall render judgment, based on the allegations and evidence on record, within forty-five (45) working days reckoned from the date prescribed in the immediately succeeding paragraph.

An action shall be deemed submitted for decision upon the issuance of an order to that effect by the Operating Department, Extension Office or SHP, or upon the filing of the last pleading permitted under these SEC Rules, or the lapse of the period allowed for such submission.

No motion for reconsideration shall be allowed, and the filing of the same shall not toll the period for filing an appeal.

RULE VIII ADMINISTRATIVE ACTION

Section 39. *How Commenced.* An administrative action shall be commenced upon the issuance by the Operating Department, Extension Office or SHP of a Formal Charge upon finding that there are sufficient grounds that warrant the commencement of an administrative action.

The Formal Charge shall narrate the ultimate facts constituting the offense, specifying the provisions of the law, rule or regulation violated. The Formal Charge shall be accompanied by copies of the documentary evidence and/or sworn statements or affidavits executed by the witness/-es, if any, and shall contain a directive to file an Answer. Upon issuance of the Formal Charge, the case shall be assigned a docket number.

Section 40. *Answer to the Formal Charge.* Within thirty (30) days from receipt of the Formal Charge, the respondent shall file an Answer which shall be accompanied by documents, affidavits of witnesses, if any, and other relevant evidence which are necessary to support his/her defense. Defenses not pleaded are deemed waived.

Section 41. *Effect of Failure to File an Answer.* If the respondent fails to submit an Answer within the prescribed period, the case shall be deemed submitted for decision, and the Operating Department, Extension Office or SHP shall proceed to decide on the matter based on the arguments and the evidence on record.

Section 42. *Rendition of Judgment.* After the case is submitted for decision, the Director of the Operating Department or Extension Office, or the Presiding Officer of the SHP shall render judgment based on the allegations and evidence on record.

A case shall be deemed submitted for decision upon the issuance of an order to that effect by the Operating Department, Extension Office or SHP, or upon the filing of the last pleading permitted under these SEC Rules, or the lapse of the period allowed for such submission.

No motion for reconsideration shall be allowed, and the filing of the same shall not toll the period for filing an appeal.

RULE IX SETTLEMENT OFFERS

Section 43. *Settlement Offers.* Any person or entity under investigation, or who is the respondent in any proceeding may, at any time, propose in writing an offer of settlement with the Commission. No settlement offer will be allowed after an order, decision or resolution resolving the case has become final and executory, or if the case involving the matter subject thereof is already pending with the courts.

No settlement offer for the following violations will be accepted:

- a. Non-filing of required reports;
- b. Late filing of required reports;
- c. Cases involving the Foreign Investments Act of 1991;
- d. Fines for violation of the RCC; and
- e. Violations of the Revised Penal Code and special laws.

Section 44. Form and Contents of Settlement Offer. The settlement offer shall state that it is being made pursuant to Section 55 of the SRC, incorporating the conditions provided in Rules 55.1.3.4 and 55.1.3.5 of the 2015 SRC-IRR, and signed by the person making the offer. If the proposer is a juridical person, a copy of the board resolution or a secretary's certificate attesting to its approval shall be attached to the settlement offer.

Section 45. Where Filed. The proposer shall file the offer for settlement with the EIPD Director, simultaneously tendering the amount offered which shall be equal to or more than fifty percent (50%) of the total imposable fine or damage caused.

The EIPD Director shall consider and evaluate the offer, taking into consideration the criteria set forth under Rule 55.1.3 of the 2015 SRC-IRR, and shall present his/her recommendation/s to the Commission *En Banc*; provided, however, that if the recommendation is unfavorable, the offer shall not be presented to the Commission *En Banc*, unless the proposer requests in writing within five (5) days from receipt of the denial of the offer.

Section 46. Action of the Commission En Banc.

- a. If the Commission *En Banc* rejects the offer of settlement, the EIPD shall notify the proposer of the Commission's action, and the offer of settlement shall be deemed withdrawn. The rejected offer shall not constitute part of the record in any proceeding against the proposer; provided, however, that the rejection of an offer of settlement does not affect the continued validity of waivers under Rule 55.1.3.5 of the 2015 SRC-IRR;
- b. The final acceptance by the Commission *En Banc* of any offer of settlement shall occur only upon the issuance of a summary of findings, and the Order of the Commission shall become effective only upon public disclosure thereof on the Commission's website. The Order may be made without a determination of guilt or innocence of the proposer.

The Commission may likewise require the proposer to make an admission of guilt or stipulate facts as part of the condition for the acceptance of the settlement offer and/or to disgorge illegal gains.

The Order shall state the period within which the proposer must fully comply with the terms and conditions of the settlement offer. In the absence thereof, the proposer shall have fifteen (15) days from receipt of the Order to fully comply with the terms and conditions thereof.

Section 47. Effect of Failure to Comply. In the event that the proposer fails to comply with the terms and conditions set forth in the Order, the settlement offer shall be considered withdrawn and the investigation or proceedings against the proposer shall be reinstated.

RULE X REDUCTION OF ADMINISTRATIVE PENALTY

Section 48. Reduction of Administrative Penalty. In meritorious cases, and whenever allowed under existing laws, rules, regulations, orders or issuances, the Operating Department, Extension Office or SHP may recommend to the Commission *En Banc* the reduction of the assessed and imposed administrative penalty/-ies. No reduction of administrative penalty/-ies shall be effective and implemented unless approved by the Commission *En Banc*.

In case the request for reduction of administrative penalty/-ies is denied by the relevant Operating Department, Extension Office or SHP, such denial shall be final and shall not toll the running of the period to appeal.

Section 49. Payment of Penalty by Installment. The relevant Operating Department, Extension Office or SHP may, upon recommendation to, and approval by the Commission *En Banc*, allow the payment of administrative penalty/-ies in installments, if justified by the circumstances and allowed under existing laws, rules or regulations.

RULE XI CEASE AND DESIST ORDER

A. General Provisions

Section 50. *How Commenced.* An Operating Department, Extension Office or SHP, *motu proprio* or upon a complaint, may issue a CDO without the necessity of a prior hearing, upon a finding that the grounds for the issuance of the CDO provided under Sections 53.3 and 64 of the SRC, Section 156 of the RCC, or Section 6(d)(4) of the FCPA are present.

Section 51. *Effect of Issuance of a CDO.* The CDO shall be immediately executory upon its issuance and shall remain effective until the same is lifted, through an order, by the Operating Department, Extension Office or SHP that issued the same.

Section 52. *Service of the CDO.* The CDO shall be served personally, by registered mail or accredited courier at the principal office of the corporation, association or partnership and/or electronically at the email address of the corporation, association or partnership provided under its SEC MC No. 28-2020 submission. The natural person/s, if any, who is/are also the subject of the CDO shall be served a copy thereof in their addresses, if known; otherwise, the CDO shall be served in the same address and email address as that of the corporation, association, or partnership.

In the event that the service of the CDO at the principal office, last known address/-es and/or email address of the corporation, association or partnership, or the natural person/s cannot be made, or if the person/s subject of the CDO is/are not registered with the Commission, the CDO shall be deemed served when published on the Commission's website. The date of the service or the posting of the CDO, whichever comes first, shall be considered the date of receipt of the person/s subject of the CDO.

B. Revised Corporation Code of the Philippines

Section 53. *Grounds for a CDO under Section 156 of the RCC.* Whenever the Operating Department, Extension Office or SHP has reasonable basis to believe that a person has violated, or is about to violate the RCC, a rule, regulation or order of the Commission, it may direct such person to desist from committing the act constituting the violation. For this purpose, the Operating Department, Extension Office or SHP may issue a CDO *ex parte* to enjoin an act or practice which is fraudulent or can be reasonably expected to cause significant, imminent, and irreparable danger or injury to public safety or welfare.

The *ex parte* CDO under this Section is valid for a period of twenty (20) days from receipt thereof, without prejudice to the same being extended or made permanent after due notice and hearing.

The CDO issued under this Section shall contain a directive to the person/s against whom it is issued to submit a verified Motion to Lift the CDO within five (5) days from receipt thereof; otherwise, the Operating Department, Extension Office or SHP shall proceed to determine whether the CDO will be extended or made permanent.

Section 54. *Procedure for the Lifting of the CDO.* The person/s against whom a CDO is issued under the preceding Section may file a verified Motion to Lift with the relevant Operating Department, Extension Office or SHP within five (5) days from receipt of the CDO, or the posting of the CDO on the Commission's website, whichever is earlier.

The Operating Department, Extension Office or SHP shall resolve the verified Motion to Lift before the twenty (20)-day period lapses; otherwise, the CDO shall be deemed to have been lifted.

If no verified Motion to Lift has been filed, the Operating Department, Extension Office or SHP shall, by order, extend the period of the CDO or render the same permanent. The issuance of the CDO under the preceding Section is without prejudice to the appropriate administrative or criminal actions that may be instituted against the person/s subject thereof.

No motion for reconsideration of the resolution on the verified Motion to Lift shall be allowed. The Resolution denying the Motion to Lift may be appealed to the Commission *En Banc* within fifteen (15) days from receipt thereof.

C. Securities Regulation Code

Section 55. Grounds for a CDO under the SRC. Whenever the Operating Department, Extension Office or SHP, *motu proprio* or upon a verified complaint, has reasonable basis to believe that a person has engaged or is about to engage in any act or practice which, unless restrained, will operate as a fraud on investors, or will likely cause grave or irreparable injury or prejudice to the investing public, it may issue a CDO without the necessity of a prior hearing.

A CDO issued under this Section shall contain a directive to the person/s against whom it is issued to submit a verified Motion to Lift the CDO within five (5) days.

Section 56. Procedure for the Lifting of the CDO. The person/s against whom a CDO is issued under the preceding Section may file a verified Motion to Lift with the relevant Operating Department, Extension Office or SHP within five (5) days from receipt of the CDO, which shall be set for hearing within fifteen (15) days from its filing. For purposes hereof, the requirement for the conduct of a hearing shall be considered complied with if the party/-ies is/are given the opportunity to adduce evidence through written explanations, submission or pleadings.

The Operating Department, Extension Office or SHP shall resolve the verified Motion to Lift before the ten (10)-day period lapses from the termination of the hearing.

If no verified Motion to Lift is filed, the CDO shall automatically be considered permanent.

No motion for reconsideration of the resolution on the verified Motion to Lift shall be allowed. The resolution denying the Motion to Lift may be appealed to the Commission *En Banc* within fifteen (15) days from receipt thereof.

Section 57. Ex Parte CDO. An *ex parte* CDO may be issued for a maximum period of ten (10) days if the Operating Department, Extension Office or SHP finds that a person has engaged or is about to engage in any act or practice, which violates any provision, rule or regulation of the SRC, or any rule of an exchange, registered securities association, clearing agency, or other SROs and there is a reasonable likelihood that the person will continue to conduct further or future violations.

The *ex parte* CDO under this Section shall automatically expire after the lapse of ten (10) days, unless the Operating Department, Extension Office or SHP, by order, extends or makes the same permanent.

D. Financial Products and Services Consumer Protection Act

Section 58. Grounds for a CDO under the FCPA and the SEC FCPA-IRR. When in the judgment of an Operating Department, Extension Office or SHP, an act or practice of a financial service provider, unless restrained, amounts to fraud or a violation of the provisions of the FCPA and/or the SEC FCPA-IRR, or may unjustly cause grave or irreparable injury or prejudice to financial consumers, it may issue a CDO without the necessity of a prior hearing.

Section 59. Procedure for the Lifting of the CDO. The person/s against whom a CDO is issued under the preceding Section may file a verified *Motion to Lift* with the relevant Operating Department, Extension Office or SHP within five (5) days from receipt thereof, or the posting of the same on the Commission's website, whichever is earlier.

The Operating Department, Extension Office or SHP shall resolve the verified Motion to Lift expeditiously.

If no verified Motion to Lift is filed, the CDO issued under the preceding Section shall be deemed permanent without the necessity of an order to that effect.

No motion for reconsideration of the resolution on the verified Motion to Lift shall be allowed. The Resolution denying the Motion to Lift may be appealed to the Commission *En Banc* within fifteen (15) days from receipt thereof.

RULE XII
APPEAL TO THE COMMISSION *EN BANC*

Section 60. Subject of Appeal to the Commission *En Banc*. An appeal may be taken to the Commission *En Banc* from a decision, judgment, resolution or final order of a Director of an Operating Department or Extension Office, SHP or SRO, which completely disposes of an administrative or adjudicative action.

An appeal may likewise be taken from an official act of an Operating Department or Extension Office made in the exercise of its functions.

No appeal shall be taken from the following:

- a. Interlocutory order;
- b. Order disallowing or dismissing an appeal;
- c. Order of execution;
- d. Order denying a settlement offer;
- e. Order denying a request for reduction of penalty or payment of administrative penalty by installment;
- f. Order dismissing an action without prejudice; and
- g. Order dismissing an action due to lack of jurisdiction or authority of the concerned Operating Department, Extension Office or SHP.

Section 61. Period of Appeal. An appeal to the Commission *En Banc* shall be taken within fifteen (15) days from receipt of the assailed decision, resolution, judgment or final order.

In case of decisions, resolutions or final orders issued by an SRO, the appeal may be filed within thirty (30) days from receipt thereof.

Section 62. Perfection of Appeal. The appeal is perfected upon the submission of the following to the Commission *En Banc*, through the OGC, within the prescribed period:

- a. Appeal Memorandum;
- b. Proof of service of a copy of the Appeal Memorandum upon the appellee and/or the Director of the relevant Operating Department or Extension Office, SHP or SRO; and
- c. Payment of the applicable appeal and other fees.

Section 63. Appeal Memorandum; Form and Contents. The Appeal Memorandum shall contain:

- a. The full name, legal capacity and address of the parties;
- b. The email addresses of the parties, if available;
- c. The material dates indicating the timeliness of the appeal;
- d. A concise statement of the facts alleged, the issues raised, the assignment of errors, and the applicable legal or jurisprudential grounds;

- e. A copy of the decision, resolution or order being appealed, with annexes and relevant evidence on record; and
- f. The appellant's or counsel's email address.

No appeal shall be given due course unless it is verified in the manner prescribed under Rule VII, Section 29 of these SEC Rules, and accompanied by a Certification of Non-Forum Shopping in the form prescribed in the same section.

Section 64. Order to File a Comment. If the Appeal Memorandum is sufficient in form and substance, the Commission *En Banc*, through the OGC, shall issue an order directing the appellee to file a Comment.

Simultaneously, the concerned Operating Department, Extension Office, SHP or SRO may, by order, be directed to transmit the complete case records to the Commission *En Banc*.

Section 65. Comment to Appeal Memorandum. The appellee shall file with the Commission *En Banc*, through the OGC, one (1) original and two (2) duplicate hard copies, along with an electronic copy, of the Comment within fifteen (15) days from receipt of the order.

The Comment must include the express consent of the appellee or counsel to the electronic service of all papers and issuances from the Commission *En Banc*, and the email address that will be used for such purpose.

Failure to file a Comment within the prescribed period shall be deemed a waiver of the right to refute the allegations and evidence in the Appeal Memorandum.

Section 66. When Appeal is Deemed Submitted for Decision. The appeal shall be deemed submitted for decision upon:

- a. Filing of the last allowable pleading; or
- b. Expiration of the period to file such pleading and the issuance of an order informing the parties that the case is ripe for decision.

Section 67. Disposition of the Appeal. The Commission *En Banc* may:

- a. Affirm, reverse or modify the decision, resolution or final order of the Operating Department, Extension Office, SHP or SRO that is subject of the appeal; or
- b. Remand the case to the Operating Department, Extension Office, SHP or SRO for further proceedings.

Only one (1) Motion for Reconsideration, as provided under Rule XIII of these SEC Rules, of the Decision of the Commission *En Banc* shall be entertained.

Section 68. Minute Resolution. The Commission *En Banc* may, at its discretion and if warranted by the arguments and evidence on record, resolve an appeal by way of Minute Resolution.

A Minute Resolution issued by the Commission, being a result of a thorough deliberation of the Commission *En Banc*, shall constitute an actual adjudication of the case on the merits.

RULE XIII MOTION FOR RECONSIDERATION

Section 69. Motion for Reconsideration. A party may file a Motion for Reconsideration of a decision, judgment or resolution rendered by the Commission *En Banc* within fifteen (15) days from receipt thereof, with proof of service on the adverse party.

No second Motion for Reconsideration of a decision, judgment or resolution shall be entertained.

Section 70. Grounds. A Motion for Reconsideration shall be based on any of the following grounds:

- a. Newly discovered evidence which could not, with reasonable diligence, have been discovered and produced during the proceedings and which, if admitted, would probably alter the result; and
- b. Fraud, accident, mistake or excusable negligence which ordinary prudence could not have guarded against and by reason of which such aggrieved party has probably been impaired of their rights.

Section 71. *Opposition to Motion for Reconsideration.* Within fifteen (15) days from receipt of the Motion for Reconsideration, the opposing party may file a comment or opposition thereto, and serve a copy thereof upon the movant.

Section 72. *Stay of Execution.* The timely filing of a Motion for Reconsideration shall stay the reglementary period to appeal.

RULE XIV DECISIONS, FINAL ORDERS, RESOLUTIONS, AND ENTRY THEREOF

Section 73. *Final and Executory Judgments and Final Orders.* If no appeal or motion for reconsideration, as the case may be, is filed within the period prescribed in these SEC Rules, the decision, judgment, or final order issued by the Commission *En Banc*, the Operating Department or Extension Office, SHP or SRO shall become final and executory.

Upon the expiration of the period to appeal, or the period to file a motion for reconsideration, the Commission *En Banc*, the Director of the Operating Department or Extension Office, SHP or SRO shall cause the entry of judgment or final order in the Book of Entries of Judgments.

Each Operating Department, Extension Office, SHP, and the Commission *En Banc*, through the OGC, shall keep and maintain its own Book of Entries of Judgments.

Section 74. *Issuance of Judgments and Final Orders.* All decisions, judgments, resolutions, and final orders shall be signed by the Commission *En Banc*, the Director of the Operating Department or Extension Office, the members of SHP, or the person authorized by the SRO, as the case may be, and shall be officially served upon the relevant parties.

RULE XV EXECUTION

Section 75. *Execution of Judgments and Final Orders.*

- a. A Writ of Execution shall be issued as a matter of course for a decision, resolution or final order that disposes of an administrative action or proceeding, which has become final and executory.
- b. A Writ of Attachment may be issued by the Commission to enforce payment of fees, administrative fines, and other dues collectible by the Commission.

Section 76. *Immediately Executory Effect of Certain Orders.* CDOs, suspension and revocation orders of secondary licenses, takeover orders, decisions or orders directing the calling of regular meeting and/or election, and such other decisions, resolutions or final orders which are presently, or may hereafter be expressly declared, or clearly intended to be, immediately executory, shall take effect upon their issuance or promulgation. They shall not be stayed by the filing of an appeal or a petition for *certiorari*, as the case may be, unless a restraining order or injunctive relief is issued by the Commission *En Banc*, the Court of Appeals, or the Supreme Court.

Section 77. *Validity of a Writ of Execution or Writ of Attachment.* The Writ of Execution or Writ of Attachment shall be valid for five (5) years from its issuance. In case of partial satisfaction, the Commission *En Banc*, the Director of the relevant Operating Department or Extension Office or SHP may, *motu proprio* or upon motion, issue an updated writ reflecting the amount collected and the outstanding balance.

Section 78. Implementation of a Writ of Execution or Writ of Attachment. Upon the issuance of a Writ of Execution or Writ of Attachment, the Commission *En Banc*, the Director of the relevant Operating Department or Extension Office, or the Presiding Officer of SHP, may request an appropriate officer, personnel or sheriff of the Commission to implement the writ. The Commission may, pursuant to Section 5.1 (h) of the SRC, enlist other duly authorized government agents or personnel having jurisdiction over the area where the principal office or business of the person subject of the Writ of Execution is located, or where the real or personal properties of the latter are to be found, to implement the writ.

RULE XVI CONTEMPT PROCEEDINGS

Section 79. Contempt. The Commission *En Banc*, the Director of the Operating Department or Extension Office, or the Presiding Officer of SHP, may cite or declare a person in contempt in the course of an administrative or adjudicative action, in accordance with these SEC Rules.

Section 80. Direct Contempt; Grounds and Penalty. A person may be held in direct contempt for misbehavior committed in the presence of, or so near, the Commission *En Banc*, the Operating Department, Extension Office or SHP, as to obstruct or interrupt its proceedings. Acts constituting direct contempt include, but are not limited to:

- a. Refusal to comply with lawful orders;
- b. Acts of disrespect or offensive behavior toward the Commission or its proceedings; or
- c. Any act that disrupts the orderly conduct of hearings or conferences.

Direct contempt may be adjudged summarily and punished with a fine not exceeding Thirty Thousand Pesos (P30,000.00).

Section 81. Indirect Contempt; Grounds and Penalty. A person may be cited for indirect contempt, *motu proprio* or upon petition, after notice and hearing, for acts provided under Rule 71 of the Rules of Court, as amended. These may include:

- a. Failure or refusal to comply with a lawful order, resolution, decision or subpoena issued by the Commission;
- b. Improper conduct that tends to degrade the authority of the Commission or obstruct the administration of justice; or
- c. Such other acts analogous to the foregoing.

If found guilty of indirect contempt, the person shall be punished with a fine not exceeding Thirty Thousand Pesos (P30,000.00).

Where the indirect contempt arises from the unjustified failure or refusal to comply with any lawful order, decision, resolution or subpoena issued by the Commission, and such conduct constitutes a clear and willful defiance, a daily fine of One Thousand Pesos (P1,000.00) may be imposed until full compliance is effected.

RULE XVII MISCELLANEOUS PROVISIONS

Section 82. Electronic Evidence. The Rules on Electronic Evidence, as amended, shall govern evidence of the said nature submitted to the Commission.

Section 83. Computation of Time. Unless otherwise expressly provided by law, rule or regulation, the computation of any period of time prescribed or allowed under these SEC Rules shall exclude the first day and include the last day.

If the last day falls on a Saturday, Sunday or a legal holiday, a pleading required to be filed or an act required

to be performed under these SEC Rules shall be made on the immediately succeeding business day.

Unless otherwise specifically provided, all references to "days" mentioned in these SEC Rules shall be construed as calendar days.

Section 84. Transitory Provision. These SEC Rules shall apply only to cases initiated after their effectivity. Actions or proceedings commenced under prior Rules of Procedure, except those actions seeking the reduction of administrative penalties, shall continue to be governed by those Rules, unless the application of these SEC Rules is practicable and will promote just, speedy and efficient resolution of such cases. In all other instances, these SEC Rules shall apply.

Decisions, resolutions or final orders of the Commission *En Banc*, the Operating Department or Extension Office or SHP that have become final and executory prior to the effectivity of these SEC Rules shall be executed in accordance with the provisions herein.

Section 85. Repealing and Separability Clause. The 2016 Rules of Procedure of the Securities and Exchange Commission are hereby repealed in their entirety. All other existing rules, circulars, procedures, practices, orders or portions thereof that are inconsistent with these SEC Rules are likewise repealed, amended or modified accordingly.

If any provision of these SEC Rules is declared unconstitutional, invalid or illegal, such declaration shall not affect the validity and enforceability of the remaining provisions hereof.

Section 86. Effectivity. These SEC Rules shall take effect fifteen (15) days after its publication in a newspaper of general circulation. The Commission Secretary shall immediately transmit three (3) certified true copies of these SEC Rules to the University of the Philippines Law Center and one (1) certified true copy each to the Honorable Department of Finance and the Supreme Court of the Philippines.

Done this 11th day of February 2026 in Makati City, Philippines.

For the Commission:


FRANCISCO ED. LIM
Chairperson