



**SEC Memorandum Circular No. 13
Series of 2023**

TO : **ALL CONCERNED**

SUBJECT : **GUIDELINES ON ANNEX C OF RULE 12 OF THE SECURITIES REGULATION CODE INTERPRETING THE COMPARATIVE PERIODS REQUIRED IN THE MANAGEMENT’S DISCUSSION AND ANALYSIS**

WHEREAS, Section 5 of the Securities Regulations Code (SRC) provides that the Commission has the power to provide guidance on rules, regulations and orders;

WHEREAS, Annex C of SRC Rule 12 provides details for the Non-Financial Disclosure Requirements in the Registration Statements that shall be filed with the Commission;

WHEREAS, the current wording of Part III, paragraph A, subparagraph 2 (a) of Annex C provides that the registrant shall discuss in its Management’s Discussion and Analysis, its financial condition, changes in financial condition and results of operations for each of the last three fiscal years;

WHEREAS, the foregoing portion of Annex C gave rise to conflicting views and varying interpretations as to the number of fiscal years required to be disclosed in the Management’s Discussion and Analysis portion of the prospectus;

WHEREAS, the Markets and Securities Regulation Department sought guidance from the Commission En Banc on the interpretation of the phrase “for each of the last three fiscal years” indicated in Part III, paragraph A, subparagraph 2 (a) of Annex C. During the Commission En Banc Meeting held on 5 September 2023, the foregoing portion of Annex C was thereby interpreted;

NOW THEREFORE, the following guidelines shall be implemented to clarify Part III, paragraph A, subparagraph 2 (a) of Annex C of SRC Rule 12:

1. The portion which reads: “Discuss the registrant’s financial condition, changes in financial condition and results of operations for each of the last three fiscal years” shall mean that registrants are required to disclose **two comparative periods for its last three fiscal years**.
2. By way of illustration, a registrant shall provide the following disclosure comprising its two comparative periods in the Management’s Discussion and Analysis portion of its prospectus:

i.e: For the year ended December 31, 2022

Changes in Financial Condition and/or Results of Operations
(Comparative balances for December 31, 2022 and December 31, 2021)

Financial Statements (“FS”) line items	2022	2021	Change	% of Change
	x x x	x x x	x x x	%



Changes in Financial Condition and/or Results of Operations
(Comparative balances for December 31, 2021 and December 31, 2020)

FS line items	2021	2020	Change	% of Change
	x x x	x x x	x x x	%

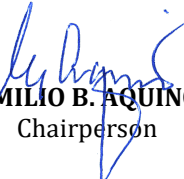
3. The foregoing interpretation shall apply prospectively to registrants required to file registration statements and/or other reportorial documents which include a disclosure of a Management's Discussion and Analysis.

This Circular shall take effect fifteen (15) days from its publication in two (2) newspapers of general circulation.

Makati City, Philippines.

12 September 2023.

For the Commission:


EMILIO B. AQUINO
Chairperson