



Supreme Court affirms SEC authority to accredit external auditors of covered entities

The Supreme Court affirmed the authority of the Securities and Exchange Commission (SEC) to accredit certified public accountants (CPAs) acting as external auditors of corporations issuing registered securities and owning secondary licenses, as it dismissed claims that such accreditation curtailed the practice of the accounting profession.

In an 18-page resolution promulgated on January 28, the Supreme Court En Banc reversed and set aside its earlier rulings and declared Rule 68, Paragraph 3 of the Implementing Rules and Regulations (IRR) of Republic Act No. 8799, or the Securities Regulation Code (SRC), and SEC Memorandum Circular No. 13, Series of 2009 (MC 13), or the Revised Guidelines on Accreditation of Auditing Firms and External Auditors, valid and constitutional.

These regulations set accreditation guidelines and requirements for external auditors of covered entities, including publicly listed companies, investment firms, as well as lending and financing companies, among others.

The case stemmed from a complaint filed by 1Accountants Party-List, Inc., alleging that the SEC went beyond its mandate in issuing the regulations as the supervision, control, and regulation of the accountancy profession was delegated to the Board of Accountancy (BOA).

1Accountants Party-List argued that the additional accreditation requirement restrained CPAs from practicing their profession.

The Supreme Court's resolution in favor of the SEC reversed earlier findings of invalidity and unconstitutionality of the subject regulations, as the high court emphasized the far-reaching implications of removing such accreditation.

To read/download SEC Press Release: "Supreme Court affirms SEC authority to accredit external auditors of covered entities", kindly follow this link: <https://www.sec.gov.ph/pr-2025/supreme-court-affirms-sec-authority-to-accredit-external-auditors-of-covered-entities/>.

Grace period for compliance with the Securities Registration Requirement Under SEC Memorandum Circular No. 12, Series of 2024 or "SEC RENT"

By virtue of an SEC Resolution adopted by the Commission *en banc* in its meeting of 04 March 2025, registration of securities by real estate developers and/or managers involved in

the sale or offer for sale or distribution of investment contracts, certificates of participation or participation in profit-sharing agreements over rental pools agreements of real estate properties under the simplified registration statement provided under SEC Memorandum Circular No. 12, Series of 2024 (Securing & Expanding Capital in Real Estate Non-Traditional Securities) also known as “SEC RENT,” should be made on or before 30 September 2025, otherwise, the Commission shall strictly impose corresponding penalties for non-compliance.

To read/download SEC Notice: “Grace period for compliance with the Securities Registration Requirement Under SEC Memorandum Circular No. 12, Series of 2024 or “SEC RENT”, kindly follow this link: <https://www.sec.gov.ph/notices/grace-period-for-compliance-with-thesecurities-registration-requirement-undersec-memorandum-circular-no-12-series-of2024-or-sec-rent/>.

SEC MC No. 02, series of 2025 - RULES ON SINGLE BUSINESS GROUP INVESTMENT LIMITATION

Rule 6.8(b) of the Implementing Rules and Regulations of the Investment Company Act (ICA-IRR) prohibits investment companies from investing, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market securities, deposits, and financial derivatives issued by a single entity or issuer.

SEC Memorandum Circular (MC) No. 15, Series of 2020, or the Rules on Investment in Financial Derivatives, which took effect on 15 May 2020, amended Rule 6.8(b) of the ICA-IRR by prohibiting investment companies from investing, in aggregate, more than twenty percent (20%) of its net assets in transferrable securities, money market instruments, deposits, and OTC financial derivatives issued by any single business group (“SBG Limit”), with an exception that investments in OTC financial derivatives with non-investment grade or unrated counterparty shall not exceed five percent (5%) of the net assets of the investment company.

The Commission has received requests from various fund managers on behalf of their respective managed investment companies, particularly equity funds, balanced funds, and multi-asset funds, to be exempted from the application of the SBG Limit.

Section 35(a) of Republic Act No. 2629, or the Investment Company Act (ICA), and Section 72 of Republic Act No. 8799, or The Securities Regulation Code (SRC), vest upon the Securities and Exchange Commission the authority to make, issue, amend, and rescind rules and regulations and orders which are necessary or appropriate to the exercise of the powers conferred upon it in the ICA and the SRC.

In view of the foregoing, Commission resolves to issue rules on single business group investment limitation.

To read/download SEC MC No. 02, series of 2025, kindly follow this link: <https://www.sec.gov.ph/mc-2025/sec-mc-no-02-series-of-2025/>.

SEC Statement on the Public Float Requirement for Initial Public Offerings

The Securities and Exchange Commission (SEC) remains firm on the 20% minimum public float requirement for companies applying for an initial public offering (IPO), especially given the value of higher public ownership to market depth and efficiency.

The Rules and Regulations on Minimum Public Ownership (MPO) on Initial Public Offerings (IPOs) is provided under SEC Memorandum Circular No. 13, Series of 2017. The memorandum circular effectively increased the public float to 20% from the 10% requirement at the time.

Beyond enhancing market liquidity, the minimum public ownership requirement plays a crucial role in improving price discovery and reducing opportunities for price manipulation.

The float requirement also seeks to reduce ownership concentration and encourage good corporate governance, ultimately strengthening the Philippine capital market.

After thorough discussions with the Philippine Stock Exchange (PSE), the SEC has allowed, by way of exemptive relief, an initial public float of 15%, subject to strict criteria.

Companies may apply for this relief, provided they bridge any gap from the 20% standard within less than 24 months from the listing date and only as deemed necessary by the Commission.

This covers listing applications already filed with and accepted by the Commission and the Exchange. As of March 25, 2025, the SEC and PSE have yet to receive any application for regulatory relief from any potential IPO applicant.

The SEC is committed to maintaining a fair, transparent, and efficient capital market. While the Commission welcomes new listings, it upholds stringent regulatory standards that safeguard the integrity and long-term stability of the Philippine capital market and the broader economy.

To read/download SEC Press Release: “SEC Statement on the Public Float Requirement for Initial Public Offerings”, kindly follow this link: <https://www.sec.gov.ph/pr-2025/statement-on-the-public-float-requirement-for-initial-public-offerings/>.

BOC CMC 70-2025 - DTI-DAO NO. 25-01, s. 2025 re: In the Matter of the Preliminary Determination of the Safeguard Measures Investigation on the Importation of Ordinary Portland Cement and Blended from Various Countries (Safeguard Measure Case No. SG01-2024

This has reference to the Memorandum dated 17 March 2025 from Secretary Ralph G. Recto, Department of Finance, with an attached letter from Secretary Ma. Cristina Aldeguer-Roque, Department of Trade and Industry (DTI), transmitting the Order and Report on the abovementioned subject.

In compliance with Department Administrative Order (DAO) No. 25-01 and pursuant to Section 8 of Republic Act (RA) No. 8800, otherwise known as the Safeguard Measures Act, and following DTI's preliminary determination that increased imports are causing serious injury to the

domestic cement industry, a provisional safeguard duty shall be imposed in the form of a cash bond amounting to PhP400.00/metric ton (MT) or PhP6.00/40kg bag.

The affected tariff classifications include

- AHTN Code 2523.29.90 (Ordinary Portland Cement)
- AHTN Code 2523.90.00 (Blended Cement)

The provisional safeguard measure shall be effective for two hundred (200) days from the date of issuance of this Circular, pending the outcome of the formal investigation by the Tariff Commission.

To read/download CMC 70-2025, kindly follow this link: <https://customs.gov.ph/wp-content/uploads/2025/03/2025CMC-70-2025.pdf>.

LEGISLATIVE COMMITTEE HEARINGS (Affecting industries)

Senate:

Monday, April 7		
Committee/Sub-Committee	Time & Venue	Agenda
Civil Service, Government Reorganization and Professional Regulation (Subcommittee on S. Nos. 2830, 2840, 2884, 2913 and H. No. 9979) (TWG)	1:30 P.M. Sen. G.T. Pecson Room 2/F Right Wing, Senate	S. Nos. 2830, 2840, 2884, 2913 and H. No. 9979 – Amendments to the Philippine Teachers Professionalization Act (By: Sens. Legarda, Gatchalian, Revilla, Villanueva and Reps. Go, Romulo, Dimaporo, et al.)
Tuesday, April 8		
Committee/Sub-Committee	Time & Venue	Agenda
Basic Education (Presiding: Sen. Gatchalian)	2:00 P.M. Sen. G.T. Pecson Room 2/F Right Wing, Senate	Recent incidents of bullying and violence in schools, and the policies and preventive measures of the Department of Education

Prepared by the FPI Secretariat

“That in all things God may be glorified”