

Updates on MFNRC



**Securities and
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Commission**
P H I L I P P I N E S

Council Members from the Private Sector

Luzon – Father Jose Victor E. Lobrigo, Pres. & CEO of SEDP-Simbag sa Pag-aseño, Inc

Visayas – Mr. Angel de Leon, Jr., Chair, Taytay sa Kauswagan, Inc. (TKSI)

Mindanao – Atty. Ibarra A. Malonzo, Pres. & Trustee, Kasanyangan-Mindanao Foundation, Inc. (KFI)



Committees

DSWD – Social Performance Standards

- Members
- Mr. Allan Sicat
- Fr. Lobrigo

DOF – Financial Standards

- Members
- Mr. De Leon
- Mr. Reynes of the SBC

SEC – Governance

- Members
- Atty. Malonzo
- CGD Staff



ADB Technical Assistance

- to help the SEC and the Council to-
- improve the IRR
- disseminate the IRR
- formulate accreditation, performance and social standards for MF-NGOs



ADB Technical Assistance

- design an effective monitoring system and supervisory procedures
- through TA training, strengthen MF- NGOs regulatory and compliance capacity to provide safe, accessible and responsible financial services and
- determine the optimum organizational structure of the Council for its efficient and effective regulations



MNRC'S ADB CONSULTANT

DR. MA. PIEDAD S. GERON



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Plantilla Positions for the Secretariat

Chief Counsel	-1
Supervising Examiner	-1
Counsel III	-1
Examiner III	-2
Examiner II	-2
Specialist	-2
Adm. Officer	-1



ISSUES RAISED DURING VARIOUS MTGS.

1. Sec. 4, No. 2, Item f of the Rev. Reg. - **“Administrative expenses shall not exceed 30% of total expenses for the taxable year”**
2. The requirement to put the word “Microfinance” in the corp. names of MF-NGOs
3. TINs of members
4. 3-year track record requirement of the IRR
5. On MF-NGOs that are still taxed more than 2%



Administrative Expenses

Per Fr. Lobrigo, if administrative expenses include salaries and wages, no MF-NGO will qualify. Per study made by the MCPI, 43% of the total expenses of a MF-NGO include employees' compensation.



Per BIR Rep. -

1. It is up to the entity/regulatory body to identify the corresponding items that will be directly attributed as administrative expenses.
2. The Council should come up with uniform guidelines for MF-NGOs that will reflect the clear nature of the entity and its activities/projects.
3. The component of the project must be presented as part of the cost of operation that directly benefits the clients such as training, education, awareness and lending as a tool to assist the client financially.



DSWD on SWDAs

The mission/purpose of the MF NGOs must be clearly reflected in the delivery of the programs, on the cost of expenses, the development and design of the products, their accessibility and the characteristics of the clients they are to serve.



Solution

The Chart of Accounts



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On the Corporate Name

Proposed MC

To require MF-NGOs to be established as non-stock, non-profit corps with a capital contribution of at least P1M and include the word “Microfinance” in the corp. and trade name if seeking accreditation; that the business or trade name which is different from the corp. name shall be indicated in the Articles of Incorporation.

MF-NGOs are permitted to use their shortened names in their signages provided that their complete corp. and trade names are indicated in the Al., Cert. of Regist., Mayor’s Permit and other formal documents.



REQUIRED FORMATS OF CORP. NAMES

- XYZ MICROFINANCE CORPORATION
- XYZ MICROFINANCE FOUNDATION, INC.
- XYZ, INC. (A MICROFINANCE NGO)
- XYZ MICROFINANCE, INC. doing business under the name and style of XYZ, Inc. (XYZ, Inc. is the trade name)



On the TIN

MF-NGOs should require their members to secure a cedula; then come up with a certified summary of the cedulas; request the BIR to accept the certified list and register the members under EO No. 98.



On the 3-Year Track Record

Start up MF-NGOs can register as BMBE (Brgy. Micro Business Enterprise) to avail of the exemption from income tax and fees and from the coverage of the Minimum Wage Law



Requirements:

- i. A CA from the City/Municipal Treasurer
- i. The BMBE is engaged in the production, processing or manufacturing of products or commodities, including agro processing, trading and services
- i. With total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, of not more than P3M.



On MF-NGOs that are still taxed more than 2%

The Council resolved to request the BIR to cover 2015 and 2014 upon disclosure to the former of the cases and their status and that if this is not possible, that those who have claimed preferential tax treatment in good faith should not be meted penalties, interest and surcharges anymore. The Council has already endorsed one case to the BIR.



Possible justification -

The delay in the process of the transitory transfer from the regular taxes to special taxes.

MF-NGOs should immediately renew the status of their registration with the nearest RDO



On the Depth of the Reach of MF-NGOs in the Phil.

No one has ever made a study on the this, per Dr. Llanto of the PIDS. A long discussion on government agencies' listings/database of the poor households, such as the following ensued:

- i. LISTAHANAN of the DSWD
- ii. BFAR/DA database of fisherfolks and farmers

There are around 5M households that are classified as POOR.



THE DATA PRIVACY ACT

The requirement of a DPO Function

- may be a dedicated responsibility or
- an additional function within an existing role in the NGO
- SEC DPO is also MNRC's DPO (July 13, En Banc Mtg.)

Responsibilities of the DPO

- responsible for everything related to data protection



The DPO

Primary concern of a DPO

- protecting data and enabling compliance

Specific Functions of a DPO

- Develop privacy policies and procedures to ensure compliance with the Data Privacy Act (DPA) and relevant laws



Specific Functions of a DPO

- Monitor the application of data protection policies and procedures
- Respond to all requests for info by data subjects including access to personal info and their rectification, updating, removal or destruction
- Ensure that all staff are trained with regard to protecting data
- Monitor and notify Management and the National Privacy Commission about personal data breaches



Specific functions of a DPO

- Monitor and provide technical assistance on quality control and database maintenance
- Advise Management and staff on the provisions of the Data Privacy Act
- Liaise with the NPC on matters pertaining to the interpretation of the DPA and its IRR



Qualifications of the DPO

In consideration of its critical functions, the DPO to be identified and designated must possess the following characteristics, desirable qualities and qualification:

- At least a middle management employee holding a permanent position not lower than a Division Chief
- With good working knowledge of the DPA and expertise in protecting data. The level of knowledge and expertise required for a particular agency depends on the type and the amount of data to be processed



Qualifications of a DPO

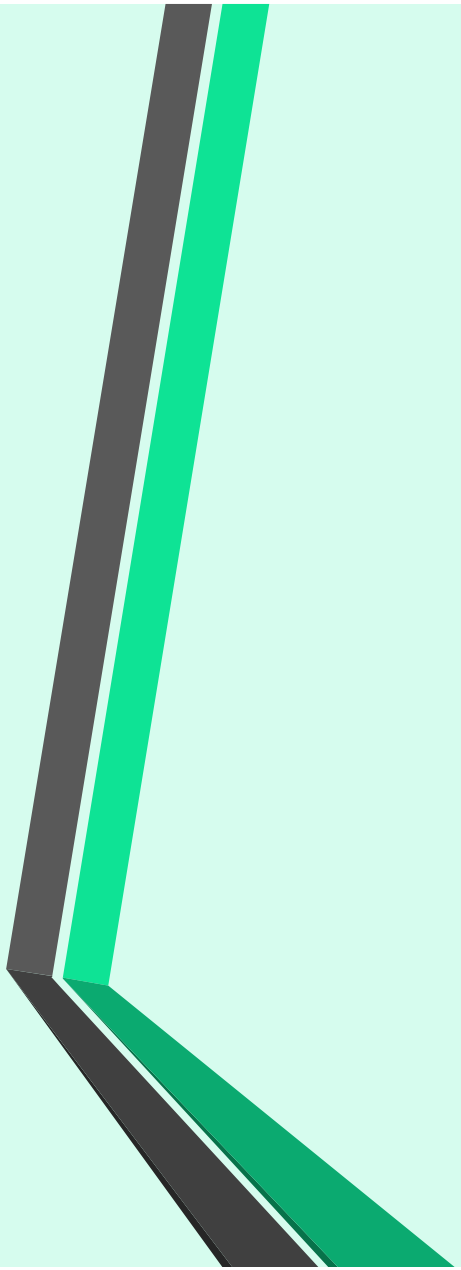
- With good technical knowledge and expertise on IT systems and programs
- A clear and capable communicator to be able to effectively share his knowledge
- Skilled in using his understanding to develop and implement concrete data protection practices



THE ACGR TYPE OF ANNUAL REPORT

- Questions on Specific Items
- Answers/disclosures are provided
- Not the long narratives of the usual Annual Reports of companies





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