



# Tax View & Compliance

SEC MEMORANDUM NO. 8, SERIES OF 2009

Scale of Fines for Non-Compliance With the Financial Reporting  
Requirements of the Commission (Part 2 of 2)

## SEC MEMORANDUM NO. 8, SERIES OF 2009

### Scale of Fines for Non-Compliance with the Financial Reporting Requirements of the Commission

The last of the two-part installment, this update provides the set of administrative penalties for non-compliance of pre-need companies with financial reporting requirements. The scale of fines is set below:

#### I. Scale of Fines

##### A. Ordinary Corporations with no secondary licensed issued by the Commission

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Stock Corporations Deficit,	P500	P1,000	P2,000
	Capital Deficiency	P300	P 600	P1,200
	Retained Earnings:			
	0 to P100, 000	P500	P1,000	P2,000
	P100,001 to P500,000	P1,000	P2,000	P4,000
	P500,000 to P5,000,000	P2,000	P4,000	P8,000
	P5,000,0001 to P10,000,000	P3,000	P6,000	P12,000
	Above P10,000,000	P4,000	P8,000	P16,000
	Non-stock Corporations			
	Negative Fund Balance	P200	P400	P800
Fund Balance/Equity				
Up to P100,000	P300	P600	P1,200	
P100,001 to P500,000	P500	P1,000	P2,000	
P500,001 to P10,000,000	P1,000	P2,000	P4,000	
Above P10,000,000	P2,000	P4,000	P8,000	
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

##### B. Branches and regional offices of foreign corporations licensed to operate in the Philippines by Commission

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Net Cash Receipts			
	0 to P100,000	P500	P1,000	P2,000
	P100,001 to P500,000	P1,000	P 2,000	P4,200
	P500,001 to P5,000,000	P2,000	P4,000	P8,000
	P5,000,001 to P10,000,000	P3,000	P6,000	P12,000
Above P10,000,000	P4,000	P8,000	P16,000	
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## C. Lending Companies; Transfer Agents

### Annual Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P500	P1,000	P2,000
	Retained Earnings: Up to 100,000	P1,000	P2,000	P4,000
	P100,001 to P500,000	P2,000	P4,000	P8,000
	P500,001 to P5,000,000	P3,000	P6,000	P12,000
	P5,000,0001 to P10,000,000	P4,000	P8,000	P16,000
	Above P10,000,000	P5,000	P10,000	P20,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

### Interim Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P100	P200	P400
	Retained Earnings: Up to 100,000	P200	P400	P800
	P100,001 to P500,000	P400	P800	P1,600
	P500,001 to P5,000,000	P600	P1,200	P2,400
	P5,000,0001 to P 10,000,000	P800	P1,600	P3,200
	Above P10,000,000	P1,000	P2,000	P4,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## D. Financing Companies

### Annual Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P1,000	P2,000	P4,000
	Retained Earnings: Up to 100,000	P2,000	P4,000	P8,000
	P100,001 to P500,000	P3,000	P6,000	P12,000
	P500,001 to P5,000,000	P4,000	P8,000	P16,000
	P5,000,0001 to P10,000,000	P5,000	P10,000	P20,000
	Above P10,000,000	P6,000	P12,000	P24,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## Interim Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P400	P800	P1,600
	Retained Earnings:			
	Up to 100,000	P600	P1,200	P2,400
	P100,001 to P500,000	P800	P1,600	P3,200
	P500,001 to P5,000,000	P1,000	P2,000	P4,000
	P5,000,001 to P10,000,000	P1,200	P2,400	P4,800
	Above P10,000,000	P1,400	P2,800	P5,600
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## E. Brokers and Dealers of securities; Government Securities Eligible Dealers (GSEDs)

### Annual Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P2,500	P5,000	P10,000
	Retained Earnings:			
	Up to 1, 000,000	P5,000	P10,000	P20,000
	P1,000,001 to P10,000,000	P6,000	P12,000	P24,000
	P10,000,001 to P20,000,000	P7,000	P14,000	P28,000
	P20,000,001 to P30,000,000	P8,000	P16,000	P32,000
	Above P30,000,000	P9,000	P18,000	P36,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## Interim Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P500	P1,000	P2,000
	Retained Earnings:			
	Up to 1, 000,000	P1,000	P2,000	P4,000
	P1,000,001 to P10,000,000	P2,000	P4,000	P8,000
	P10,000,001 to P20,000,000	P3,000	P6,000	P12,000
	P20,000,001 to P30,000,000	P4,000	P8,000	P16,000
	Above P30,000,000	P5,000	P10,000	P20,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## F. Investment Houses; Universal Banks Registered as Underwriters of Securities

### Investment Company Advisers

#### Annual Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P5,000	P10,000	P20,000
	Retained Earnings:			
	Up to 5, 000,000	P10,000	P20,000	P40,000
	P5,000,001 to P15,000,000	P11,000	P22,000	P44,000
	P15,000,001 to P30,000,000	P12,000	P24,000	P48,000
	P30,000,001 to P50,000,000	P13,000	P26,000	P52,000
	Above P50,000,000	P14,000	P28,000	P56,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

#### Interim Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P1,000	P2,000	P4,000
	Retained Earnings:			
	Up to 5, 000,000	P3,000	P6,000	P12,000
	P5,000,001 to P15,000,000	P4,000	P8,000	P16,000
	P15,000,001 to P30,000,000	P5,000	P10,000	P20,000
	P30,000,001 to P50,000,000	P6,000	P12,000	P24,000
	Above P50,000,000	P7,000	P14,000	P28,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## G. Clearing Agency and Clearing Agency as Depository; Stock and Securities Exchange/s

### Annual Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P10,000	P20,000	P40,000
	Retained Earnings:			
	Up to 10, 000,000	P20,000	P40,000	P80,000
	P10,000,001 to P20,000,000	P21,000	P42,000	P84,000
	P20,000,001 to P50,000,000	P22,000	P44,000	P88,000
	P50,000,001 to P100,000,000	P23,000	P46,000	P92,000
	Above P100,000,000	P24,000	P48,000	P96,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## Interim Financial Statements

Violation		1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Deficit	P4,000	P8,000	P16,000
	Retained Earnings:			
	Up to 10, 000,000	P5,000	P10,000	P20,000
	P10,000,001 to P20,000,000	P6,000	P12,000	P24,000
	P20,000,001 to P50,000,000	P7,000	P14,000	P28,000
	P50,000,0001 to P100,000,000	P8,000	P16,000	P32,000
	Above P100,000,000	P9,000	P18,000	P36,000
Material misstatements in the financial statements		An amount based on the above scale or 1/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 2/10 of 1% of amount of misstatement, whichever is higher	An amount based on the above scale or 4/10 of 1% of amount of misstatement, whichever is higher

## H. Pre-need Corporations

### Annual Financial Statements

Violation	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Active <sup>1</sup> : P25,000 Inactive <sup>2</sup> : P12,500	Active: P50,000 Inactive: P25,000	Active: P100,000 Inactive: P50,000
Material misstatements in the financial statements	Active: P25,000 Inactive: P12,500	Active: P50,000 Inactive: P25,000	Active: P50,000 Inactive: P25,000
Failure to comply with the requirements of PNUCA	Active: P25,000 Inactive: P12,500	Active: P50,000 Inactive: P25,000	Active: P100,000 Inactive: P50,000

### Interim Financial Statements:

Violation	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	Active <sup>1</sup> : P5,000 Inactive <sup>2</sup> : P2,500	Active: P10,000 Inactive: P5,000	Active: P20,000 Inactive: P10,000
Material misstatements in the financial statements	Active <sup>1</sup> : P5,000 Inactive <sup>2</sup> : P2,500	Active: P10,000 Inactive: P5,000	Active: P20,000 Inactive: P10,000
Failure to comply with the requirements of PNUCA	Active <sup>1</sup> : P5,000 Inactive <sup>2</sup> : P2,500	Active: P10,000 Inactive: P5,000	Active: P20,000 Inactive: P10,000

<sup>1</sup> With Dealer License

<sup>2</sup> Without Dealer License

I. Issuers of securities registered under the SRC and public companies  
Annual Financial Statements

Violation	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	P25,000 plus P500 per day until completed/complied	P50,000 plus P1,000 per day until completed/complied	P100,000 plus P2,000 per day until completed/complied
Material misstatements in the financial statements	P50,000 or 1/10 of 1% of amount of misstatement, whichever is higher, plus P500 per day until corrected	P100,000 or 1/10 of 2% of amount of misstatement, whichever is higher, plus P1,000 per day until corrected	P200,000 or 1/10 of 4% of amount of misstatement, whichever is higher, plus P1,000 per day until corrected

Interim Financial Statements

Violation	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
Material deficiency in the financial statements or non-compliance with the requirements of the Rules	P10,000 plus P100 per day until completed/complied	P20,000 plus P500 per day until completed/complied	P30,000 plus P1,000 per day until completed/complied
Material misstatements in the financial statements	P25,000 or 1/10 of 1% of amount of misstatement, whichever is higher, plus P500 per day until corrected	P50,000 or 1/10 of 2% of amount of misstatement, whichever is higher, plus P1,000 per day until corrected	P100,000 or 1/10 of 4% of amount of misstatement, whichever is higher, plus P1,000 per day until corrected

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