



**IMPLEMENTING RULES AND REGULATIONS OF THE MICROFINANCE  
NGOS ACT (REPUBLIC ACT NO. 10693)**

**RULE 1**

**Title**

These Rules shall be known as the Implementing Rules and Regulations of Republic Act No. 10693, otherwise known as the "Microfinance NGOs Act" promulgated pursuant to Section 22 thereof.

**RULE 2**

**Definition of Terms**

As used in these Implementing Rules and Regulations, the following definitions shall apply:

- (a) **Act** shall refer to the Microfinance NGOs Act or Republic Act No. 10693 (R.A. 10693);
- (b) **Accreditation** shall refer to the process of giving official recognition to a duly registered Microfinance NGO, after meeting the minimum standards set by the Microfinance NGO Regulatory Council (or "Council"). A Microfinance NGO is deemed accredited when it is duly issued an accreditation certificate by the Council;
- (c) **BSP** shall refer to the Bangko Sentral ng Pilipinas;
- (d) **BIR** shall refer to the Bureau of Internal Revenue;
- (e) **Charges on loans** shall refer to the agreed upon reasonable and conscionable interest rate, service charge, penalty, and such other charges incidental to microfinance lending activity;

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- (f) **Clients** shall refer to all borrowers and savers of a Microfinance NGO;
- (g) **Compensating Balance** shall refer to the proportion of the total loan of a microfinance client, which is retained with the microfinance institution as capital build-up (CBU) or microsavings which can be used to offset the clients' outstanding balance in case of default;
- (h) **DOF** shall refer to the Department of Finance;
- (i) **DSWD** shall refer to the Department of Social Welfare and Development;
- (j) **DTI** shall refer to the Department of Trade and Industry;
- (k) **Group Loan** shall refer to a loan contracted by a member of a group of microfinance clients whose loan is guaranteed by the group of members collectively or by any member/s of the group. The creditor can collect from any of the members of the group that guaranteed the said loan, without prejudice to the right of reimbursement of the member or members of the group that had advanced the payment in favor of the actual debtor;
- (l) **Gross receipts** from microfinance operations shall refer to the gross interest income, penalties, surcharges, commissions and discounts, service and general fees, and other charges related to microfinance operations actually or constructively received without any deduction of any kind or nature;
- (m) **IC** shall refer to the Insurance Commission;
- (n) **Low-Income** shall refer to the income of individuals or families that fall below the low-income threshold, which is defined by NEDA as twice the official national poverty threshold. The above definition shall be subject to periodic review by the NEDA;

- (o) **Microcredit** shall refer to the extension of microfinance loans by a Microfinance NGO to its poor and low-income clients;
- (p) **Microenterprise Development Strategy** shall refer to the social reform program to promote and pursue inclusive growth that includes the poor, and whose implementation shall involve both the public and private sectors among which Microfinance NGOs are key players. Specifically, it shall refer to programs to empower the poor, manage risks and vulnerabilities and thereby improve their asset base and expand access to microfinance services, such as microcredit, microinsurance, microsavings, health care and microhousing through a broad package of financial, business and human development services and other non-financial services, including education to enable them to lead productive lives;
- (q) **Microfinance** shall refer to a viable and sustainable provision of a broad range of financial services to poor and low-income individuals engaged in livelihood and microenterprise activities. It uses nontraditional and innovative methodologies and approaches, namely: the extension of small loans, simplified loan application procedures, group character loans, collateral-free arrangements, cash flow-based lending, alternative loan repayments, minimum requirements for CBU/minimum balance retention, and small denominated savers' instruments aimed to improve their asset base and expand their access to capital and savings;
- (r) **Microfinance Loans** shall refer to small loans granted to the basic sectors, as defined in Republic Act No. 8425, otherwise known as the "Social Reform and Poverty Alleviation Act", and other loans as defined by the government, as to their amount, scope, and coverage, that are granted to the poor and low income individuals for their microenterprises and small businesses, so as to enable them to raise their income levels and improve their living standards. Microfinance loans are granted on the basis of the borrower's cash flow and are typically unsecured;

- (s) **Microfinance Nongovernment Organization or Microfinance NGO** shall refer to a non-stock, non-profit organization duly registered with the Securities and Exchange Commission with the primary purpose of implementing a microenterprise development strategy and providing microfinance programs, products and services such as microcredit and microsavings for the poor and low-income clients;
- (t) **Microfinance Operations** shall refer to the programs and services as specified under Sections 1 and 2 of Rule 5 of these Rules.
- (u) **Microinsurance**, as defined under Section 187 of the Insurance Code, as amended, shall refer to a financial product or service that meets the risk protection needs of the poor where:
  - a. The amount of contributions, premiums, fees or charges, computed on a daily basis, does not exceed seven and a half percent (7.5%) of the current daily minimum wage rate for non-agricultural workers in Metro Manila; and
  - b. The maximum sum of guaranteed benefits is not more than one thousand (1,000) times of the current daily minimum wage rate for non-agricultural workers in Metro Manila;
- (v) **Microsavings** shall refer to the program of a Microfinance NGO to collect relatively small amounts of money from its clients for purposes of maintaining a compensating balance. It shall also refer to equity build-up or capital build-up;
- (w) **Nongovernment Organization (NGO)** shall refer to a non-stock, nonprofit organization duly registered with the SEC, focusing on the upliftment of the basic or disadvantaged sectors of society by providing advocacy, training, community organizing, research, access to resources, and other similar activities, as defined in Republic Act No. 8425;

- (x) **Poor** shall refer to individuals and families whose income fall below the poverty threshold as defined by the NEDA. Generally, the poor are regarded as those who cannot afford in a sustained manner to provide their minimum basic needs for food, health, education, housing and other essential amenities of life as defined by Republic Act No. 8425;
- (y) **Social performance** shall refer to the effective translation of a Microfinance NGO's mission into practice;
- (z) **Social Welfare Promotion/Purposes** shall refer to the thrust, objectives, plans, programs, services and activities designed to aid and/or ameliorate the living conditions of the poor, disadvantaged, marginalized, vulnerable and underprivileged individuals and their families in order to attain improved quality of life and well-being; and
- (aa) **SEC or Commission** shall refer to the Securities and Exchange Commission.

### **RULE 3**

#### **Microfinance NGO Regulatory Council**

Section 1. **The Microfinance NGO Regulatory Council or the "Council".**— The Council shall be composed of four (4) permanent members from the government sector and three (3) members from the Microfinance NGO sector:

- a. The **permanent members** of the Council shall be composed of the following:
  - i. The Chairman of the SEC or designated representative as the Chairman of the Council;

- ii. The Secretary of the Department of Finance (DOF) or designated representative;
- iii. The Secretary of the Department of Trade and Industry (DTI) or designated representative; and
- iv. The Secretary of the Department of Social Welfare and Development (DSWD) or designated representative;

b. The **three (3) representatives from the Microfinance NGO Sector** shall be chosen by at least a majority of the permanent members of the Council from among the nominees of organizations, associations, and alliances of Microfinance NGOs duly registered with the SEC.

- i. Organizations, associations, and alliances of Microfinance NGOs shall have at least five (5) Microfinance NGO members before they can nominate a representative to the Council. The nominees must come from a Microfinance NGO, which may or may not belong to the nominating organization, association or alliance. Likewise, the nominating organization, association or alliance may not solely consist of Microfinance NGOs.

Each organization, association or alliance shall have a Nominations and Elections Committee (Nomelec) which shall be responsible for the nominations. The nomination procedure, including the qualification standards, shall be submitted to the Council at least thirty (30) days before nominating its representatives, and posted in the website of the organization, association or alliance. The President of the organization, association or alliance shall certify under oath that the name/s he/she has submitted, together with their respective Curriculum Vitae (CV), are the nominee/s and that they were nominated in accordance with their Nomelec rules and procedures. Otherwise, they shall be deemed to have not

met the qualifications as provided under the rules of the organization, association or alliance.

- ii. The organizations, associations, and alliances of Microfinance NGOs shall nominate their respective nominees within sixty (60) days from the effectivity of these Implementing Rules and Regulations.
- iii. The majority of the permanent members of the Council shall within thirty (30) days from submission of the list of nominees, choose the private sector representatives from the submitted list. The representatives to be chosen shall have the following minimum qualifications:
  - a. Citizen and resident of the Philippines for at least two (2) years immediately prior to his/her nomination;
  - b. With at least five (5) years experience as a Trustee, President or Officer of a Microfinance NGO;
  - c. No record of final conviction for an offense involving theft, fraud, falsification, forgery, perjury or any administrative offense or crime involving moral turpitude; and
  - d. A person of known probity, integrity and good moral character.
- iv. The said representatives shall serve for a term of three (3) years who may be reappointed. Nominations for the succeeding years shall be conducted at least sixty (60) days prior to the expiration of the term of the incumbent representatives.
- v. The procedure for nomination and appointment of a representative from the private sector shall be the same in case of vacancy. The appointment shall only be for the unexpired term of the predecessor but the appointed representative may be eligible for reappointment, subject to the prescribed qualification and nomination procedures.

- vi. Any controversy or issue arising from the nomination of any representative from the Microfinance NGO sector shall be resolved by the Council.

**Section 2. Functions and Responsibilities of the Microfinance NGO Regulatory Council** — As the accrediting entity, the Council shall have the following functions and responsibilities:

1. Institute and operationalize a system of accreditation for Microfinance NGOs: *Provided*, That the criteria for accreditation shall include sound and measurable standards of financial performance, social performance, audit and governance, pursuant to the criteria specified under Section 3, Rule 4 hereof;
2. Issue Certificate of Accreditation as a Microfinance NGO upon determination that the criteria set for this purpose have been fully satisfied. The Certificate of Accreditation shall remain valid for three (3) years unless earlier suspended or revoked by the Council on the grounds provided herein;
3. Monitor the performance of Microfinance NGOs to ensure continuing compliance with the financial standards, social performance standards, governance standards and other provisions of the Act, these Rules and other rules and regulations. The Council shall have the authority to audit the books of accounts, records and papers of the Microfinance NGO and conduct ocular inspections;
4. Place under probation, suspend or revoke any Certificate of Accreditation upon due determination that a Microfinance NGO no longer meets any of the criteria for accreditation;
5. Require the annual submission of the following reports by



Microfinance NGOs:

- a. General Information Sheet (GIS);
  - b. Audited Financial Statements (AFS);
  - c. Sworn Statement (SS) by the President and Treasurer on the Sources, Amount and Application of Funds and Program/Activity Planned, Ongoing and Accomplished;
  - d. Certificate of Existence of Program/Activity (COEP) which may be issued by the Office of the Mayor, Office of the Barangay Chairman, the Department of Health, or any appropriate government agency, relative to the specific program/activity of the foundation in the locality where such government office exercises jurisdiction. The Heads/Officers of private institutions or actual beneficiaries/recipients of the program/activity may also issue the COEP in lieu of those issued by government agencies, provided that the same shall be notarized. An organization, association or alliance of Microfinance NGO may also issue a notarized COEP. Other documents proving the existence of the Program/Activity may be admitted by the Microfinance NGO Regulatory Council; and
  - e. Such other reports which the Council may deem appropriate.
6. Collect reasonable accreditation, supervision and monitoring fees from a Microfinance NGO which shall be used for the accrediting entity's operational requirements;
  7. Submit an annual report to the President of the Philippines and the concerned committees of both Houses of Congress; and

8. Perform such other functions as may be necessary to accomplish the purposes and objectives of the Act.

**Section 3. Regular/Special Meeting.** — The Council shall meet en banc at least once a month. However, a special meeting may be held as the Chairman sees fit or upon the recommendation of the majority of the Council members. All members of the Council shall have one vote each during the conduct of its business.

**Section 4. Remuneration of the Council Members.** — The members of the Council shall be entitled to per diem, transportation allowances, meal allowances and other benefits which may be approved by the Council.

**Section 5. The Secretariat.** — The Council shall be supported by a Secretariat to coordinate the activities involved in the accreditation process, monitoring and regulation of accredited Microfinance NGOs, which shall be lodged at the SEC. The Secretariat shall provide technical and administrative support to the Council.

**Section 6.** The Council may create additional Committees as it may deem appropriate for the accreditation, monitoring and regulation of Microfinance NGOs.

#### **RULE 4**

#### **Accreditation of Microfinance NGOs**

Microfinance NGOs shall be required to obtain accreditation from the Council as a condition for the availment of the incentives under the Act.

Only Microfinance NGOs with the primary purpose of implementing a microenterprise development strategy and providing microfinance programs, products and services for the poor shall be accredited by the Council. An entity shall not be accredited if it does not provide the Basic Minimum Core Programs and Services as provided under the Act. Further,

only Microfinance NGOs that have been operating for at least three (3) consecutive years may be accredited by the Council.

**Section 1. Form of Organization.** – A Microfinance NGO shall be established as a non-stock, non-profit corporation with a capital contribution of at least One Million Pesos (₱1,000,000.00) and conform to the following requirements:

- i. The word “Microfinance” shall be included in the corporate and trade name of the Microfinance NGO;
- ii. Its Articles of Incorporation and By-laws shall specifically state that:
  - a. It is “non-stock and non-profit”;
  - b. It has the primary purpose of implementing a microenterprise development strategy and providing microfinance programs, products and services for the poor;
  - c. Shall specifically provide that upon dissolution, the net assets shall be distributed to another NGO organized for similar purposes, or the State for public purpose/s or as may be determined by a competent court of justice;
  - d. No part of the property or income shall inure to the benefit of any member, officer, organizer or any individual person;
  - e. The Trustees shall not receive any compensation or remuneration, except reasonable per diem;
  - f. The level of administrative expenses shall not exceed thirty percent (30%) of the total expenses for the taxable year; and
  - g. Other requirements which the Council may deem necessary.

**Section 2. Requirements for Securing Accreditation.** – A Microfinance NGO shall file with the Council two (2) copies of the following:

1. Application Form;
2. National Bureau of Investigation (NBI) Clearance of each Trustee and Officer;

3. BIR Certificate of Registration;
4. Foreign Trustees/Officers, in addition to the NBI Clearance, shall submit a clearance from the Bureau of Immigration, a photocopy of their passports showing a valid visa or stay in the Philippines, and Alien Certificate of Registration Identity Card (ACR I-Card); work permits subject to the exemptions/exclusions provided for by the Department of Labor and Employment (DOLE);
5. Curriculum Vitae (CV) of trustees/officers;
6. A Sworn Statement indicating therein a full description of its activities for the past three (3) years, its present activities, and those activities proposed for the next three (3) years. It shall include the following:
  - a. A profile of its clients or members for the preceding and current year; and
  - b. A list of its main, branch or unit offices;
7. Business plan including list of products, projects and programs, method of marketing its products and sources of the funds and maturities of credit;
8. A location map indicating the exact address of the principal office, signed by the President and countersigned by the Corporate Secretary; and
9. Other documents which the Council may require.

**Section 3.** The Council shall be guided by the following criteria for accreditation:

- a. **Financial Performance Standards**— the Council shall assess the financial performance of Microfinance NGOs through their:
  - a.i. **Portfolio Quality Indicators**—
    - a.i.1. Portfolio at Risk Ratio

a.i.2. Loan Loss Reserve Ratio

**a.ii. Efficiency Indicators—**

a.ii.1. Administrative Efficiency

a.ii.2. Operational Self-Sufficiency

a.ii.3. Loan Officer Productivity

**a.iii. Sustainability Indicators—**

a.iii.1. Financial Self-Sufficiency

a.iii.2. Loan Portfolio Profitability

**a.iv. Outreach Indicators—**

a.iv.1. Growth of number of active microfinance clients

a.iv.2. Growth of microfinance loan portfolio and

a.iv.3. Depth of outreach

**a.v. Other indicators which the Council may deem appropriate.**

**b. Social Performance Standards—**

b.i. **Clearly define, communicate, and monitor mission.** The Microfinance NGO shall have a strategy to fulfill its mission and achieve its social goals. As a pre-requisite, these mission and goals are communicated to all stakeholders of the organization. It collects, reports, and ensures the accuracy of client-level data that are specific to the institution's social goals.

b.ii. **Ensure board, management, and employee commitment to the mission.** The Members of the Board shall be responsible for the long-term success of the institution, and to sustain its competitiveness and sustainability in a manner consistent with its corporate objectives and the best interest of its members and other stakeholders. They shall set and oversee the

implementation of the institution's strategy for achieving its social goals. Management, on the other hand, shall be responsible for the day-to-day operations of the institution. The employees are trained and equipped towards the achievement of the institution's social goals.

- b.iii. **Abide by the Client Protection Principles** such as: (1) Avoidance of Over-Indebtedness; (2) Promotion of Transparency; (3) Responsible Pricing; (4) Appropriate Collection Practices; (5) Ethical Staff Behavior; (6) Mechanisms for Redress of Grievances; and (7) Privacy of Client Data.
- b.iv. **Design products, services, delivery models, and channels that meet clients' needs and preferences.** The institution's products, services, delivery models and channels should be designed to benefit clients, in line with the institution's mission and social goals.
- b.v. **Treat employees responsibly**— The Microfinance NGO shall follow rules on labor, social legislation and a written policy that protects employees and creates a supportive working environment. It shall communicate to all its employees the terms of their employment and provide trainings for essential job functions. The institution shall monitor employee satisfaction and turnover.
- c. **Governance Standards**— Standards may include fairness, management responsibility, respect for rights, corporate integrity, loyalty, compliance with regulations and transparency. The Council shall develop the standards and the scorecard specifically for Microfinance NGOs.

The Council shall have the discretion to relax the accreditation standards for the first three (3) years upon the effectivity of these Rules to allow the Microfinance NGO sector to adjust to the standards. However, after

the lapse of the three-year period, all Microfinance NGOs seeking to benefit from the Act shall fully comply with the accreditation standards.

**Section 4.** A fee for accreditation in the following amounts shall be paid to the Council at the time of filing of an application for a Certificate of Accreditation or for the renewal thereof:

Total Portfolio	Accreditation Fee
Not more than Two Hundred Million Pesos (₱200,000,000.00)	Twenty Thousand Pesos (₱20,000.00)
More than Two Hundred Million Pesos (₱200,000,000.00) but not more than Eight Hundred Million Pesos (₱800,000,000.00)	Thirty Thousand Pesos (₱30,000.00)
More than Eight Hundred Million Pesos (₱800,000,000.00) but not more than One Billion Pesos (₱1,000,000,000.00)	Forty Thousand Pesos (₱40,000.00)
More than One Billion Pesos (₱1,000,000,000.00)	Fifty Thousand Pesos (₱50,000.00)

These fees shall be non-refundable and subject to the periodic review of the Council.

**Section 5. Prohibited Donations.** — No Microfinance NGO shall give donations in aid of any political party or candidate or for purposes of partisan political activity.

**Section 6. Certificate of Accreditation.** — Unless earlier revoked, the Certificate of Accreditation shall be valid for three (3) years from the date of its issuance. Three (3) months before the expiration of its accreditation, the Microfinance NGO may renew its accreditation for the succeeding three (3)

years. The process for initial application of accreditation shall be the same for its renewal.

## **Rule 5**

### **MICROFINANCE PROGRAMS AND SERVICES**

**Section 1. Minimum Core Programs and Services.** — Microfinance NGOs shall continuously provide at least any of the following programs, products, or services:

1. Microcredit and financial literacy programs; and
2. Microcredit and CBU or microsavings.

**Section 2. Other Programs and Services.** — The following are the other programs and services that Microfinance NGOs may undertake, subject to existing laws and regulations:

1. Agricultural microfinance;
2. Housing microfinance;
3. Microinsurance, in partnership with authorized microinsurance companies, agents and/or entities;
4. Electronic payment system such as mobile or any innovative digital platforms or channels;
5. Money transfer and other related remittance services, in partnership with authorized agents and/or entities;
6. Provide development opportunities such as leadership training and entrepreneurial skills enhancement; and
7. Other relevant and/or innovative programs, products and services that address social welfare purposes and which are not contrary to existing laws and regulations. This may include, but not limited to, programs involving health, education, Disaster Risk Reduction and Management (DRRM), and Persons with Disabilities (PWD) assistance.



The Council may require the submission of the necessary licenses/documents proving that the Microfinance NGO is allowed to engage in the foregoing activities.

**Section 3. Sustainability of Microfinance Operations.** — Microfinance shall be undertaken on a sustainable basis, where providers shall be able to recover all of its costs to allow sustainable operation and regular provision of financial services to the poor and low-income individuals and families.

**Section 4. Amount and Charges on Loans.** — A Microfinance NGO may grant microfinance loans in such amounts as may be prescribed by the Council and subject to such reasonable and conscionable interest rates and charges as may be agreed upon between the Microfinance NGO and its debtor-client.

**Section 5. Collection of compulsory savings/microsavings/CBU.** — A Microfinance NGO may collect microsavings only from its clients for purposes of maintaining the compensating balance. If a Microfinance NGO opts to prededuct the CBU from the loan proceeds, the maximum amount is limited to five percent (5%) of the loan, and the amount deducted therefrom shall not be included in the amount when computing the interest and other charges on the loan. This will not preclude the Microfinance NGO from regularly collecting small amounts from the borrower which shall form part of the CBU or microsavings. The borrower may withdraw his/her microsavings upon payment of the loan.

A Microfinance NGO shall be a net lender at all times, wherein net loans mean total loans minus total equity build-up or capital build-up. The compensating balance or total CBU shall not exceed the total loan portfolio.

For the purpose of implementing this provision, deposit-taking shall not include taking of funds from current or prospective borrowers for the purpose of equity build-up of an individual borrower's own loans.

Acceptance of client microsavings for this purpose shall not cause the Microfinance NGO to be deemed as engaging in deposit-taking activities. A Microfinance NGO shall not, at any time, engage in deposit-taking activities.

However, if a Microfinance NGO's compensating balance exceeds its total loan portfolio, it shall be deemed to be involved in deposit-taking and its accreditation shall be revoked.

**Section 6. Microinsurance.**— A Microfinance NGO shall not directly engage in the insurance business. It may only establish partnerships with authorized microinsurance agents and/or entities in the furtherance of its social protection objectives.

**Section 7. Compliance with the Truth in Lending Act.**— Prior to the consummation of the transaction, a Microfinance NGO shall furnish each debtor-client a disclosure statement signed by the borrower and attached with the loan documents, setting forth, to the extent applicable, the following information:

- (a) The principal loan;
- (b) Rate of loan interest including the effective interest rates being applied;
- (c) Service or processing fee, if any;
- (d) Amortization schedule;
- (e) Any penalty charge for late amortization payment;
- (f) Collection fee, if any;
- (g) Notarial fee, if any;
- (h) All other fees in connection with the loan transaction;
- (i) Description of the collection and lien enforcement procedures; and
- (j) Illustration of the method of calculating the total amount of obligation in case of default.

**Section 8. Management Information System.** — A Microfinance NGO shall maintain a transparent and comprehensive management information system that shall also track at least the following parameters:

1. Poverty outreach or the poverty level of incoming clients;
2. Poverty alleviation or the change in client poverty status;
3. Gender outreach;
4. Rural outreach;
5. Employment creation; and
6. Other social goals.

**Section 9.** A Microfinance NGO may borrow money or incur such obligations for the purpose of relending to microfinance borrowers, subject to existing laws: *Provided*, That a Microfinance NGO shall not be deemed as engaged in quasi-banking activities if the proceeds of such borrowings are exclusively used for relending to microfinance borrowers, subject to existing laws.

**Section 10.** A Microfinance NGO may accept donations or grants or contributions in accordance with existing laws and regulations.

**Section 11.** A Microfinance NGO may invest its funds in sound, nonspeculative enterprises and instruments, subject to rules and regulations of the relevant government regulatory agency and the Council

## **RULE 6**

### **Taxation of Microfinance NGO**

**Section 1. Preferential Tax Treatment.** – A duly registered and accredited Microfinance NGO shall pay a two percent (2%) tax based on its gross receipts from microfinance operations in lieu of all national taxes: *Provided*, That preferential tax treatment shall be accorded only to NGOs whose primary purpose is microfinance and only on their microfinance operations catering to the poor and low-income individuals in alignment with the main goal of the Act to alleviate poverty. *Provided*, further, that the Certificate of Accreditation issued by the Council shall be an essential requirement for granting the 2% preferential tax treatment of Microfinance NGOs.

**Section 2.** The preferential rate of two percent (2%) tax based on gross receipts from microfinance operations should only refer to lending activities and insurance commission which are bundled and forming integral part of the qualified lending activities of the Microfinance NGOs. All other income by the Microfinance NGO which are not generated from the lending activities and insurance commissions, shall be subject to all applicable taxes.

**Section 3.** Duly registered and accredited Microfinance NGOs, as well as their clients, shall be required to have a Taxpayer Identification Number (TIN): *Provided*, That this shall be accomplished within a reasonable time as prescribed, by the Council: *Provided, further*, That the relevant government agencies, in coordination with the Council, shall provide simplified forms and procedures for securing the TIN.

## **RULE 7**

### **Maintenance of Books and Reportorial Requirements**

**Section 1. Standard Chart of Accounts.** — The standard chart of accounts widely used by Microfinance NGOs shall continue to be adopted until a new standard chart of accounts shall have been prescribed by the Council.

**Section 2. Maintenance of Books of Accounts.** – Every Microfinance NGO shall maintain books of accounts as may be required by the Council, the SEC and prescribed by the BIR and other government agencies. In case a Microfinance NGO engages in other businesses, it shall maintain separate books of accounts for the same.

**Section 3. Publication and Disclosure of Audited Accounts.** — A Microfinance NGO shall publish and disclose its Audited Financial Statements within one hundred twenty (120) days from the end of its financial year. Publication on the website of the Microfinance NGO or the alliance/association to which it belongs shall be a sufficient compliance of this requirement. Posting in public markets, where the Microfinance NGO's clients are located, may also be sufficient for small Microfinance NGOs.

## **RULE 8**

### **Access to Government Programs, Projects and Technical Assistance**

**Section 1. Access to Government Programs and Projects.** – Duly accredited Microfinance NGOs shall be given ready access to related programs and projects of the government. Government agencies and government financial institutions shall develop and make available support programs for Microfinance NGOs operating in areas and sectors with poverty, or affected by or vulnerable to natural disaster or armed conflict. Support programs may include the provision of operational and capacity building grants, low interest loans and guarantee funds.

A Microfinance NGO, in addition to its Certificate of Accreditation, shall comply with the requirements for the accreditation required by other government agencies before it can avail of the aforesaid government programs and projects.

**Section 2. Technical Assistance.** – Duly accredited Microfinance NGOs shall be entitled to access any form of technical assistance from the government, donors and other support organizations in facilitating the linkage between the poor households/microenterprises and microfinance institutions, community organizations, and capacity building of the target clientele; social preparation activities, and those that will lead to the broadening and deepening of microfinance services such as development of microfinance products, training in microfinance technologies, and upgrading of performance standards, operating systems and procedures.

## **RULE 9**

### **Administrative Sanctions**

The Council shall define the administrative sanctions for violations committed by Microfinance NGOs. It shall issue a Scale of Fines and Penalties for violations of the Act, these Rules and other rules being implemented by the Council.

The Certificate of Accreditation of the Microfinance NGO may likewise be revoked on any of the following grounds:

1. Noncompliance with reportorial requirements;
2. Misrepresentation in, or falsification of, any document submitted in support of its application for accreditation of the Microfinance NGO or any document submitted thereafter;
3. Bankruptcy or insolvency of the Microfinance NGO; and
4. Revocation of the primary license of the Microfinance NGO as a corporate entity.

#### **RULE 10**

#### **Initiative of the BSP and IC to Examine Microfinance NGOs**

The BSP and the IC may request the Council to examine the operations of Microfinance NGOs for the purpose of determining that the Microfinance NGOs are not engaged in unauthorized undertaking or activities which are subject to their respective jurisdictions. In case of a finding by the Council that an accredited Microfinance NGO is engaged in an unauthorized undertaking or activities subject to BSP or IC regulations, it shall place on probation, suspend or revoke the accreditation of the Microfinance NGO based on such ground, as may be appropriate under the circumstances.

#### **RULE 11**

#### **Transitory Provisions**

##### **Section 1. Microfinance NGO Sector Representatives to the Council —**

For the first three (3) representatives, the permanent members of the Council shall appoint one (1) qualified representative each from Luzon, Visayas and Mindanao.

**Section 2. Transitional Accreditation.** — Upon the effectivity of the Act, Microfinance NGOs which are certified by the SEC to have no derogatory information shall be deemed accredited for one (1) year, unless earlier revoked by the Council for good cause after review.

**RULE 12**  
**Amendatory Provisions**


The SEC, in coordination with the Microfinance NGO Regulatory Council, shall from time to time issue amendatory provisions to these Rules and new rules and regulations for the sustainability of Microfinance NGOs.

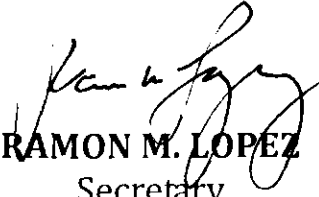
**RULE 13**  
**Separability and Effectivity**


**Section 1. Separability Clause.** — In the event any part or provision of these Implementing Rules and Regulations is declared unconstitutional or invalid, the remaining provisions not affected thereby shall continue in full force and effect.


**Section 2. Effectivity Clause.** — These Implementing Rules and Regulations shall take effect after fifteen (15) days from its publication in a newspaper of general circulation.

APPROVED, this 16<sup>th</sup> day of August 2016.

  
**CARLOS G. DOMINGUEZ**  
Secretary  
Department of Finance

  
**RAMON M. LOPEZ**  
Secretary  
Department of Trade and Industry

  
**JUDY M. TAGUIWALO**  
Secretary  
Department of Social Welfare and  
Development

  
**TERESITA J. HERBOSA**  
Chairperson  
Securities and Exchange  
Commission