

[SEC Memorandum Circular No. 7, July 10, 2015]

STANDARDS AND RULES FOR ACCREDITATION OF SPECIAL ACCESSING ENTITIES TO THE CREDIT INFORMATION SYSTEM

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Pursuant to Republic Act No. 9510 or the Credit Information System Act, the Credit Information Corporation shall accredit Special Accessing Entities in accordance with the following standards and rules promulgated by the Securities and Exchange Commission:

PART I. GENERAL PROVISIONS

RULE I. TITLE, SCOPE AND CONSTRUCTION

SEC. 1-1. Title. – These rules shall be known as the “The Standards and Rules for Establishing Special Accessing Entities to the Credit Information System”.

SEC. 1-2. Scope and Coverage. – These rules shall apply to Applicants seeking to establish and operate a Special Accessing Entity, in accordance with the procedure as herein set forth.

SEC. 1-3. Application Period. – The Corporation shall prescribe a period for the acceptance of applications for accreditation to establish and operate a Special Accessing Entity; provided, that the said application period is not less than one (1) month and that the opening of such period is announced in the Corporation’s website and published in a newspaper of general circulation for a period of at least one (1) week.

SEC. 1-4. Definitions. – For the purpose of these rules, the following terms shall mean:

- a. “*Applicant*” refers to a stock corporation, whether incorporated locally or abroad, that applies for accreditation with the Corporation for the purpose of establishing and operating a Special Accessing Entity. Such applicant may be formed for some private purpose, benefit, or end, and engaged in the credit bureau business.
- b. “*Commission*” refers to the Securities and Exchange Commission.
- c. “*Corporation*” refers to the Credit Information Corporation (CIC) established under Section 5 of Republic Act No. 9510 also known as the “Credit Information System Act”.

- d. "*Credit Bureau Business*" refers to the business of providing credit reports, ratings and other similar credit information products and services.
- e. "*Relevant Government Agencies*" refers to the Department of Finance, Department of Trade and Industry, Bangko Sentral ng Pilipinas, Insurance Commission and the Cooperative Development Authority.
- f. "*Special Accessing Entity*" or "SAE" refers to a duly accredited private corporation, incorporated in the Philippines, engaged ***primarily*** in the Credit Bureau Business.
- g. "*Subscription Agreement*" is the contract entered into between the Corporation and the Special Accessing Entity, that specifies the terms and conditions of their accreditation with the Corporation.
- h. "*Subsidiary*" refers to a corporation that is owned and controlled by the Applicant because of its equity ownership of not less than fifty one percent (51%).

RULE II. REQUIREMENTS

SEC. 2-1. Qualifications of Applicant. – The Corporation shall take into account the capability of the Applicant to establish and operate a Special Accessing Entity in terms of financial resources, technical expertise and reputation. The accreditation process shall include but not be limited to an assessment of the ownership structure, governance, key personnel, business model, risk management and consumer protection framework.

An Applicant, who must be engaged in the Credit Bureau Business, may file for accreditation to establish and operate a Special Accessing Entity under either of the following terms:

- a. If the Applicant is a corporation incorporated in the Philippines, it may file for the accreditation to operate itself or establish a Subsidiary to operate as a Special Accessing Entity subject to the undertaking that it will comply with post-qualification requirements on its form, capitalization or corporate registration to maintain its accreditation.
- b. If the Applicant is a corporation incorporated abroad, it may file for accreditation to establish a Subsidiary which will operate as a Special Accessing Entity. This Subsidiary, as a post-qualification requirement, shall be incorporated in the Philippines in accordance with the form and capitalization herein prescribed, and shall be majority-owned and controlled by the Applicant.

SEC. 2-2. Documentary Submissions. – The following documents shall be submitted by the Applicant to the Corporation within the application period set by the Corporation:

- a. Duly Accomplished and Subscribed Accreditation Application Form;

- b. Certified true copy of Certificate of Incorporation if the Applicant is a domestic corporation or Authenticated Proof of Corporate Existence if the Applicant is a foreign corporation;
- c. Certified true copy of Articles of Incorporation and By-Laws as well as their amendments, if any;
- d. For Applicants who are corporations incorporated in the Philippines, certified true copies of the latest General Information Sheet (GIS) and SEC Clearance;
- e. For Applicants who are corporations incorporated abroad, Company Profile and Authenticated Certificate of no Derogatory Record from the relevant corporate registry or regulatory agency(s), if applicable;
- f. Board Resolutions indicating:
 - i. Authorization for the Applicant to apply for accreditation with the Corporation; and
 - ii. Authorized signatory/ies of the Applicant and subsequently, if accredited, to the Subscription Agreement with the Corporation.
- g. Certified true copy of Audited Financial Statements stamped received by the Bureau of Internal Revenue or relevant Tax Authority for the last three (3) years from the date of application. If the Applicant has been in operation for less than three years, it shall submit the audited annual/interim financial statements for the years/period in operation. If an Applicant has majority or controlling stockholders that are corporations or juridical entities themselves, audited financial statements of said corporate stockholders for the last three (3) years shall also be submitted;
- h. Business Plan for the operation of a Special Accessing Entity, for at least the next three (3) years, which shall contain the following information:
 - i. description of products currently offered, if any, and/or products to be offered once accredited, and intended pricing models;
 - ii. marketing and financial sustainability plan, including information on target consumers whether by demographics or geographic considerations including channels of distribution;
 - iii. short-term and long-term business expansion plans for credit-related operations, local and/or abroad;
 - iv. detailed track record in credit-related operations, local and/ or abroad;
 - v. expected growth and profitability and the detailed justifications of the assumptions used for such projections;
 - vi. other information relevant to its intention to operate a Special Accessing Entity in the Philippines.
- i. Organizational structure and projected staffing requirements to implement its Business Plan;
- j. Curriculum Vitae of the members of the Board of Directors and top Corporate Officers of the Applicant, and in the case of Applicants who will form Subsidiaries, the Curriculum Vitae as well of those intended to occupy such positions in the said Subsidiary;

- k. Detailed information on the technical descriptions and/or specifications of internal Security Policies, Communications and Technology Infrastructure, and Procedures to ensure the confidentiality, integrity and security of the credit data to be processed;
- l. The manuals or internal guidelines/handbooks on the following internal corporate policies and procedures of the Applicant and the corresponding Secretary's Certificates of the Board Resolutions approving or authorizing the same:
 - i. Good governance
 - ii. Risk Management
 - iii. Information Security
 - iv. Operational Policies and Procedures
- m. Payment of licensing and processing fees as may be prescribed by the CIC.

RULE III. CRITERIA FOR ACCREDITATION

SEC. 3-1. Organizational and Technical Capability Criteria – Applicants shall be evaluated based on merit under the following accreditation criteria:

- A. Established experience and capability to operate a successful credit bureau business, whether locally or internationally, as measured through:
 - i. number of years (at least three (3) years) and commercial scale of operating a credit bureau business;
 - ii. market share;
 - iii. client base;
 - iv. product quality and development;
 - v. pricing;
 - vi. financial growth and sustainability;
 - vii. customer service;
 - viii. adoption of industry best practices; and
 - ix. track record of compliance with relevant laws, rules and regulations including other markets where it operates.
- B. Adoption and implementation of up-to-date, relevant and appropriate technology for:
 - i. security;
 - ii. infrastructure;
 - iii. security of premises;
 - iv. internal control procedures and systems to protect confidential data from improper, unauthorized or accidental access, use and loss and to ensure business continuity and data retention in case of service interruptions.