

**[SEC-BED MEMORANDUM CIRCULAR NO. 02,
February 27, 1998]**

**REPUBLIC ACT NO. 8366 (AN ACT LIBERALIZING THE
PHILIPPINE INVESTMENT HOUSE INDUSTRY. AMENDING
CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 129, AS
AMENDED, OTHERWISE KNOWN AS THE INVESTMENT HOUSES
LAW) (RE: INCREASE IN REQUIRED MINIMUM CAPITALIZATION)**

This Memorandum Circular is issued in order to implement Section 3 of the above-mentioned Law amending Section 8 of Presidential Decree No. 129, as amended, which took effect November 14, 1997, to wit:

SECTION 3. x x x

SECTION 8. *Capital Requirements.* — *In the case of newly-organized Investment Houses the minimum paid-in capital shall be Three hundred million pesos (P 300,000,000.00). The Minimum paid-in capital of the existing Investment Houses shall be Three hundred million pesos (P 300,000,000.00) to be built up in two (2) years after the effectivity of this Act in the following manner: Two hundred million pesos (P 200,000,000.00) after the effectivity of this Act and an additional Fifty million pesos (P 50,000,000.00) for every year thereafter until the minimum capitalization is attained. The Monetary Board may prescribe a higher minimum capitalization in order to promote and ensure the stability of the Philippine capital market and the competitiveness of the investment house industry in line with the national economic goals. The Monetary Board shall, within six (6) months prescribe a risk assets to capital ratio and other capital adequacy ratios in order to provide broader protection to the investing public."*

Henceforth, any corporation applying for a license to act as an Investment House shall have a minimum paid-in capital of P 300,000,000.00

Existing duly licensed Investment Houses whose paid-in capital is less than P 300,000,000 shall be required to build up the required minimum paid-in capital in accordance with the following schedule:

- *By June 14, 1998 P 200,000,000.00
- *By November 14, 1998 P 250,000,000.00
- *By November 14, 1999 P 300,000,000.00

For purposes of this Circular, the term "paid-in capital" is defined as all payments on subscriptions to the authorized capital of an Investment House, including premiums paid in excess of par.