

[SEC MEMORANDUM CIRCULAR NO. 9, October 06, 1998]

YEAR 2000 ("Y2K") COMPLIANCE

WHEREAS, year 2000 is fast approaching. Thus, the foreseen Millennium Bug otherwise known as the Year 2000 Problem needs immediate attention to ensure continuity of business transactions and economic activities in all sectors of the society. Public interest is at stake, hence, it is the moral responsibility of every corporate citizen of the Philippines and foreign corporations doing business in the country to keep the economy going;

WHEREAS, many existing computer programs use only two digits to identify a year in the date field. These programs were designed and developed without considering the impact of the upcoming change in the century. If not corrected, many computer applications could fail or create erroneous results by or in the Year 2000. The Year 2000 issue affects virtually all companies and enterprises;

WHEREAS, the Commission is tasked to protect the investing public in general, whether domestic or foreign. Likewise, it is clothed with the power to regulate the securities market participants and supervise corporations and partnerships registered with it. As such, it is duty bound to minimize if not eliminate the negative impact of the Millennium Bug;

In view thereof, subject entities are required to comply with the following:

1. Submit the duly accomplished SEC Year 2000 Compliance Questionnaire on or before November 30, 1998. If ever you fail to receive your mailed copy on time, copy of questionnaire can be secured from the EDP Services Division of this Commission at the Basement, SEC Bldg., EDSA, Mandaluyong City.
2. Submit quarterly status report on the Year 2000 compliance on your computer system duly signed, subscribed and sworn to by the CEO of subject company on or before the 15th day after the end of the quarter, starting on the last quarter of 1998 up to the third quarter of 1999.

Based on the submitted questionnaire and/or quarterly status reports, the Commission shall publish its quarterly "Investors Advisor Bulletin" or risk assessment on the Y2K problem. Corporations shall be classified into high, medium, low or no risk to the Y2K problem.

Non-submission of the above mentioned questionnaire/quarterly reports shall be a ground for non-renewal of your license or imposition of a fine of fifty thousand pesos (P 50,000.00). A fine of five hundred pesos (P 500.00) shall be imposed for every day of delay in the submission thereof.