

**[SEC MEMORANDUM CIRCULAR NO. 1, SERIES OF
2004, January 20, 2004]**

GUIDELINES ON FOUNDATIONS

WHEREAS, Section 5 of Republic Act No. 8799, otherwise known as the Securities Regulation Code, in relation to Presidential Decree No. 902-A declares the need for the empowerment of the Commission to protect not only the investors but the public as well, pursuant to the government's policy of promotion of wider and more meaningful equitable distribution of wealth;

WHEREAS, most SEC-registered Foundations are focused mainly on fund-raising activities, proclaiming themselves to be donee-institutions;

WHEREAS, there is a need to ensure that donations are utilized according to the Foundation's purposes as stated in the Articles of Incorporation;

WHEREFORE, in view of the foregoing, the following guidelines in the registration and monitoring of Foundations are hereby adopted:

Section 1. A "Foundation" is a non-stock, non-profit corporation with funds established to maintain or aid charitable, religious, educational, athletic, cultural, literary, scientific, social welfare or similar activities primarily through extending grants or endowments.

Section 2. In addition to the requirements for ordinary non-stock, non-profit corporations, Foundations applying for registration with the Commission shall submit the following:

- a. Modus Operandi or Plan of Operation, executed, under oath, by the President of such Foundation, setting forth the mode of its operation, source of its funds, the proposed application of said funds, and the prospective beneficiaries of grants or endowments; and
- b. Certificate of Bank Deposit in the amount of not less than P1,000,000.00, representing the funds to be used for extending grants or endowments.

Section 3. The corporate name shall contain the word "Foundation".

Section 4. In addition to the reportorial requirements for ordinary non-stock, non-profit corporations, the registered Foundation shall submit to the Commission, together with the Financial Statements, a Statement of