



MEMORANDUM – 2026-024

TO : THE TRADING PARTICIPANTS
AND THE INVESTING PUBLIC

SUBJECT : REQUEST FOR COMMENTS ON PROPOSED
AMENDMENTS TO RULES RELATING TO THE
UNIMPAIRED PAID-UP CAPITAL AND SURETY
BOND REQUIREMENTS OF BROKER DEALERS

DATE : 01 OCTOBER 2026

The Securities and Exchange Commission En Banc, in its meeting held on 24 September 2026, resolved to expose the attached draft Memorandum Circular on the **PROPOSED AMENDMENTS TO CERTAIN PROVISIONS OF RULES 28.1 AND 33.1 OF THE 2015 SRC RULES RELATING TO THE UNIMPAIRED PAID-UP CAPITAL AND SURETY BOND REQUIREMENTS OF BROKER DEALERS.**

Thus, the Commission is requesting comments, suggestions, and/or inputs from all concerned on the proposed draft Memorandum Circular. The written comments, suggestions, and/or inputs may be submitted **on or before 14 October 2026** through email at ipsd_msrd@sec.gov.ph with the proposed subject of "COMMENTS ON THE PROPOSED AMENDMENTS TO UNIMPAIRED PAID-UP CAPITAL."

Thank you.

(original signed)
GERARD B. SANVICTORES
President

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SEC MEMORANDUM CIRCULAR NO. ____
Series of 2026

TO : ALL CONCERNED

SUBJECT : AMENDMENTS TO CERTAIN PROVISIONS OF RULES 28.1 AND 33.1 OF THE 2015 SRC RULES RELATING TO THE UNIMPAIRED PAID-UP CAPITAL AND SURETY BOND REQUIREMENTS OF BROKER DEALERS

WHEREAS, Section 2 of the Securities Regulation Code (SRC) declares that it is the policy of the State, among others, to promote the development of the Philippine capital market, protect investors and encourage the widest participation of ownership in enterprises;

WHEREAS, Section 5.1.2 of the 2015 Implementing Rules and Regulations of the SRC (2015 SRC Rules) provides that the Commission has the power to formulate policies and recommendation on issues concerning the securities market;

WHEREAS, Section 28.4 of the 2015 SRC Rules mandates the Commission to promulgate rules and regulations prescribing the qualifications for registration of brokers, dealers, salesmen, and associated persons, including requirements for registration and continuing registration;

WHEREAS, under the Amended Implementing Rules and Regulations of the SRC which took effect in 2004, the Commission prescribed an unimpaired paid-up capital requirement of One Hundred Million Pesos (₱100,000,000.00) for Broker Dealers that are first-time registrants or are acquiring the business of existing Broker Dealer firms, in either case participating in a registered clearing agency, while other existing Broker Dealers not seeking authorization to engage in market making transactions could maintain Ten Million Pesos (₱10,000,000.00) plus the required surety bond;

WHEREAS, under the 2015 SRC Rules, the Commission maintained the One Hundred Million Pesos (₱100,000,000.00) unimpaired paid-up capital requirement and increased the alternative capitalization requirement to Thirty Million Pesos (₱30,000,000.00), together with the required surety bond;

WHEREAS, based on the Philippine Consumer Price Index (2018=100), inflation over the years has resulted in the decline in the real value of the existing One Hundred Million Pesos (₱100,000,000.00) capital requirement, such that One Hundred Million Pesos (₱100,000,000.00) in 2004 is equivalent to approximately Two Hundred Thirty Million Five Hundred Forty Thousand Pesos (₱230,540,000.00) in 2026 prices;

WHEREAS, Principle 30 of the International Organization of Securities Commissions ("IOSCO") Objectives and Principles of Securities Regulation, together with its implementation guidance, recognizes that capital requirements for market intermediaries should reflect the risks they undertake, having regard to the nature and amount of the business expected to be undertaken;

WHEREAS, Section 72 of the SRC vests upon the Commission the authority to issue, amend, and rescind rules and regulations and order which are necessary or appropriate to the exercise of the powers conferred upon it in the SRC;

WHEREAS, the Commission finds it reasonable and appropriate to increase the unimpaired paid-up capital requirement taking into account the inflation-adjusted value of the existing requirement, IOSCO principles and the interest of the investing public;

NOW, THEREFORE, pursuant to the foregoing provisions of law, the Commission hereby adopts the following amendments:

SECTION 1. AMENDMENTS TO RULE 28.1 OF THE 2015 SRC RULES

Rule 28.1 - Registration of Brokers and Dealers

28.1.2.5.2. Applicable to both Exchange Trading Participants and Non-Exchange Broker Dealers

28.1.2.5.2(a). Compliance with SEC Risk Based Capital Adequacy (RBCA) Requirement/Ratio for Brokers Dealers, otherwise known as the RBCA Rules or any amendments thereto.

28.1.2.5.2(b).1. Unimpaired paid up capital of One Hundred ~~Twenty~~ Million pesos (~~PhP100,000,000.00~~) (**PhP120,000,000.00**) for the following types of Broker Dealers **all Broker Dealers, whether Exchange Trading Participants or Non-Exchange Broker Dealers, including first-time Broker Dealer registrants and those acquiring the business of existing Broker Dealer companies pursuant to SRC Rule 28.1.3, except Broker Dealers covered by paragraph (b).2 of this Rule.**

~~28.1.2.5.2(b).1.1. First time registrants who will be participating in a registered clearing agency upon the effectivity of the Code;~~

~~28.1.2.5.2(b).1.2. Those acquiring the business of existing Broker Dealer companies pursuant to SRC Rule 28.1.3 and will be participating in a registered clearing agency; Provided, however, that the Commission may authorize a lower capitalization for applicants not participating in a registered clearing agency.~~

~~28.1.2.5.2(b).2. Other existing Broker Dealer applicants not meeting the One Hundred Million (PhP 100,000,000.00) capitalization and not seeking authorization to engage in market making transactions shall maintain a Thirty Million Pesos (PhP 30,000,000.00) unimpaired paid up capital, or such other amount as the Commission may prescribe, and file the required surety bond in lieu of the One Hundred Million Pesos (PhP100,000,000.00) as prescribed under SRC Rule 28.1.6.~~

28.1.2.5.2(b).~~2~~**3**. Unimpaired paid up capital of Two Million Five Hundred Thousand Pesos (PhP2,500,000.00), or such other amount as the Commission may prescribe, for ~~applicants~~ **Broker Dealers** dealing purely in proprietary shares who are not holding securities for their clients.

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28.1.4. Withdrawal of Business and/or Cancellation of Registration as Broker Dealer

28.1.4.3.2.3. **Where applicable, the** The terms and conditions of the Surety Bond shall remain effective until its expiration;

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28.1.6. Broker Dealer Surety Bond and Self Insurance Bond

The surety bonds required to be filed pursuant to SRC Rule 28.1.2.5 by Broker Dealers who have been allowed by the Commission to defer compliance with the One Hundred Million (PhP 100,000,000.00) unimpaired paid up capital requirements pursuant to that Rule shall be not less than Ten Million Pesos (PhP 10,000,000.00) for Brokers and not less than Two Million Pesos (PhP 2,000,000.00) for Dealers, or such other amount as the Commission shall prescribe. **Where a Broker Dealer is required to maintain a surety bond pursuant to applicable rules of the Exchange, as approved by the Commission, or as may otherwise be prescribed by the Commission, such bond shall be in such amount, form, and manner as may be provided under such rules.** Such bonds shall be conditioned upon the faithful compliance with the provisions of the Code and the rules and regulations adopted thereunder by the Broker Dealer and by all salesmen and Associated Persons while acting for it. Such bond shall be executed by a

surety company authorized to do business in the Philippines and duly accredited as a surety company pursuant to the Commission's Guidelines on Accreditation as a Surety Company.

In lieu of such bond, the Broker Dealer may file bonds of the Government of the Philippines. If a bond is filed, any person damaged by the failure of such Broker Dealer or of any salesman or Associated Person while acting for it, to comply with the provisions of the Code and these Rules shall be entitled to sue the sureties under such bond and to recover the damages so suffered thereunder. If other securities are filed in lieu thereof, such person may subject such securities to the payment of such damage. The Commission shall file the claim or call on the surety on behalf of claimants.

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Rule 33.1(d) - Protection of Customer Accounts in Case of Business Failure of an Exchange Trading Participant

33.1(d).3.3. Settle the failed Trading Participant's liabilities to customers through the sale of the Trading Participant's trading rights and other trade-related assets as may be prescribed by the Commission; the liquidation of paid up capital; and/or where applicable, the supervision of payment of claims against any ~~the~~ surety bond **~~maintained by the Trading Participant~~**.

SECTION 2. TRANSITORY PROVISION. Broker Dealers registered with the Commission as of the effectivity of this Circular, except those dealing purely in proprietary shares and not holding securities for clients, shall be granted a phased transition period to comply with the revised minimum unimpaired paid-up capital requirement. Such Broker Dealers shall attain and maintain at least One Hundred Million Pesos (PhP100,000,000.00) in unimpaired paid-up capital by 31 December 2029 and shall attain and thereafter maintain One Hundred Twenty Million Pesos (PhP120,000,000.00) in unimpaired paid-up capital by 31 December 2030.

Failure to attain at least One Hundred Million Pesos (PhP100,000,000.00) in unimpaired paid-up capital by 31 December 2029 or at least One Hundred Twenty Million Pesos (PhP120,000,000.00) in unimpaired paid-up capital by 31 December 2030 shall subject the Broker Dealer to the applicable sanctions for non-compliance with the conditions for continuing registration under the 2015 SRC Rules and other applicable Commission issuances.

Broker Dealers, except those dealing purely in proprietary shares and not holding securities for clients, that, as of the effectivity of this Circular, are availing of the Thirty Million Pesos (PhP30,000,000.00) alternative capitalization requirement under the existing Rule 28.1.2.5.2(b).2 shall, during the applicable transition period, continue to comply with the surety bond requirements prescribed under the applicable rules of the Exchange, as approved by the Commission, or as may otherwise be prescribed by the Commission, provided that effective 31 December 2028, Exchange Trading Participants shall post a surety bond of not less than Twenty Million Pesos (PhP20,000,000.00) until they fully attain the required unimpaired paid-up capital required under this Section.

During the transition period, Broker Dealers shall continue to comply with the applicable risk-based capital adequacy, minimum net liquid capital, and other prudential requirements prescribed under the 2015 SRC Rules and relevant Commission issuances.

The Commission may issue such guidelines, directives, or other measures as may be necessary to facilitate the orderly implementation of this Section.

SECTION 3. REPEALING CLAUSE. All other rules and regulations or parts thereof, inconsistent with the foregoing rules and regulations are repealed, amended, or modified accordingly.

SECTION 4. EFFECTIVITY. This Circular shall take effect immediately upon its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation in the Philippines.

Done this ____ of October 2026, in Makati City, Philippines.

FOR THE COMMISSION:

FRANCISCO ED. LIM
Chairperson