



# Legal Watch

## SEC MEMORANDUM CIRCULAR NO. 14-2026



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### \* Agency Name

Securities and Exchange  
Commission (SEC)

### \* Issuance Title

Rules on Umbrella Funds

### \* Issuance Date

8 April 2026

### \* Link

<https://www.sec.gov.ph/mc-2026/sec-mc-no-14-series-of-2026rules-on-umbrella-fund/#gsc.tab=o>

### SUMMARY

The SEC issued Memorandum Circular No. 14, Series of 2026, which establishes a regulatory framework governing the formation, registration, operation, and reporting of umbrella funds, defined as open-end unit-issuing investment companies composed of at least two sub-funds with segregated assets and liabilities.

The Circular formally allows a single investment company to operate multiple sub-funds with distinct investment objectives, strategies, and fee structures. A key feature is the strict segregation of assets and liabilities, such that the assets of one sub-fund cannot be used to satisfy the liabilities of another.

An entity must amend its Articles of Incorporation and By-Laws to reflect sub-fund segregation and related governance provisions. The subscribed and paid-up capital of the Umbrella Fund shall be at least Php 100,000,000.00.

Each sub-fund must be registered with the SEC prior to offering, and supported by a Main Prospectus and Sub-Fund Supplements that contain detailed disclosures on investment policies, risks, valuation, and fees. Operationally, an Umbrella Fund must appoint a single Fund Manager for all its sub-funds.

The Circular also prescribes rules on the reallocation of units, the prohibition on offering securities in the name of the umbrella fund alone, and requirements for reporting, financial statements, and audits, including separate financial reporting for each sub-fund.

### ACTIONABLE ADVICE

1. Investment companies must evaluate the feasibility of adopting an umbrella fund structure to consolidate multiple investment strategies within a single entity while maintaining legal segregation of assets and liabilities.
2. Entities must ensure compliance with organizational requirements, including amendments to corporate documents to expressly provide for sub-fund segregation and governance mechanisms. Management must verify that the Umbrella Fund meets the minimum subscribed and paid-up capital requirement of Php 100,000,000.00.





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### ACTIONABLE ADVICE

3. Prior to offering, firms must secure SEC approval for each sub-fund and prepare a comprehensive Main Prospectus and Sub-Fund Supplements with full disclosures.
4. Compliance teams must establish systems for separate financial reporting, disclosures, and audit requirements per sub-fund, consistent with the Circular. Firms must also ensure that only one Fund Manager is appointed for all sub-funds, though different entities may be engaged for other roles (e.g., Fund Distributor, Transfer Agent, Custodian) per sub-fund.
6. Existing investment companies intending to convert into umbrella funds should assess timelines and conditions, including the requirement to maintain at least two (2) sub-funds within the prescribed period. Crucially, if only one sub-fund is initially registered, the Umbrella Fund must register at least one (1) more sub-fund within one (1) year from the approval of the first sub-fund. Failure to comply will constitute a ground for suspension of the Umbrella Fund's secondary license.

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