



Legal Watch

SEC MEMORANDUM CIRCULAR NO. 20, SERIES OF 2026



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SUMMARY

The Securities and Exchange Commission (SEC) issued Memorandum Circular No. 20, Series of 2026, prescribing updated prudential, disclosure, and market conduct requirements for financing companies (FCs) and lending companies (LCs), including those operating Online Lending Platforms (OLPs).

Among the key prudential requirements, the Circular prescribes minimum paid-up capital for new FCs (Php 15 million) and LCs (Php 5 million).¹ For OLP operations, FCs must maintain paid-up capital ranging from Php 20 million for one OLP to Php 100 million for five OLPs, while LCs must maintain Php 10 million to Php 50 million, respectively.² Each entity is limited to a maximum of five OLPs. Existing operators have 12 months to comply.

The Circular introduces changes to the licensing framework, adopting a Single Certificate of Authority (CA) Policy covering all activities regardless of branches.³ An Annual Licensing Fee (ALF) based on total assets will replace previous fees, beginning 01 January 2027.⁴

As to disclosure and market conduct requirements, the Circular establishes rules on OLP registration, loan disclosures, data privacy, and collection practices.⁵ FCs and LCs must provide prescribed loan disclosures prior to loan confirmation. The Circular also prohibits unauthorized loan disbursements and automatic renewals, requiring compliance with fair debt collection rules.⁶

- 1 - Section 7, SEC MC No. 20-2026.
- 2 - Section 8, Id.
- 3 - Section 3, Id.
- 4 - Section 11, Id.
- 5 - Section 4, Id.
- 6 - Section 24, Id.

* Agency Name

Securities and Exchange
Commission (SEC)

* Issuance Title

Guidelines Prescribing
Prudential, Disclosure, and
Market Conduct Requirements
for Financing and Lending
Companies and Lifting the
Moratorium on Online Lending
Platforms

* Issuance Date

07 July 2026

* Link

<https://www.sec.gov.ph/wp-content/uploads/2026/07/2026-MC-No-20-S-of-2026-Lifting-the-Moratorium-on-Online-Lending-Platforms-2.pdf>





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Finally, the Circular lifts the moratorium on the registration of new OLPs. FCs and LCs may now apply to register new OLPs. However, this does not constitute automatic approval, which remains subject to prior SEC approval and compliance with the applicable capitalization, operational, and consumer protection requirements.⁷

7 - Section 26, Id.

ACTIONABLE ADVICE

Financing and lending companies, particularly those operating or intending to establish OLPs, should review their existing capitalization, licensing, platform, disclosure, and operational arrangements to ensure compliance with the Circular. Existing OLP operators should assess their compliance with the applicable paid-up capital requirements and observe the prescribed transition and disclosure periods, while entities intending to establish new OLPs should ensure compliance with the SEC's capitalization, registration, consumer protection, data privacy, and other regulatory requirements before applying for approval. FCs and LCs should likewise review their loan disclosure, advertising, data handling, disbursement, renewal, and collection practices in light of the Circular's enhanced market conduct requirements.

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