



CREDIT INFORMATION CORPORATION

CIC Circular No. 2015-01
Series of 2015

FOR : UNIVERSAL, COMMERCIAL AND THRIFT BANKS, INCLUDING THEIR TRUST DEPARTMENTS, RURAL BANKS AND ENTITIES WITH QUASI-BANKING LICENSE ISSUED BY THE BSP, INCLUDING THEIR SUBSIDIARIES AND/OR AFFILIATES THAT ARE ENGAGED IN THE BUSINESS OF PROVIDING CREDIT; LIFE INSURANCE COMPANIES, MUTUAL BENEFIT ASSOCIATIONS AND OTHER SIMILAR ENTITIES SUPERVISED BY THE INSURANCE COMMISSION; CREDIT CARD COMPANIES; FINANCING COMPANIES; TRUST ENTITIES; INVESTMENT HOUSES WITH QUASI-BANKING LICENSE; NON-GOVERNMENTAL ORGANIZATIONS ENGAGED IN THE MICRO FINANCING BUSINESS; GOVERNMENT LENDING INSTITUTIONS, BOTH GFIS AND GOCCS ENGAGED PRIMARILY IN LENDING; COOPERATIVES ENGAGED IN LENDING ACTIVITIES SUCH AS CREDIT COOPERATIVES OR FINANCIAL SERVICES COOPERATIVES; AND OTHER ENTITIES PROVIDING CREDIT FACILITIES

SUBJECT: ENFORCEMENT OF THE CREDIT INFORMATION SYSTEM ACT PURSUANT TO REPUBLIC ACT NO. 9510 AND ITS IMPLEMENTING RULES AND REGULATIONS

SECTION 1. Background

Republic Act (R.A.) No. 9510 entitled: *An Act Establishing the Credit Information System and for Other Purposes otherwise known as the Credit Information System Act* (the "Act") was approved on 31 October 2008, establishing Credit Information Corporation ("CIC"), requiring banks, quasi-banks, their subsidiaries and affiliates, credit card companies, life insurance companies and other entities providing credit facilities to submit credit information and updates thereon on a regular basis to the CIC whose primary purpose is to receive and consolidate such basic credit data. CIC is thus, mandated to act as a central registry or central repository of credit information, and to provide access to reliable and standardized information on the credit history and financial condition of borrowers.

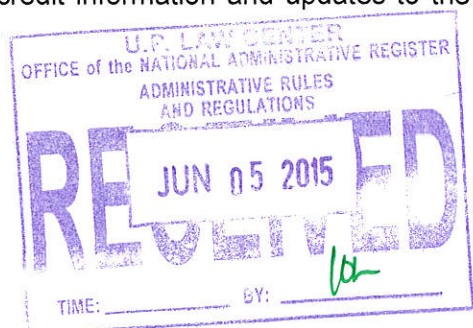
SECTION 2. Purpose

This Circular is issued for the following purposes:

2.1. To enforce the Act, as well as its promulgated rules and regulations, which directs and requires banks, quasi-banks, their subsidiaries and affiliates, credit card companies, life insurance companies and other entities providing credit facilities, to submit the credit information of its borrowers and thereafter update the same on a regular basis to the CIC;

2.2 To ensure that the Submitting Entities comply with the requirements of the Act and its implementing rules and regulations, and other regulatory requirements; and

2.3 To prescribe the rules and procedures for submitting credit information and updates to the CIC and other obligations of Submitting Entities thereunder.



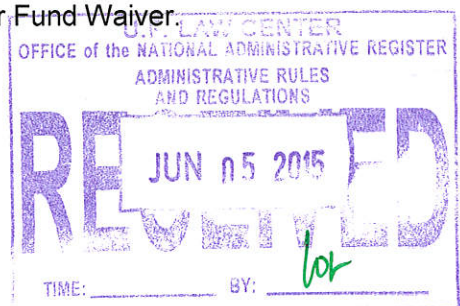
SECTION 3. Scope

The provisions of this Circular shall be enforced and applied to the following entities providing credit facilities, hereinafter referred to as, individually "Submitting Entity", and collectively as "Submitting Entities":

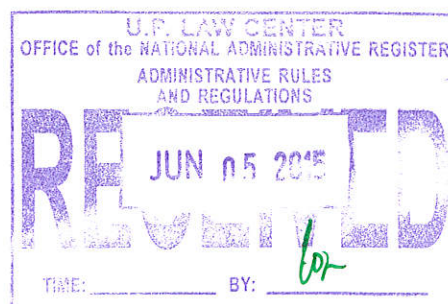
- 3.1 Universal, commercial and thrift banks, including their trust departments, rural banks and entities with quasi-banking license issued by the BSP, including their subsidiaries and/or affiliates that are engaged in the business of providing credit;
- 3.2 Life insurance companies, mutual benefit associations and other similar entities supervised by the Insurance Commission;
- 3.3 Credit card companies;
- 3.4 Financing companies;
- 3.5 Trust entities;
- 3.6 Investment houses with quasi-banking license;
- 3.7 Non-governmental organizations engaged in the micro financing business;
- 3.8 Government lending institutions, both GFIs and GOCCs engaged primarily in lending;
- 3.9 Cooperatives engaged in lending activities such as credit cooperatives or financial services cooperatives; and
- 3.10 Other entities providing credit facilities.

SECTION 4. Definition of Terms

- "Accessing Entity" refers to any Submitting Entity or any other entity authorized by the CIC to access Consolidated Credit Data from the CIC.
- " Affiliate" refers to a corporation, of which not more than fifty percent (50%) but not less than ten percent (10%) of the outstanding voting stock is directly or indirectly owned, controlled or held, with the power to vote, or under common control by the Submitting Entity or Borrower as the case may be.
- "Basic Credit Data" means basic credit information, which includes Positive and Negative Credit Information provided by a Borrower to the Submitting Entity in connection with an application for and/or availment of a credit facility, and any information on the Borrower's creditworthiness in the possession of the Submitting Entity and other factual and objective information related or relevant thereto in the Submitting Entity's data files; but shall exclude confidential information on bank deposits and /or client funds under existing laws unless the Borrower executes a Deposit and/or Fund Waiver.



"Borrower"	means a natural or juridical person, including any local government unit, its subsidiaries and affiliates, which applies for and/or avails of a Credit Facility.
"Consolidated Credit Data"	refers to the output of the CIC comprising of Basic Credit Data, and other data or credit information in the possession of the CIC and accessible through the System.
"Credit Facility"	refers to any loan, credit line, guarantee, standby letters of credit, trust receipts, or other form of financial accommodation or credit from the Submitting Entity, except that deposits in banks shall not be considered a credit facility extended by the depositor in favor of the bank.
"Data Subject"	refers to an existing borrower or loan applicant or anyone who in any way applies for or avails of a credit facility.
"Deposit and/ or Fund Waiver"	refers to the written waiver duly executed by a Borrower, waiving confidentiality of information on his bank deposits and /or client funds under existing laws, including Republic Act No. 1405 (The Law on Secrecy of Bank Deposits), Republic Act No. 6426 (The Foreign Currency Deposit Act), Republic Act No. 8791 (The General Banking Law of 2000) and their respective amendatory laws.
"Error Report"	refers to system-generated report/s from the CIC that identifies errors in the file, in prescribed format, submitted by the Submitting Entity.
"Negative Credit Information"	refers to information/data concerning the poor credit performance of Borrowers such as, but not limited to, adverse court judgments relating to debts and reports on bankruptcy, insolvency, petitions or orders on suspension of payments and corporate rehabilitation.
"Positive Credit Information"	refers to information or data concerning the credit performance of a Borrower such as, but not limited to, information on timely payments/ repayments or non-delinquency.
"System"	refers to the program and database of the CIC through which the Accessing Entity and Data Subject shall be allowed to access Consolidated Credit Data in the possession of the CIC.
"Update Cycle Date"	means the period within which the Submitting Entity shall submit new and updated Negative Credit Information, Positive Credit Information or other credit information to the CIC to update previously submitted information. The



reference date for credit cards is the statement cut-off date while the reference date for other entities is the end of the month.

SECTION 4. Obligations of the Submitting Entity

- 4.1 The Submitting Entity shall inform its Borrowers in writing of its obligation to submit their Basic Credit Data and other credit information to the CIC.
- 4.2 The Submitting Entity may adopt the following letter template to notify their existing Borrowers of its obligations under the Act:

"Dear Valued Client:

This is to notify you that pursuant to Republic Act (R.A.) No. 9510 and its Implementing Rules and Regulations (IRR), creating the Credit Information Corporation (CIC) we are mandated to submit your basic credit data (as defined in R.A. No. 9510 and its IRR), as well as any regular updates or corrections thereof, to the CIC for consolidation and disclosure as may be authorized by the CIC. Consequently, your basic credit data may thus be shared with other lenders authorized by the CIC, and other credit reporting agencies duly accredited by the CIC, for the purpose of establishing your creditworthiness.

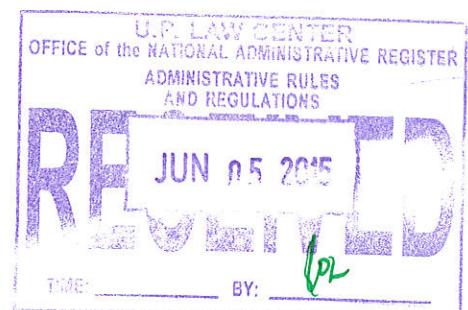
For more information, please contact (name of the Submitting Entity) or visit our website (website of the Submitting Entity).

Thank you.

[Name of the Submitting Entity]"

- 4.3 The Submitting Entity may adopt the following notification clause template to be inserted in its loan/ credit applications for Data Subjects to sign:

"I hereby acknowledge and authorize: 1) the regular submission and disclosure of my basic credit data (as defined under Republic Act No. 9510 and its Implementing Rules and Regulations) to the Credit Information Corporation (CIC) as well as any updates or corrections thereof; and 2) the sharing of my basic credit data with other lenders authorized by the CIC, and credit reporting agencies duly accredited by the CIC."



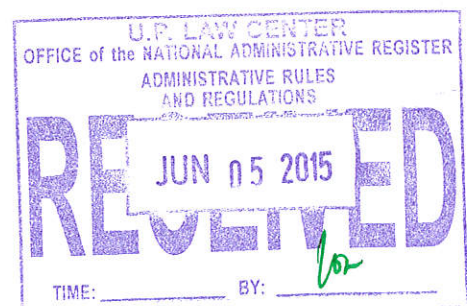
- 4.4 The Submitting Entity shall maintain copies of the letter notification and, when so required by the CIC, submit the same to the latter.
- 4.5 If a Borrower executes a Deposit and/or Fund Waiver, the Submitting Entity shall maintain a copy of the same and, when so required, submit the same to the CIC.
- 4.6 The Submitting Entity shall regularly submit the Basic Credit Data of all its Borrowers contained in its database, file or system, to the CIC not later than on the 5th day of the month and in the form/ format and manner prescribed by the CIC.
- 4.7 The Submitting Entity shall ensure that the Basic Credit Data of its Borrowers with the CIC is **accurate, complete, correct, and current** up to the relevant Update Cycle Date.
- 4.8 The Submitting Entity shall ensure that when receiving Error Reports from the CIC, the Submitting Entity shall rectify the errors in the relevant files and send the corrected files to the CIC within a period of three (3) working days.
- 4.9 The Submitting Entity shall develop an internal dispute resolution process by which a Data Subject can dispute information recorded in his own Consolidated Credit Data, and by which said dispute may be investigated and resolved within a period of five (5) working days.
- 4.10 The Submitting Entity shall extend full, complete and timely cooperation to the CIC with respect to disputes brought before it by Data Subjects who allege that the credit information pertaining to them is **erroneous, incomplete, or misleading**.
- 4.11 The Submitting Entity shall educate its Borrowers on the importance of maintaining a good credit record.
- 4.12 Submitting Entity in good standing may access the System to inquire on a Data Subject provided that the terms and conditions as hereinafter promulgated by the CIC are complied with.
- 4.13 Submitting Entity shall comply with these provisions in order to maintain good standing and violation of any of these provisions shall subject them to penalties and fines under CISA, IRR and rules as may be promulgated by the CIC or the Securities and Exchange Commission, as may be applicable.

SECTION 5. Repealing Clause

All issuances, orders, rules and regulations or parts thereof that are inconsistent with the provisions of this Circular are hereby repealed, amended or modified accordingly.

SECTION 6. Separability Clause

Should any provision of this Circular be declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.



SECTION 7. Effectivity

This Circular shall be effective fifteen (15) calendar days after the date of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines and upon filing with the University of the Philippines Law Center of three (3) certified copies.

Signed this 15th day of May 2015, Makati City, Philippines.



**MR. JAIME CASTO JOSE P. GARCHITORENA
PRESIDENT**

