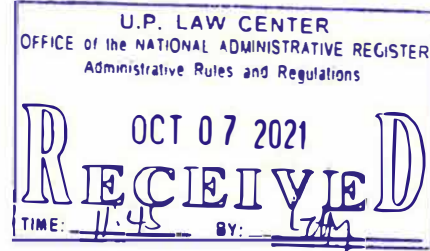




CIC Circular No. 2021- 03
Series of 2021



STANDARDS AND RULES FOR REACCREDITATION OF SPECIAL ACCESSING ENTITIES TO THE CREDIT INFORMATION SYSTEM

RULE I. TITLE, SCOPE AND CONSTRUCTION

SEC. 1-1. Title. - These rules shall be known as the "The Standards and Rules for Reaccreditation of Special Accessing Entities to the Credit Information System".

SEC. 1-2. Scope and Coverage. - These rules shall apply to current Special Accessing Entity (SAE) whose accreditations are set to expire and are seeking to be reaccredited in accordance with the procedure as herein set forth.

SEC. 1-3. Application Period. - Reaccreditation of current SAEs shall be initiated within sixty (60) days prior to the expiration of their current accreditation.

SEC. 1-4. Definitions. - For the purpose of these rules, the following terms shall mean:

- a. "*Commission*" refers to the Securities and Exchange Commission, which is the lead government agency to implement CISA.
- b. "*Corporation*" refers to the Credit Information Corporation (CIC) established under Section 5 of Republic Act No. 9510 also known as the "Credit Information System Act" (CISA).
- c. "*Special Accessing Entity*" or "SAE" refers to a duly accredited private corporation, incorporated in the Philippines, engaged primarily in the Credit Bureau Business.
- d. "*Subscription Agreement*" is the contract entered into between the Corporation and the Special Accessing Entity, that specifies the terms and conditions of their accreditation with the Corporation.

SEC. 1-5. SAE Accreditation Tiers. – These rules shall apply to Reaccreditation of SAEs for the "*Basic Tier*" which shall be the default Accreditation Tier of all SAEs. The rights and obligations of an SAE under the Basic Tier shall also be governed by the Subscription Agreement to be entered into pursuant to these rules and other laws or regulations applicable thereto. The Corporation may create additional accreditation Tiers for the purpose of sustaining its operations, accelerating development of products and services derived from its credit data and improving overall service quality to stakeholders. It shall issue rules and regulations in relation to such additional accreditation Tiers.



RULE II. REQUIREMENTS

SEC. 2-1. Qualifications of Applicants to Apply for Reaccreditation

- a. Currently accredited by the Corporation but such accreditation is set to expire within the next sixty (60) days; and
- b. Was previously accredited by the Corporation but ceased to operate as an SAE for not more than two (2) years prior to the date of the request for reaccreditation. An SAE whose provisional reaccreditation has lapsed shall not be eligible under this provision.

SEC. 2-2. Documentary Submissions. - The following documents shall be submitted by the SAE to the Corporation within the application period set:

- a. Certified true copies of their latest General Information Sheet (GIS), which contains capitalization information compliant with the applicable minimum requirements to operate an SAE, and SEC Clearance;
- b. Board Resolutions indicating:
 - i. Authorization for the SAE to apply for reaccreditation with the Corporation; and
 - ii. Authorized signatory/ies of the SAE to the Subscription Agreement with the Corporation.
- c. Certified true copy of Audited Financial Statements stamped received by the Bureau of Internal Revenue or relevant Tax Authority for the last three (3) years from the date of application for reaccreditation.
- d. Business Plan for at least the next three (3) years, which shall contain the following information:
 - i. description of products currently offered, if any, and/or products to be offered once accredited, and intended pricing models;
 - ii. marketing and financial sustainability plan, including information on target consumers whether by demographics or geographic considerations including channels of distribution and include annual volume commitments of CIC Basic Credit Reports and projected annual growth of such use;
 - iii. short-term and long-term business expansion plans for credit related operations, local and/or abroad;
 - iv. detailed track record in credit-related operations, local and/ or abroad;



- v. expected growth and profitability and the detailed justifications of the assumptions used for such projections;
 - vi. other information relevant to its intention to operate or to continue operating an SAE in the Philippines.
- e. Organizational structure and projected staffing requirements to implement its Business Plan;
- f. *Profiles* of the members of the Board of Directors and top Corporate Officers of the Applicant, and in the case of Applicants who will form Subsidiaries or branch offices, the *Profiles* as well of those intended to occupy such positions in the said entities;
- g. Detailed information on the technical descriptions and/or specifications of internal Security Policies, Communications and Technology Infrastructure, and Procedures to ensure the confidentiality, integrity and security of the credit data to be processed;
- h. The manuals or internal guidelines/handbooks on the following internal corporate policies and procedures of the Applicant and the corresponding Secretary's Certificates of the Board Resolutions approving or authorizing the same:
- i. Good governance
 - ii. Risk Management
 - iii. Information Security
 - iv. Data Privacy
 - v. Operational Policies and Procedures

RULE III. PROCEDURE FOR REACCREDITATION

SEC. 3-1 - The procedure for Reaccreditation shall be as follows:

1. Within sixty (60) days before the expiration of its accreditation, the SAE-applicant shall submit a letter of intention for reaccreditation to the Corporation attaching therein those requirements enumerated under Sec. 2-2 and other updated documents if applicable. If available, the SAE shall also submit the latest Certificate of Good Standing issued by the Corporation in its favor within the past twelve (12) months.
2. In case no Certificate of Good Standing was issued within the past twelve (12) months, the SAE-TWG shall conduct an assessment of the SAE-applicant's operations within thirty (30) days to determine whether the SAE has performed in accordance with and met its commitments under the Subscription Agreement. Upon such a positive determination, the SAE-TWG shall issue a



Certificate of Good Standing in favor of the SAE-applicant forthwith. However, if the determination is unfavorable, the SAE-TWG shall issue a report identifying the deficiencies of the SAE-applicant with a directive to correct or remediate the same immediately.

3. The SAE-TWG shall review the documents submitted by the SAE-applicant for its request for reaccreditation and, if necessary, may call the SAE-applicant for a meeting to discuss relevant matters or direct it to submit additional information. Upon a favorable evaluation by the SAE-TWG and if a Certificate of Good Standing was issued in favor of the SAE-applicant recently or within the last twelve (12) months, it may issue an Evaluation Report recommending Full Reaccreditation.
4. In cases where an SAE-applicant cannot secure a Certificate of Good Standing within the last twelve (12) months but has complied with the other requirements for reaccreditation, the SAE-TWG may recommend the grant or extension of the provisional reaccreditation status. If such status is granted by the Corporation, the SAE-applicant may apply for Full Reaccreditation upon proof that the deficiencies identified in the report issued in lieu of a Certificate of Good Standing have been corrected or remediated. An Evaluation Report confirming such findings shall be prepared by the SAE-TWG and shall be the basis for a recommendation for Full Reaccreditation of the SAE-applicant.
5. Provisional Reaccreditation shall not exceed one (1) year and the failure of the SAE-applicant to secure Full Reaccreditation within this period shall cause their Reaccreditation to lapse. In such a case, the SAE-applicant shall no longer be eligible to apply for Reaccreditation under these Rules and must apply for a new accreditation if it intends to become an SAE.
6. If the accreditation of the SAE-applicant expires pending the resolution of its request for reaccreditation, it shall be automatically granted a provisional reaccreditation until such resolution is issued by the Corporation. The provisional reaccreditation shall entitle the SAE-applicant to the rights and benefits under the existing subscription agreement subject to the payment of the applicable subscription fee to maintain its effectivity. This automatic provisional reaccreditation may be extended by the Corporation under the conditions provided under the preceding paragraph.
7. The Corporation may withdraw the provisional reaccreditation granted to an SAE-applicant for violations of these Guidelines, the terms and conditions of the Subscription Agreement, and in order to protect the public interest.
8. The Corporation may restrict the enjoyment of certain benefits, services and facilities to SAEs under Provisional Reaccreditation status.



RULE IV. MAINTENANCE OF THE ACCREDITATION

SEC. 4-1. Subscription Agreement. - Within three (3) months from receipt of the grant of Reaccreditation, the SAE shall undertake the execution of the Subscription Agreement.

SEC. 4-2. Change of Controlling Interest. - Any change in the ownership or control of the SAE shall not, by itself, result in the suspension or revocation of the accreditation of the SAE. The SAE shall have the obligation to disclose to the Corporation such change in controlling interest no less than thirty (30) days from its effectivity. Upon due notice, the SAE's accreditation may be suspended or revoked under the following situations:

- a. The required disclosure is not made within the period prescribed;
- b. The new ownership is unable or unqualified to operate the SAE under the terms and conditions of the Subscription Agreement;
- c. The new ownership possesses a serious conflict of interest in operating the SAE; and,
- d. The public interest is impaired by such change in controlling interest.

The Corporation reserves the right to request for additional information pertinent to any change of controlling interest in any of its accredited SAEs.

SAEs shall also notify the Corporation of any mergers, acquisitions or consolidations involving or affecting them within the same period as mentioned above.

SEC. 4-3. Maintenance. - The accreditation granted to the SAE shall be on the following terms:

1. The accreditation granted by the Corporation shall be valid for up to five (5) years, commencing from the date as stated in the Subscription Agreement unless sooner lapsed, revoked or suspended.
2. Payment of the yearly subscription fee of Five Million Pesos (Php 5,000,000). This rate may be subject to review and adjustment by the Corporation as approved by the Commission. Provided, that the new rate/s shall only be imposed on an SAE after its current annual subscription period expires. Failure to pay this subscription fee shall cause the Corporation to cease any service and the deny benefits and privileges under the Subscription Agreement to the SAE until the payment of the same is made.
3. Ongoing Supervision of the SAE by the Corporation. Pursuant to this authority, the Corporation may conduct an audit on the SAE any time to ensure compliance with the criteria for Accreditation as mentioned in Rule III hereof and the terms and conditions of the Subscription Agreement.



4. The processing, accessing, dissemination and storage of credit data obtained from the Corporation shall be wholly done within the Philippine jurisdiction. However, if the SAE utilizes cloud technology for any of these enumerated activities, it may conduct the same off-shore; Provided that,
 - a. The host country of the cloud technology utilized by the SAE maintains enforceable extradition treaties for the turn-over of persons accused or convicted of violating Philippine laws; and,
 - b. The host country of the cloud technology utilized by the SAE has similar or higher standards of protection for Philippine Data as Philippine Laws and issuances or has existing agreements with the Philippine government for the provision of such standards of protection.

If the Applicant has data processing or storage facilities, whether in the Philippines or offshore, it must ensure that such are maintained separately from the data processing or storage facilities utilized by its SAE.

Dissemination of the credit data abroad shall be allowed in cases where it is to the benefit of Overseas Filipino Workers (OFWs), Filipino migrants, Filipino citizens and Philippine Residents living abroad.

5. The SAE shall, in good faith, develop and provide value-added products and services (VAS) utilizing the Corporation's basic credit report and credit data. Failure to develop and provide such VAS products and services during the duration of the accreditation may be a ground for its suspension or revocation. The SAE shall likewise be subject to annual volume commitments on paid access of the Corporation's basic credit report as indicated in the Subscription Agreement.
6. SAE's shall be provided access to annual anonymized sample data for benchmarking, statistical and analytics purposes, and for the design and development of their VAS offerings. The frequency, depth and scope of data provided under this paragraph shall vary depending on their Accreditation Tier.

SEC. 4-4. Suspension and Revocation. - The following shall be grounds for the suspension or revocation of the accreditation, at the discretion of the Corporation, after notice and hearing:

- a. Failure to implement the Business Plan submitted or commence full operations within a period of six (6) months from receipt of the grant of accreditation; For purposes of this Section, operations is defined as the state of being operative of the Applicant such as providing credit reports and business products and solutions utilizing the CIC basic credit report or credit data to the public.
- b. Failure to submit the periodic reports required to be submitted to the Corporation pursuant to rules and guidelines to be issued by the Corporation;



- c. Providing fraudulent or false information or concealment or non-disclosure of any relevant information, in procuring or maintaining its accreditation or reaccreditation;
- d. Violation of the confidentiality, or misuse, or unauthorized access or undermining the integrity of the consolidated credit information, any credit data and/or basic credit reports received from the Corporation;
- e. Violation of the terms and conditions of the Subscription Agreement with the Corporation; or
- f. Violation of the Republic Act No. 9510 or its implementing rules and regulations and such other issuances by the Commission and/or the Corporation.

SEC. 4-5. CONTINUING RIGHT TO INFORMATION. - The issuance of an accreditation shall be without prejudice to the Corporation's continuing right to request for information or documents which it may deem necessary for the maintenance of the accreditation. Failure to provide the requested information shall be a ground for suspension or revocation of the accreditation.

RULE VI. EFFECTIVITY

SEC. 5-1. 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 30th day of September 2021, Makati City, Philippines.



Atty. Ben Joshua A. Baltazar
President and CEO

(As approved by the Securities and Exchange Commission En Banc on 30 September 2021)