



**IMPLEMENTING RULES AND REGULATIONS OF THE
CREDIT INFORMATION SYSTEM ACT (CISA)
(REPUBLIC ACT NO. 9510)**

Pursuant to Section 8 of Republic Act No. 9510, An Act establishing the Credit Information System Act, the following Implementing Rules and Regulations are hereby promulgated.

RULE 1. TITLE

These Rules shall be referred to as the Implementing Rules and Regulations of Republic Act No. 9510, otherwise known as the "Credit Information System Act" or the CISA Rules.

RULE 2. OBJECTIVES

These Rules are promulgated consistent with the declared policy of the State to address the need for a comprehensive, centralized and reliable credit information system to (a) improve the overall availability of credit especially to micro, small- and medium-scale enterprises, (b) provide credit information at the least cost to all participants, (c) ensure the protection of consumer rights and the existence of fair competition in the industry at all times, (d) reduce overall credit risk thereby contributing to a healthier and more stable financial system, and (e) provide credit information at the least cost to all eligible participants.

The implementation and application of these Rules shall adhere as closely as possible to the attainment of the foregoing policy objectives.

Rule 3. DEFINITION OF TERMS

When used in this Rules and Regulations, the term—

(a) "*Accessing Entity*" refers to any submitting entity or any other entity authorized by the Corporation to access basic credit data from the Corporation.

(b) "*Affiliate*" refers to a corporation, not more than fifty percent (50) but not less than ten percent (10%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held with power to vote or under common control by an accessing entity, special accessing entity, outsource entity, or a non-accessing entity or the Corporation.

(c) "*Basic Credit Data*" refers to positive and negative credit information referred to in Rule. 4 (4.3a) of these Rules, provided by a borrower to a submitting entity in connection with an application for, and availment of, a credit facility and any information on the borrower's credit worthiness in the possession of the submitting entity and other factual and objective information related or relevant thereto in the submitting entity's data files or that of other sources of

information: *Provided*, That in the absence of a written waiver duly accomplished by the borrower, basic credit data shall exclude confidential information on bank deposits and/or clients funds under Republic Act No. 1405 (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.

(d) "*Borrower*" refers to a natural or juridical person, including any local government unit (LGU), its subsidiaries and affiliates, that applies for and/or avails of a Credit Facility.

(e) "*BSP*" refers to the Bangko Sentral ng Pilipinas, created under Republic Act No. 7653.

(f) "*Corporation*" refers to the Credit Information Corporation established under Section 5 of this Act.

(g) "*Credit Facility*" refers to Loans, Credit Lines, Stand by LC, trust receipts and any other facility that provides credit.

(h) "*Credit Rating*" refers to an opinion regarding the creditworthiness of a borrower or of an issuer of debt security, using an established and defined ranking system.

(i) "*Credit Rating Agency*" refers to a Securities and Exchange Commission accredited juridical person or entity which issues an opinion regarding the creditworthiness of a borrower or of an issuer of debt security, using an established and defined ranking system, and accredited by the Commission.

(j) "*Credit Report*" refers to a summary of consolidated and evaluated information on creditworthiness, credit standing, credit capacity, character and general reputation of a borrower.

(k) "*Data Subject*" refers to existing borrower or loan applicant or any one who in any way applies for or avails of a credit facility.

(l) "*Government Lending Institutions*" refer to existing and future government financial institutions (GFIs), government-owned and controlled corporations (GOCCs) primarily engaged in lending activities, including but not limited to, Land Bank of the Philippines, Development Bank of the Philippines, Small Business Corporation, Peoples' Credit and Finance Corporation and Home Mutual Development Fund.

(m) "*Negative Credit Information*" refers to information or data concerning the poor credit performance of borrowers, such as, but not limited to, defaults on loans, adverse court judgments relating to debts and reports on bankruptcy, insolvency, petitions or orders on suspension of payments and corporate rehabilitation.

(n) "*Non-Accessing Entity*" refers to an entity other than a Submitting Entity, Special Accessing Entity or Borrower that is authorized by the Corporation to access credit information from a Special Accessing Entity.

(o) "*Outsource Entity*" refers to any accredited third-party provider to whom the Corporation may outsource the processing and consolidation of basic credit data pertaining to a

borrower or issuer of debt or convertible securities under such qualifications, criteria and strict confidentiality guidelines that the Corporation shall prescribe and duly publish.

(p) "*Positive Credit Information*" refers to information/data concerning the credit performance of a borrower, such as, but not limited to, information on timely repayments or non-delinquency.

(q) "*Relevant Government Agencies*" refers to the Department of Finance, Department of Trade and Industry, Bangko Sentral ng Pilipinas, Insurance Commission and the Cooperative Development Authority.

(r) "*SEC*" refers to the Securities and Exchange Commission or the Commission.

(s) "*Special Accessing Entity*" refers to a duly accredited private corporation, qualified and accepted by the Corporation, engaged primarily in the business of providing credit reports, ratings and other similar credit information products and services.

(t) "*Submitting Entity*" refers to an entity which provides credit facilities and required by the law and these Rules to submit information or data about a borrower, including, but not limited to, banks, quasi-banks, trust entities, investment houses, financing companies, cooperatives, non-governmental, micro-financing organizations, credit card companies, insurance companies and government lending institutions.

(u) "*Subsidiary*" refers to an entity, including an unincorporated entity such as a partnership, that is controlled by the Borrower (known as the parent), either because of its equity ownership of not less than fifty one percent (51%) or in the management of its operations.

Rule 4. SUBMITTING ENTITIES AND THE DATA TO BE SUBMITTED

4.1. The following entities shall submit to the Corporation current, objective, factual and basic credit data, both positive and negative, on all their data subjects *within* sixty [60] days from the effectivity of these Rules:

- a) 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;
- b) Life insurance companies, mutual benefit associations and other similar entities supervised by the Insurance Commission;
- c) Credit card companies;
- d) Financing companies;
- e) Trust entities;

- f) Investment houses with quasi-banking license;
- g) Non-governmental organizations engaged in the micro financing business; and
- h) Government lending institutions, both GFIs and GOCCs engaged primarily in lending;
- i) Cooperatives engaged in lending activities such as credit cooperatives or financial services cooperatives; and
- j) Such other entities that may be considered eligible as submitting entity by the Corporation from time to time.

Provided that the Corporation, after ensuring the capacity of submitting entities, may allow a phasing in of submitting entities as determined by the Corporation; Provided further that such data shall be in the form prescribed by the Corporation, said basic credit data shall include all data that are in the possession of the submitting entities for not more than the last five [5] years prior to the effectivity of this Act.

4.2 Regular updates on the data shall be submitted by participating entities within 30 calendar days from the time they are made available to them by their data subjects in accordance with their credit policy and with these rules.

4.3 The Corporation shall regularly collect basic credit data on borrowers at least on a quarterly basis to correct or update said basic credit data. For this purpose, when requested by the Corporation, the following shall give the Corporation access to all relevant information which are under their custody:

- a) Government offices such as NSO and HUDCC;
- b) Judicial and administrative tribunals like NLRC;
- c) Prosecutorial agencies and other related agencies; and
- d) Pension funds administered by the government such as SSS and GSIS.

4.4 Basic Credit Data

Every participating entity shall submit to the Corporation the following basic credit data on all data subjects:

- a) **Individual**
 - i. Personal circumstances such as name (last, first, middle), date of birth, sex, civil status, present residence, employer and position or business, as the case may be;
 - ii. Number of children depending for support;
 - iii. TIN, SSS or GSIS No.;
 - iv. Net income
 - v. Residence for the last 2 years;
 - vi. Employer/s or business/es for the last 5 years;

- vii. Owners/lessee of house occupied;
- viii. Car/s owned;
- ix. Bank/s where accounts are maintained, including types of bank accounts; and
- x. Other assets, real or personal.

b) Corporation

- i. Date of incorporation;
- ii. Primary purpose or business;
- iii. Term of existence;
- iv. Principal place of business;
- v. TIN/SSS No;
- vi. Directors and officers;
- vii. Number of Employees;
- viii. Average gross income for the last 2 years;
- ix. Monthly expenses;
- x. Net taxable income;
- xi. Bank/s where accounts are maintained, including types of accounts;
- xii. Other assets, both real and personal; and
- xiii. Board Resolution authorizing the borrowing of fund from a credit institution/submitting entity

c) Partnership

- i. Date of Registration;
- ii. Partnership/business name
- iii. Term of existence;
- iv. Type of business;
- v. Principal place of business;
- vi. TIN/SSS no.;
- vii. Partners
- viii. Number of employees;
- ix. Average gross income for the last 2 years;
- x. Monthly expenses;
- xi. Net taxable income;
- xii. Bank/s where accounts are maintained, including types of accounts;
- xiii. Other assets, both real and personal; and
- xiv. Partners' Resolution authorizing the borrowing of fund from a credit institution/submitting entity

d) Cooperatives

- i. Number and date of registration;
- ii. Cooperative Identification Number (CIN);
- iii. Primary purpose of business;
- iv. Term of existence;
- v. Principal place of business;

- vi. TIN/SSS No.;
- vii. Directors and officers;
- viii. Number of Employees;
- ix. Average Net Surplus for the last two (2) years;
- x. Monthly expenses;
- xi. Bank/s where accounts are maintained, including types of accounts;
- xii. Other assets, both real and personal; and
- xiii. Board Resolution authorizing the borrowing of fund from a credit institution/submitting entity

e) Exposure Profile

(For each creditor)

- i. Type of obligation or account (credit card, personal loan, commercial loan, mortgage, secured);
- ii. Type of transaction (maturity, revolving, open, LC, Installments)
- iii. Account no.;
- iv. Client ID no.;
- v. Date account was opened;
- vi. Originating unit/branch/department for each transaction;
- vii. Payment method (frequency of periodic payment or bullet);
 - a. Collateral/security;
 - b. Pricing/re-pricing;
 - c. Initial loan amount;
 - d. Outstanding balance;
 - e. Mode of payment;
 - f. Remaining period of obligation on the specific exposure;
 - g. Pre-termination (both a "tag" and date of payment, if applicable);
 - h. Maturity of obligation was settled;
 - i. Date of last account activity;
 - j. Date when account entered in arrears;
 - k. Amount past due: 1 to 29 days
30 to 59 days
60 to 89 days
90 to 119 days
120 to 149 days
150 to 179 days
Over 180 days
- l. Restructuring (both a "tag" and the details of the structuring);
- m. Payment history vis-à-vis the frequency of payment (i.e. any pattern of delinquency);
- n. Aging of receivables (past due within one year, past due over one year, accounts under litigation;
- o. Write-off date (if applicable); and
- p. Disputes and resolution of disputes.

- f) For credit cards
 - i. Credit card no.;
 - ii. Issuing institution;
 - iii. Date card was first issued;
 - iv. Expiry date;
 - v. Extension and/or supplemental cards;
 - vi. Outstanding balance;
 - vii. Payment including aging information and usage pattern (i.e. over the last 12 mos. and YTD);
 - viii. Aging of receivables (past due within one year, past due over one year, accounts under litigation)
 - ix. Restructuring (both a "tag" and the details of the restructuring);
 - x. Write-off (if applicable); and
 - xi. Cancellation date (if applicable).

4.5 Negative Information

The Corporation's credit information database shall likewise contain negative information which shall include, among others, the following:

- a) Past due;
- b) Default/s on loan/s;
- c) Details of the settlement of loans that defaulted;
- d) Foreclosures;
- e) Adverse court judgments relating to debts;
- f) Report on bankruptcy or insolvency;
- g) Petition or order on suspension of payments;
- h) Corporate rehabilitation;
- i) Other pending court cases (either as plaintiff or defendant) related to credit transactions or cases that will affect the financial capacity of the borrower;
- j) Inclusion in a bouncing check checklist;
- k) Cancelled credit cards; and
- l) Such other information that may be determined by the Corporation

A. Retention Period for Negative Information in the Database

Any negative information on a borrower shall stay in the Corporation's database for not more than 3 years from and after the date the negative information shall have been rectified through the following:

- i. Payment or liquidation of debt; or
- ii. Settlement of debt through compromise agreement or court decision exculpating the borrower from any liability.

Negative information shall be corrected and updated within 15 days from receipt of notice of payment, liquidation or settlement of debt in accordance with the prescribed rules of the Corporation.

4.6 Rights of Data Subjects

- a) A borrower shall have the right to have ready and immediate access to credit information pertinent to him subject to the payment of a prescribed fee;
- b) He shall have the right to dispute erroneous, incomplete or misleading credit information;
- c) He shall be entitled to a simplified dispute resolution process to fast track the settlement/resolution of disputed credit information;
- d) He shall be informed of any correction or removal of any erroneous, incomplete or misleading information within 5 working days from verification or conclusion of an investigation or from deletion of the disputed information, as the case may be;
- e) He shall be entitled to indemnity in case of denial, without justification, of the aforementioned rights;
- f) He shall be notified by a submitting entity of the latter's obligation to submit and disclose basic credit data to the Corporation; and
- g) He shall have the right to know the causes of refusal of an application for credit facilities or services from a financial institution that uses credit data as basis or ground for such refusal.

4.7 Persons Who Have Access to Credit Information

- a) The following shall have access to basic credit data from the Corporation:
 - i. Submitting entities;
 - ii. Special accessing entities;
 - iii. Data subjects; and
 - iv. Outsource entity/ies accredited by the Corporation.
- b) Obligations of submitting entities:
 - i. To notify its borrowers of its obligation to submit borrowers' basic credit data and the disclosure of said data to the Corporation;
 - ii. To hold strictly confidential any credit information received from the Corporation; and

- iii. To regularly submit to the Corporation any negative or positive credit information that tends to update and/or correct the credit status of borrowers; and
- iv. To use credit information only for the declared purpose of establishing the creditworthiness of the borrower.

4.8 Dispute Resolution Process

Any data subject shall have the right to dispute erroneous, incomplete, outdated or misleading credit information by filing with the Corporation a letter-complaint in the prescribed form. The Corporation shall investigate and verify the disputed information within 5 working days from receipt of the complaint. If its accuracy cannot be verified and cannot be proven, despite earnest efforts to do so, the disputed information shall be deleted at the end of the 5 day period from the action taken by the Corporation. The data subject, accessing entities and special accessing entities who have received such information shall be informed of the corresponding correction or removal within 5 working days from deletion thereof. The corporation should use simplified dispute resolution process to fast track the settlement/resolution of the disputed credit information. Denial of the data subject's right, without justifiable reason, shall entitle the latter to indemnity.

RULE 5. ESTABLISHMENT OF THE CENTRAL CREDIT INFORMATION CORPORATION

5.1 Capital Structure

The authorized capital stock of the Corporation shall be Five Hundred Million Pesos (Php 500,000,000.00) divided into One Million Two Hundred Fifty Thousand (1,250,000) common shares with par value of One Hundred Pesos (Php 100.00) per share and One Million Eight Hundred Seventy Five Thousand (1,875,000) preferred shares with par value of Two Hundred Pesos (Php 200.00) per share.

The amount of Seventy Five Million Pesos (Php 75,000,000.00) shall be appropriated in the General Appropriations Act for the subscription of the common shares by the National Government to represent its sixty percent (60%) equity share and the amount of Fifty Million pesos (Php 50,000,000.00) shall be subscribed and paid up by such qualified investors.

The amount covering the payment of subscription of preferred shares by the National Government shall be sourced from appropriations in the General Appropriations Act.

The Board of Directors of the Corporation shall determine the terms, features, restrictions and percentage of preferred shares and the rights appurtenant thereto.

The National Government shall own and hold sixty percent (60%) of the common voting shares while the balance of forty percent (40%) of the common voting shares shall be owned and held by qualified investors which shall be limited to industry associations of banks, quasi-banks and other credit related associations including associations of consumers.

Equity participation in the Corporation shall be offered to, and held by qualified private sector investors but in no case shall each of the qualified investor represented by an association of banks, quasi-banks and other credit related associations including the associations of consumers have more than ten percent (10%) each of the total common shares issued by the Corporation.

Preferred shares of stock of the Corporation shall have no voting rights provided that when the ownership of the Corporation passes to the private sector, the terms and conditions appurtenant thereto shall be defined in the By-Laws of the Corporation.

The National Government shall continue to hold sixty percent (60%) of the common shares for a period not to exceed five (5) years from the date of commencement of operations of the Corporation. Within six (6) months before the end of the fifth (5th) year, the National Government shall dispose of at least twenty percent (20%) of its stockholdings in the Corporation to qualified investors which shall be limited to industry associations of banks, quasi banks, insurance, financing and credit card companies including consumer associations.

When the ownership of the majority of the issued common voting shares passes to private investors, the stockholders shall cause the adoption and registration with the Securities and Exchange Commission of the appropriate Articles of Incorporation and by-laws within three (3) months from such transfer of ownership. The fact of the change of the nature of the Corporation from a government-owned and controlled institution to a privately-owned entity shall be published once a week for three (3) consecutive weeks in a newspaper of general circulation and/or posted in the website of the Corporation for a period of thirty (30) days from effectivity date of such acquisition.

5.2. Composition of the Board of Directors

The Corporation shall have a Board of Directors composed of fifteen (15) members, all of whom shall serve on a part-time basis save only in case where the director is holding an executive position which requires full-time service.

The Board of Directors shall be composed of the following: (i) Chairman of the SEC serving as *ex officio* Chairman, (ii) seven (7) appointed by the President of the Philippines including the President of the Corporation who is likewise appointed by the President and who shall be an *ex officio* member of the Board, (iii) five (5) elected from the nominees of the qualified private sector investors and (iv) two (2) independent directors. With the exception of the first set of Board of Directors, all directors appointed and elected shall hold office for a term of one (1) year commencing on the late of their designation (for the first set) or until successors are elected and shall have qualified.

No person shall be nominated by the National Government if he has been connected directly with a banking or financial institution as a director or officer, or has substantial interest therein within three (3) years prior to his appointment.

The first Board of Directors shall be designated by the President not later than sixty (60) days from the release of the funds representing the contributions of the National Government.

Thereafter, all directors shall be chosen from a list of nominees during the annual stockholders' meeting which shall be held in accordance with the provisions of the Corporation's by-laws.

The directors shall act as a collegial body. A majority of the total number of directors shall constitute a quorum for the transaction of business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act.

Regular meetings may be held at such time and in such place, and upon such notice, as the Board of Directors may by resolution prescribe. Special meetings, for any purpose, may at any time be called, by any of the following: (a) Board of Directors upon petition of one-thirds (1/3) of the outstanding stockholders or (b) the Chairman.

The principal office of the Corporation shall be in Metro Manila. It may open and maintain extension offices at such places in the Philippines as its Board of Directors may deem necessary and appropriate.

The directors can not attend or vote by proxy at board meetings save only in case of the Chairman where the law provides that in case he/she could not attend the meeting, the Commissioner designated by the Chairman as his/her alternate shall attend for and in his/her behalf.

Whenever a vacancy shall occur in the membership of the private sector in the Board of Directors, it shall be duty of the Corporate Secretary to inform the Chairman of the Corporation within twenty-four (24) hours from the existence of such vacancy. The Chairman shall within twenty-four (24) hours from receipt of notice refer the matter to the shareholders representing the private sector for their appropriate action.

If any vacancy occurs in the position occupied by a representative of the National Government, the Corporation shall inform the President of the Republic of the Philippines or his/her designated representative of the existence of such vacancy within five (5) days from its occurrence who in turn shall appoint the successor-director.

If any vacancy occurs in the position occupied by a representative of the qualified private sector investor(s), the Board of Directors, if still constituting a quorum, may fill the vacancy from the list of nominees provided by the private sector shareholders. Otherwise, it shall be filled only by an election at a regular or special meeting duly called for the purpose.

In both cases, the director appointed or elected shall serve only the unexpired term of his predecessor in office.

The foregoing rules on composition, vacancy and succession shall apply only while the Government has control over the outstanding stocks of the Corporation. When the control of the Corporation has been transferred into the hands of the private sector, the provisions of the Corporation Code and other relevant rules and regulations implemented by the Commission shall apply.

5.3. Officers

The Board of Directors shall appoint a Corporate Secretary, Treasurer and such other officers as it deems proper. The officers of the Corporation shall be appointed and removed in accordance with existing civil service rules and regulations for the duration of time when the Government holds controlling interest over the Corporation.

The Board shall establish an Audit Committee, and such other committees as it may deem necessary. The Board shall appoint the members of the committees and designate a Chair for each committee.

5.4 Review of Qualifications and Disqualifications of Directors

The SEC shall, in coordination with the relevant government agencies, pass upon and review the qualifications and disqualifications of individuals elected or appointed directors of the Corporation and disqualify those found unfit.

a. Qualifications

A director shall have the following minimum qualifications:

- i. He must be a Filipino citizen;
- ii. He must be at least 30 years of age at the time of his nomination;
- iii. He must be of good moral character, of unquestionable integrity, of known probity, and have attained competence in the fields of law, finance, economics, computer science or information technology; and
- iv. For representatives of the private sector, he must have at least one (1) share of stock in his name at the time of nomination. For representatives of the government, he must have at least one (1) share of stock at the time of appointment and shall have the registration in his own name at the time of nomination/appointment. Any director must continuously own at least a share of stock during his term; otherwise, he shall automatically cease to be a director.

b. Disqualifications

The following are disqualified from becoming directors/officers of the Corporation:

i. Permanent Disqualification

Directors/officers permanently disqualified from holding a director position:

- i.1. Persons who have been convicted by final judgment of a court for offenses involving moral turpitude such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of R. A. 3019, otherwise known as the Anti-Graft and Corrupt

Practices Act and prohibited acts and transactions under Section 7 of Republic Act No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees);

i.2. Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years;

i.3. Persons who have been convicted by final judgment of the court for violation of banking, insurance and securities laws, rules and regulations;

i.4. Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract; and

i.5. Directors and officers of banks, investment houses with quasi-banking license, insurance, financing and credit card companies, trust entities, non-governmental organizations engaged in the micro financing business, government lending institutions found by the appropriate government agency as administratively liable for violation of laws, rules and regulations where a penalty of removal from office is imposed, and which finding has become final and executory.

ii. Temporary Disqualification

ii.1. Persons who refuse to fully disclose the extent of their business interest or any material information to the appropriate supervising and examining department when required pursuant to a provision of law or of a circular, memorandum, rule or regulation. This disqualification shall be in effect as long as the refusal exists.

ii.2. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during their incumbency. This disqualification applies only for purposes of the immediately succeeding election;

ii.3. Persons who have been convicted by a court for offenses involving moral turpitude such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of Republic Act No. 6713 (code of conduct and ethical standards for public officials and employees), violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six years but whose conviction has not yet become final and executory;

ii.4. Directors and officers of closed banks, investment houses with quasi-banking license, insurance, financing and credit card companies, trust entities, non-governmental organizations engaged in the micro financing business and government lending institutions pending their clearance by the appropriate government regulatory agency;

ii.5. Directors disqualified for failure to observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until

the lapse of the specific period of disqualification or upon approval by the appropriate government regulatory agency;

ii.6. Persons dismissed/terminated from employment for cause. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the appropriate government regulatory agency after showing good and justifiable reasons;

ii.7. Persons with derogatory records as certified by, or on the official files of, the Judiciary, National Bureau of Investigation, Philippine National Police, quasi-judicial bodies, other government agencies, International Police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any law, rules and regulations that would adversely affect the integrity of the director/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;

ii.8. Directors and officers of banks, investment houses with quasi-banking license, insurance, financing and credit card companies, trust entities, non-governmental organizations engaged in the micro financing business, government lending institutions found by the appropriate government regulatory agency as administratively liable for violation of laws, rules and regulations where a penalty of removal from office is imposed, or is found to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;

ii.9. Directors and officers of banks, investment houses with quasi-banking license, insurance, financing and credit card companies, trust entities, non-governmental organizations engaged in the micro financing business, government lending institutions found by the appropriate government regulatory agency as administratively liable for violation of laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the government agency is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid; and

ii.10. Those under preventive suspension.

c. Disqualification Procedures

On the basis of evidence on the existence of any of the grounds for disqualification, the incumbent director or officer concerned shall be notified by the appropriate department of the SEC of the ground/s for his disqualification and shall be required within fifteen (15) days from receipt of such notice, subject to extension based on meritorious grounds, to show cause why he should not be disqualified and included in the list of disqualified persons.

Failure of the director/officer concerned to reply within the prescribed period shall be considered a waiver and the appropriate department of the SEC shall proceed to evaluate the case and submit recommendations to the Commission *en banc*.

Upon approval by the Commission *en banc*, the concerned director/officer shall be informed by the appropriate department of the SEC of his disqualification from being a director/officer and/or of his inclusion in the list of persons so disqualified.

Effect of non-possession of qualifications or possession of disqualifications. Director(s)/officer(s) elected or appointed who does/do not possess all the qualifications and possess any of the disqualifications mentioned shall be replaced by the Corporation even if he has already assumed such position.

RULE 6. CONFIDENTIALITY OF CREDIT INFORMATION

6.1. The Corporation shall be authorized to release and disclose consolidated basic credit data only to the following:

- a. Accessing Entities;
- b. Special Accessing Entities;
- c. Outsource Entities; and
- d. Data Subjects.

6.2. An access to consolidated basic credit data by any of the foregoing entities shall be subject to the following requirements:

- a. Prior accreditation by the Corporation of special accessing entities, non-accessing entities and outsource entities.
- b. For accessing entities, prior subscription to the system through the payment of annual fee and accumulated usage fee as the Corporation may prescribe taking into consideration the cost of creating and populating the program and maintenance thereof.
- c. For accessing and special accessing entities, there must be prior notice to Data Subjects that their credit information shall be shared with other lenders and a credit reporting agency. This may be done via notification clause inserted in all loan/credit applications for Data Subjects to sign.
- c. For Data Subjects to access their respective credit information, enrollment in the registry ID system of the Corporation. The Data Subject shall pay a fee to cover the cost of transmission of a secured file containing his/her credit information.

6.3. Processed credit data made available to Accessing Entities shall be limited to those pertaining to Data Subjects as defined in these rules.

6.4. The Corporation, the submitting entities, the accessing entities, the outsource entities, the special accessing entities and non-accessing entities shall hold the credit information under strict confidentiality and shall use the same only for the declared purpose of establishing the creditworthiness of the borrower.

a. A security system shall be established to ensure the confidentiality of information. All accessing entities shall limit access only to designated officers or employees who need the information in the exercise of their duties and functions;

b. Internal control procedures shall be established by the Corporation and the aforementioned entities. The set of procedures shall cover the necessary controls for the gathering of data, consolidation and transfer or access of the credit information which shall ensure confidentiality and valid use of the information.

c. A compliance officer shall be designated by each entity who shall be directly responsible in maintaining the confidentiality of the information and valid use of data. Such officer shall conduct a regular evaluation of the integrity of the system and shall submit to the Corporation a report on said evaluation.

6.5. Credit information shall not be released to entities other those enumerated under section 6.1 above except upon order of the Court.

6.6. Special Accessing Entities are prohibited from releasing basic credit data received from the Corporation or credit reports and credit ratings derived from the basic credit data received from the Corporation, to non-accessing entities unless written consent or authorization has been obtained from the Data Subject: Provided, however, That in case the borrower is a local government unit (LGU) or its subsidiary or affiliate, the special accessing entity may release credit information on the LGU, its subsidiary or affiliate upon written request and payment of reasonable fees by a constituent of the concerned LGU.

6.7 Outsource entities, which may process and consolidate basic credit data received from the Corporation, are absolutely prohibited from releasing such basic or consolidated data other than to the Corporation.

a. The responsibility of an outsource entity under section 6.7 shall cover its officers, employees, representatives, agents, advisors, consultants or associates and other persons who may participate in the processing and consolidation of basic credit data.

b. The program for the processing and consolidation of the basic credit data that shall be designed by outsource entities shall have high security features and advanced facility that will ensure the adequacy and integrity of the information thereof.

6.8. In addition to the above, the Corporation shall issue and publish specific confidentiality guidelines subject to review and approval by the Commission.

RULE 7. EDUCATIONAL CAMPAIGNS

7.1. A continuing nationwide educational campaign shall be developed and undertaken by the Corporation with the following objectives:

- a. To promote the benefits of a credit information system to the economy;
- b. To create awareness on the rights of consumers/borrowers to access their credit reports collected, stored and disseminated by the Corporation;
- c. To disseminate the rights of the borrowers to dispute any incorrect/inaccurate credit information in the database file of the Corporation;
- d. To familiarize stakeholders of the procedure in collecting, storing and disseminating credit information of borrowers by the Corporation;
- e. To brief consumers of other related information.

7.2. The Corporation shall consult and coordinate with the Bangko Sentral ng Pilipinas and relevant government agencies, in the design and development of the education campaign.

RULE 8. RULES AND REGULATIONS

8.1. Any resolution or guidelines that shall be issued by the Corporation affecting the credit information system shall be in accordance with the Act and its implementing rules and regulations.

8.2. The Corporation shall submit reports as the Commission may prescribe.

8.3. The Corporation shall establish its accreditation requirements on the following:

- a. Special Accessing Entities;
- b. Non-Accessing Entities;
- c. Outsource Entities.

8.4. The Corporation shall impose sanctions on:

- a. The submitting entities for non-submission of reports and for delayed and/or erroneous reporting;
- b. Accessing entities, special accessing entities, outsource entities and duly authorized non-accessing entities, for breaches of the confidentiality of, or misuse of, the credit information obtained from the credit information system;
- c. Violations other applicable rules and regulations: Provided, That these administrative sanctions shall be in the form of fines in amounts as may be determined by the Corporation but in no case to exceed Thirty Thousand Pesos (P30,000.00) a day for each violation, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or

irregularity. Imposition of administrative sanctions shall be without prejudice to any criminal and other sanctions as may be applicable under the Act and relevant laws.

8.5 In addition to the above monetary fines and subject to the procedures that shall be established by the Corporation, the following sanctions shall be imposed to an entity which repeatedly violates the requirements of the rules:

- a. Suspension of the rights of any Accessing Entity or Special Accessing Entity to access the credit information from the Corporation;
- b. Cancellation of the right of any Accessing Entity or Special Accessing Entity to access the credit information. The cancellation shall not affect the obligation of an accessing entity to continuously provide basic credit data to the Corporation;
- c. For entities accredited with the Corporation, suspension or revocation of the entity's accreditation.

8.6 The foregoing administrative sanctions shall be without prejudice to any criminal and other sanctions as may be applicable under these rules.

RULE 9. CONGRESSIONAL OVERSIGHT COMMITTEE

9.1 – Composition of Congressional Oversight Committee.

There is hereby created a Congressional Oversight Committee composed of seven (7) members from the Senate and seven (7) members from the House of Representatives. The members from the Senate shall be appointed by the Senate president with at least three (3) Senators representing the minority. The members from the House of the representatives shall be appointed by the Speaker with at least three (3) members representing the minority.

9.2 – Expiration of Oversight Functions and its revival.

The oversight committee shall review or revise the implementing rules drafted by the SEC within thirty (30) days from the submission of the said rules to the oversight committee. After the Congressional Oversight Committee approved the Implementing Rules and Regulations, it shall thereafter become *functus officio*, and therefore cease to exist. Provided, however, the Congress may revive the Congressional Oversight Committee in case of a need for any major revision/s in the Implementing Rules and Regulations.

RULE 10. INDEMNITY IN FAVOR OF THE CORPORATION, ITS OFFICERS AND EMPLOYEES.

Unless the Corporation or any of its officers and employees is found liable for any willful violation of this Act, bad faith, malice and/or gross negligence, the Submitting Entities, Accessing

Entities, special Accessing Entities, Outsource Entities and duly authorized non-accessing entities shall hold the Corporation, its directors, officers and employees free and harmless to the fullest extent permitted by law and shall indemnify them for any and all liabilities, losses, claims, demands, damages, deficiencies, costs and expenses of whatsoever kind and nature that may arise in connection with the performance of their functions without prejudice to any criminal liability under existing laws.

All consolidated basic information reports, credit reports and the like prepared and released by the corporation and distributed to its accredited accessing entities, special accessing entities, outsource entities and authorized non-accessing entities shall be considered as privileged communication under Title Thirteen, Chapter One of the Revised Penal Code on Libel and subject to the rules on confidentiality under Rule Six (6) hereof.

RULE 11. PENALTIES.

The penalty of imprisonment of not less than one (1) year nor more than five (5) years or a fine of not less than Fifty thousand pesos (Php 50,000.00) nor more than One million pesos (Php 1,000,000.00), or both, at the discretion of the court, shall be imposed upon any person convicted in willfully violating any of the provisions of this Act or the rules and regulations promulgated by the Commission, in coordination with the relevant government agencies, if the offender is a corporation, association, partnership or any juridical person, the penalty shall be imposed upon the responsible officers, as the case may be; who participated in the commission of the crime or who shall have knowingly permitted or failed to prevent its commission. If the offender is an alien, he shall, in addition to the penalties herein prescribed, be deported without further proceedings after serving the penalties herein prescribed. If the offender is a public official or employee, he shall, in addition to the penalties prescribed herein, suffer absolute or temporary disqualification from government or public office, as the case may be.

RULE 12. INVIOABLE NATURE OF THE SECRECY OF BANK DEPOSITS AND/OR CLIENT FUNDS

Except upon written waiver duly accomplished by the borrower, information on bank deposits and investment in Government bonds denominated in Philippine currency, foreign currency deposits and in funds and properties in the custody of the bank belonging to private individuals, corporations or any other entity shall continue to be governed by the provisions of Republic Act No. 1405, Republic Act No. 6426 as amended, and Republic Act No. 8791, respectively.

For this purpose, the term "deposit" shall include deposits of whatever nature, including savings, time and current account; investment in bonds shall refer to investment in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities. Funds and properties in the custody of the bank shall refer to those items held by the bank either as security or collateral as well as those held in trust in the trust department of a bank.

Rule 13. PRINCIPAL GOVERNMENT AGENCY

The Securities and Exchange Commission (SEC), as lead government agency to implement

and enforce the provisions of the Credit Information System Act is hereby authorized to establish within the Commission, an office dedicated to the task under the law, including performing, whenever appropriate and deemed necessary, on-site and off-site audits on the Credit Information Corporation (CIC). The Commission is likewise empowered to request any information as may be necessary and incidental to the exercise of its authority over the CIC granted under this Act as well as visitorial powers.

RULE 14. ANNUAL REPORT OF THE CORPORATION

The Corporation shall submit to the Commission on Audit, the National Government (Office of the President) and the Securities and Exchange Commission an annual report on its operations one hundred twenty (120) days from the date end of the preceding year.

RULE 15. EFFECTIVITY CLAUSE

These rules shall take effect immediately upon its publication in two newspapers of general circulation.

For the Securities and Exchange Commission


E. B. BARIN
Chairperson

APPROVED, the 21th day of May, 2009 in the City of Mandaluyong

**BY THE CONGRESSIONAL OVERSIGHT COMMITTEE ON THE
IMPLEMENTING RULES AND REGULATIONS OF THE
CREDIT INFORMATION SYSTEM ACT**

HOUSE OF REPRESENTATIVES


HON. JAIME C. LOPEZ

Chairman
House Panel
Members:

HON. LUIS R. VILLAFUERTE


HON. MARC DOUGLAS C. CAGAS IV

SENATE OF THE PHILIPPINES


HON. EDGARDO J. ANGARA

Chairman
Senate Panel


HON. RICHARD J. GORDON


HON. LOREN B. LEGARDA


HON. MARIA ZENAJDA B. ANGPIN


HON. RAMON "BONG" REVILLA, JR.

Trans. RB (with an exception regarding 5.2)
HON. RONALDO B. ZAMORA


HON. FRANCISCO N. PANGILINAN

HON. MAR-LEN ABIGAIL S. BINAY

HON. ALLAN PETER S. CAYETANO

HON. CINCIONA CRUZ-GONZALES


HON. PIA S. CAYETANO

Committee Secretary:


ATTY. RAMON FEDERIZON


CHARLYNE CLAIRE FUENTES-OLAY