

**[SEC MEMORANDUM CIRCULAR NO. 19, S. 1999,
September 08, 1999]**

YEAR 2000 STATEMENT

WHEREAS, the Commission on 06 October 1998 has issued Memorandum Circular No. 9, Series of 1998 re: Year 2000 ("Y2K") Compliance. In furtherance therewith, the Commission finds it urgently necessary to sustain the efforts of the pre-need companies to become Y2K ready before the turn of the century and likewise maintain the planholders' trust and confidence in the Philippine economy;

WHEREAS, business entities are required to disclose material (forward-looking) information that will virtually affect investment decision. Planholders should be informed of the company's Y2K status through the eyes of the management;

WHEREAS, pursuant to R.A. 8747 otherwise known as the "Philippine Year 2000 Disclosure and Readiness Act," the Commission, in accordance with its mandate to protect public interest and the investing public, shall assist the Presidential Commission on Year 2000 Compliance in its awareness drive; and

WHEREAS, it is imperative to address the apprehensions among planholders on Y2K issues, namely: a) the planholders' risks involved, b) projected company's operational losses, c) contingent liabilities or civil damages, and d) business as a going concern.

In view thereof, pre-need companies are hereby required to submit its Year 2000 Statement to this Commission in the following form and contents:

1. *Form.* — The statement shall be in a form of Management Discussion and Analysis (MD&A).

2. *Contents.* — The MD & A shall contain the following:

a) *State of readiness.* — The pre-need company should describe the Year 2000 issues in sufficient detail to allow planholders to fully understand the challenges that it faces. The company shall discuss its internal Y2K readiness such as its own software and hardware including non-IT systems typically to include embedded technology such as microcontrollers; where it is in the process of becoming ready for year 2000 (progress by phase, including time table for completion of each phase), and the Y2K readiness of its suppliers and clientele. Further discussion shall also include any owned or leased machinery and equipment it utilizes with embedded microchips.

b) *The costs incurred to address Year 2000 issues.* — The company must disclose material historical and estimated costs of remediation. This