

**[SEC SICD RULES OF PROCEDURE ON
ADMINISTRATIVE ACTIONS/PROCEEDINGS,
November 04, 1996]**

To effectively carry out and implement the provisions of Presidential Decree No. 902-A, as amended, the Revised Securities Act and other security laws and rules enforced by the Commission, the Commission pursuant to the powers vested in it under existing laws, hereby promulgates the following set of rules of procedure to govern administrative actions or proceedings before the Securities Investigation and Clearing Department (SICD) of the Securities and Exchange Commission (SEC).

RULE I

Title

SECTION 1. Title — This set of rules shall be known as the SICD RULES OF PROCEDURE ON ADMINISTRATIVE ACTIONS/PROCEEDINGS.

SECTION 2. Applicability — This set of rules shall apply to all administrative cases for violation of the Revised Securities Act, Investment Company Act, Corporation Code of the Philippines, Financing Company Act, Laws on Partnership and other laws administered by the Commission in which the sanctions are revocation, suspension or denial of franchise/certificate of registration/license or imposition of fines, filed by the Prosecution and Enforcement Department (PED) of this Commission, with the SICD in the exercise of powers and functions under Presidential Decree No. 902-A, as amended.

SECTION 3. Construction — These rules shall be liberally construed in order to promote public interest and to assist the parties in obtaining just, speedy and inexpensive determination of every action brought before the SICD. Formal requirements may not affect the intrinsic validity of the proceedings, provided that the information and facts alleged therein are clearly indicated for the judicious disposition of the case.

SECTION 4. Nature of Proceedings — Subject to the requirements of due process, proceedings before the SICD shall be summary in nature not necessarily adhering to or following the technical rules of evidence obtaining in the courts of law. Such proceedings must be completed and terminated within ninety (90) days from and after the termination of the preliminary conference. The Rules of Court on Summary Procedure in Civil Cases may apply in said proceedings in suppletory character whenever practicable.

The Hearing Officer may require the parties to submit a draft of the decision/resolution they seek, stating clearly and distinctly the facts and the laws upon which it is based. The Hearing Officer/Panel may adopt, in whole or in part, either of the parties draft decision/resolution, or reject both. The hearing officer

shall decide the case within thirty (30) days from date of submission of the draft decision or from the expiration of the period to submit the same as required by the said Hearing Officer.

SECTION 5. Prohibited Pleadings and Motions — The following pleadings, motions, petitions shall not be allowed:

- a. Motion to Dismiss or Quash;
- b. Motion for a Bill of Particulars.,
- c. Motion for Reconsideration and/or Reopening of Hearing;
- d. Motion for Extension of time to file Pleadings, affidavits or any other paper;
- e. Application for provisional remedies except where the applicant, acting in the interest of investors' protection is the government;
- f. Motions for Postponement.

SECTION 6. Verification of Charge Sheets — All charge sheets filed under this set of rules must be verified:

- a) by the PED in cases PED motu proprio conducts an investigation and/or when the initiating party reports a violation of the law without being an injured party; or
- b) by the initiating party who filed a complaint with PED for investigation and who expects to obtain affirmative relief from the action or proceeding filed by PED with SICD;

Provided, that in the case of (b), in order to avoid multiplicity of suits, no charge sheet shall be accepted for filing unless the verification portion thereof includes a statement that the party commencing the action has not filed any other action or proceedings involving the same issues in any court, tribunal or agency nor such action or proceeding to the best of his knowledge, is pending in any for a provided, further, that if any such action is pending, the status of the same must be stated and should knowledge thereof be acquired after the filing of the charge sheet, he should notify the Commission within five (5) days from such knowledge. Provided finally, that non-compliance herewith shall be a cause for the summary dismissal of the charge sheet filed with the Commission.

SECTION 7. Venue of Hearings — All actions brought under this set of rules shall be commenced and heard in the main office of the Commission. However, an action involving a corporation whose principal office is within a region where the Commission has an extension office may be investigated by such extension office of the Commission but PED shall prepare and file the necessary charge sheet.

RULE II

Parties

SECTION 1. Designation of Parties — Pursuant to this set of rules, in all cases

filed with the SICD, the party initiating the action shall be called the complainant/petitioner and the party/entity against whom an action is made shall be called the respondent.

RULE III

Commencement of Action

SECTION 1. Caption and Title — In all charge sheets filed with the SICD, the PED shall be the complainant and shall be stated in the caption, motion, resolution, or order and in all summons, notices and processes to be served,

Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
Securities Investigation and Clearing Department
SEC Bldg., EDSA, Greenhills
Mandaluyong City

In the matter of the

SEC Administrative Case No. _____

For: _____

(State the nature of action)

SECTION 2. When Action is Deemed Commenced — An action is deemed commenced upon the filing by the PED of a verified charge sheet in accordance with these rules. IaHSCc

SECTION 3. Form and Contents of Charge Sheet — The charge sheet shall be in writing, under oath and drawn in clear and concise language, specifying the names and addresses of complainant/petitioner, respondent/s and witnesses, if any. It shall state the ultimate facts constituting the cause of action or specific violation of law or rules and regulations as well as information pertinent thereto. It shall also specify the remedies/relief sought.

SECTION 4. Docket Numbers and Calendar of Cases — All administrative cases cognizable by the SICD shall be numbered and docketed consecutively and entered into an appropriate separate docket book therefor. Corresponding code numbers and/or abbreviations may be used for ready reference.

SECTION 5. Summons — Upon docketing of the charge sheet, the SICD shall issue summons requiring respondent/s to file the required Answer within twenty (20) days from receipt thereof, copy furnished the complainant, Copy of the charge sheet shall be sent to the respondent together with the summons.

SECTION 6. Contents of Summons — The summons shall be directed to the respondent/s under the seal of the Commission and shall contain: