SyCip Salazar Hernandez & Gatmaitan

Banking & Finance and Special Projects Bulletin

JUNE 2026

The Latest: SEC Revises Recent Draft Circular on Online Lending Platforms; Issues a New Version

Following the release of its initial draft memorandum circular on online lending platform operation in March 2026, the Securities and Exchange Commission (SEC) issued a revised draft of the circular on 9 June 2026 entitled "Guidelines Prescribing Prudential, Disclosure, and Market Conduct Requirements for Financing and Lending Companies and Lifting the Moratorium on Online Lending Platforms."

The revised draft retains the SEC's policy objective of lifting the moratorium on new online lending platforms (OLPs) and strengthening the regulation of digital lending, but introduces several significant changes to the earlier draft circular. These revisions reflect comments received during the public consultation process and clarify a number of the regulatory requirements that financing companies (FCs) and lending companies (LCs) will need to comply with once the Circular is finalized.

Lifting the Moratorium on OLPs

The SEC continues to propose lifting the moratorium imposed under SEC Memorandum Circular No. 10, Series of 2021, allowing FCs and LCs to establish new OLPs, subject to compliance with the new prudential, disclosure, and market conduct requirements.

The revised draft makes clear that the lifting of the moratorium does not constitute automatic approval of any OLP. Instead, all FCs and LCs remain subject to the disclosure, operational, capitalization, and consumer protection requirements.

Removal of the Proposed Pre-Disclosure Classification Process

One of the most notable changes in the revised draft is the removal of the proposed Pre-Disclosure Classification Declaration, which required companies to obtain the SEC's determination as to whether a digital platform constituted an OLP before deployment.

Instead, the revised draft adopts a disclosure-based framework. FCs and LCs operating OLPs will be required to disclose and maintain updated information regarding each OLP, including its borrower-facing identity, website, mobile application, domain names, platform links, and other information that the SEC may require. The SEC likewise proposes establishing a centralized registry of OLPs and retains the authority to determine whether a platform constitutes an OLP based on its actual operation and functionality.

Revised Definition of Online Lending Platform

The SEC has likewise substantially revised its proposed definition of an OLP.

The earlier draft adopted a function-based approach centered on whether a platform performed Core Lending or Financing Functions.

The revised draft instead focuses on the borrower-facing platform through which lending services are offered, while recognizing that a single OLP may operate through multiple websites, mobile applications, domains, or other technological infrastructure. An OLP is now principally identified by its distinct name, brand, or borrower-facing identity. The revised definition also clarifies that internal systems and platforms used solely for operational support generally do not constitute separate OLPs.

Simplified Business Plan Requirements

The SEC has also simplified the proposed rules governing business plans.

Unlike the earlier draft, which prescribed detailed procedures for the submission and amendment of business plans, the revised draft instead sets out the general requirement to submit business plans and obtain prior approval for material amendments, leaving the procedural requirements to a separate SEC issuance.

Branch Office Rules

The revised draft narrows the proposed definition of a branch office.

The revised definition of branch offices focuses on locations where core lending activities, such as credit evaluation, underwriting, loan approval, pricing decisions, or execution of loan agreements, are actually performed. It also expressly excludes merchant partner locations, promotional booths, customer assistance centers, and similar facilities that merely facilitate customer interaction without authority to approve or process loans.

Licensing and Corporate Structure

The revised draft keeps the several structural changes to the licensing framework made in the earlier draft. However, while the policy of imposing an entity-level annual licensing fee (ALF) and adopting a Single Certificate of Authority remains, the revised draft modifies the proposed ALF structure and rates. It also refines the provisions governing the payment, suspension, and continuing obligation to pay the ALF.

The revised draft also limits an FC or LC to owning, operating, controlling, or utilizing a maximum of five (5) OLPs and adjusts the required capital levels based on the number of OLPs maintained. It also shortens the transition period for compliance with the applicable paid-up capital requirements for existing OLPs to twenty-four (24) months from the effectivity of the circular.

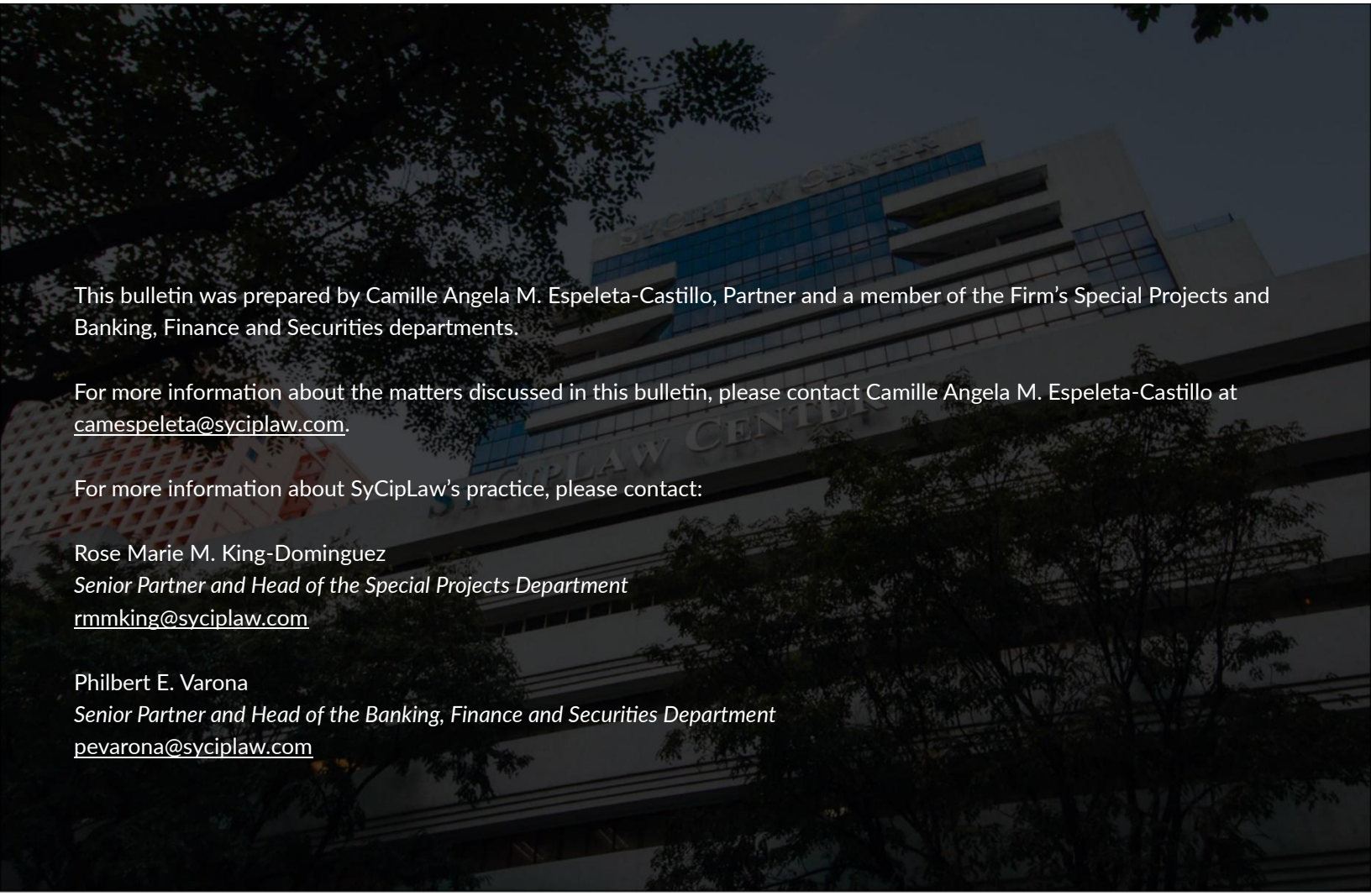
Consumer Protection Requirements

The revised draft generally retains the proposed consumer protection, disclosure, and operational requirements contained in the earlier proposal, including enhanced rules on borrower disclosures, data privacy, collection practices, outsourcing arrangements, and anti-circumvention measures. However, a number of these provisions have been refined to provide greater clarity on their application and implementation.

Implications for Existing OLPs

Although many of the core regulatory objectives remain unchanged, the revised draft substantially refines the proposed compliance framework.

The revised draft circular is likely to require the following: (a) a review of existing digital platforms to determine whether they fall within the revised definition of an OLP and are properly disclosed to the SEC; (b) a review of business plans, branch office arrangements, and corporate registrations to ensure compliance with the proposed registration and disclosure requirements; and (c) a review of operational systems, including consumer protection, data privacy, debt collection, and third-party outsourcing arrangements, to ensure compliance with the proposed regulatory framework.



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