

**CIC Circular No. \_\_\_\_**  
**Series of 2024**

## **CIC PENALTY GUIDELINES**

### **PRELIMINARY STATEMENT**

Pursuant to Section 4(a) of Republic Act No. 9510, otherwise known as the Credit Information System Act (CISA), all Submitting Entities (SEs) that extend credit facilities are mandated to submit basic credit data, along with regular updates, to the Credit Information Corporation (CIC).

In accordance with Sections 8.4<sup>1</sup>, 8.5<sup>2</sup>, and 8.6<sup>3</sup> of Rule 8 of the Implementing Rules and Regulations (IRR) of CISA, the CIC is vested with the authority to impose penalties and/or sanctions for violations or noncompliance with the provisions of the Act and its IRR.

Therefore, in line with CIC Circular No. 04, Series of 2023, titled "The Implementing Guidelines for the Compliance of all Submitting Entities under the Credit Information Systems Act," hereinafter "Implementing Guidelines". These Penalty Guidelines are hereby promulgated to govern the application of administrative penalties and sanctions, as well as to provide the procedural requirements for its implementation on all Submitting Entities covered under CISA and its IRR.

### **RULE I**

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 8.6. The foregoing administrative sanctions shall be without prejudice to any criminal and other sanctions as may be applicable under these rules.

## General Provisions

**Section 1.** These Guidelines shall be known as the “**CIC Penalty Guidelines**”.

**Section 2. Purpose.** - These Penalty Guidelines are issued to:

1. Specify the corresponding penalties and sanctions for violations committed by Submitting Entities in Production (SEPs) that fail to comply with their obligations under the Continuing Compliance process;
2. Establish the procedures for imposing the said penalties and sanctions as well as requesting administrative reliefs thereto;
3. Supplement the provisions of CIC Circular 2023-04, Series of 2023; and
4. Ensure adherence to the requirements of Republic Act No. 9510, also known as the Credit Information System Act (CISA), its Implementing Rules and Regulations (IRR), and CIC Circular No. 04, Series of 2023, titled "Implementing Guidelines for the Compliance of all Submitting Entities under the Credit Information System Act."

### RULE II

#### Scope and Coverage

These Penalty Guidelines shall apply to all Submitting Entities in Production (SEPs) that continue to provide credit facilities to borrowers and/or collect payments thereto, such as but not limited to banks, quasi-banks, trust entities, investment houses, financing companies, cooperatives, micro-financing organizations, credit card companies, and government lending institutions.

### RULE III

#### Powers and Functions

**Section 1. Office of the President Legal Unit (OP Legal)** - For the purpose of enforcing these Penalty Guidelines, the OP Legal shall:

1. Monitor the compliance of SEPs ;
2. Assess the severity of violations based on the facts and circumstances presented;
3. Conduct clarificatory meetings as may be deemed necessary;
4. Determine appropriate penalties, fines, and/or administrative sanctions for violations found to have been committed;
5. Issue Letters of Compliance providing therein the penalties, fines, and/or administrative sanctions, in accordance with these Guidelines;
6. Review Requests for Consideration filed by non-compliant SEPs;
7. Issue Resolutions based on the Request for Reconsideration filed by the SEP; and,
8. Perform other functions necessary to fulfill its mandate as required.

**Section 2. Office of the President** - For the purpose of enforcing these Penalty Guidelines, the Office of the President of the CIC shall:

1. Receive appeals filed by SEPs against Resolutions issued by OP-Legal;
2. Evaluate the merits of the same and render a Decision on the appeal; and,
3. Perform other necessary functions as required to implement these Guidelines.

## **RULE IV**

### **Anticipated Delays in Submission**

**Section 1. Obligation to Notify CIC of Anticipated Delays in Submission** - SEPs shall notify the CIC in advance of any circumstance that may delay their monthly data submissions beyond the maximum period granted from a Request for Extension for Regular Submissions under Rule V Section 3.2 of the Implementing Guidelines. Such circumstances shall include, but are not limited to, force majeure, extensive Information Technology (IT) system changes, severe financial hardship, or other analogous situations that may prevent timely compliance. In cases of force majeure, SEPs shall provide notice as soon as they are able to.

The notification shall include the detailed information of the circumstance, along with a Compliance Plan outlining the steps the SEPs shall take to ensure fulfillment of its obligation.

The notification as contemplated in this section shall pertain to letters signed by the SEP's authorized representative addressed to the OP-Legal of the CIC, filed through the CE Portal.

**Section 2. Period to File Notification of Anticipated Delays in Submission** - The SEPs shall file their Notice of Anticipated Delay as follows:

For circumstances which are under the control of the SEP, it shall file the notice no less than ninety (90) working days before the start of the period of affected submissions.

For circumstances involving force majeure, which are unforeseeable or unavoidable, it shall file the notice within five (5) working days after the cessation of the force majeure event.

**Section 3. Contents of the Notice of Anticipated Delays in Submission** - The Notice shall contain the following:

1. **Circumstances causing the Delay:** a detailed account of the circumstances causing the anticipated delay in submission;
2. **Anticipated Start Date:** the date on which the circumstance causing the

- anticipated delay begins as well as the period of submissions affected;
3. **Expected Resumption Date:** the anticipated date on which regular submissions will resume; and,
  4. **Compliance Plan** - a detailed schedule outlining the expected timeframes for compliance.

A Notice which does not contain the complete information required shall be invalid for purposes of receipt.

**Section 3. Compliance Plan** - The Compliance Plan will contain a schedule of activities to be implemented to resolve the cause for delayed submissions and for the resumption of regular submissions.

If the Notice is approved, the SEP's Authorized Representative shall provide the CIC with a monthly progress report on the status of its activities under the Compliance Plan, which will be due on the 10th of each month until the SEP is able to resume regular submissions.

**Section 4. Review and Verification of CIC** - Upon receipt of the Notice, CIC OP-Legal shall have a period of thirty (30) working days to assess the validity of the stated circumstance and determine if the conditions warrant a reprieve from the application of the penalties as provided for in these Penalty Guidelines. The SEP shall exhaust all reasonable and practicable alternatives to meet its compliance obligations.

**Section 5. Approval.** - Upon a finding that the request is meritorious, the CIC shall approve the Notice and specify the period whereby regular compliance shall not be required.

If no approval is issued or the Notice is denied, all compliance obligations shall remain in effect and non-compliance to the same shall merit the appropriate penalties and sanctions.

Non-performance of the activities under the Compliance Plan or a finding that the factual basis for the Approval was false may be the basis for the revocation of the period or reliefs granted under this Rule.

## RULE V Administrative Violations

**Section 1. Administrative Violations.** - These Rules are intended to incorporate and supplement the violations set forth in Republic Act No. 9510, also known as the Credit Information System Act (CISA), its Implementing Rules and Regulations (IRR), and previous CIC Circulars, particularly CIC Circular No. 04, Series of 2023,

titled "Implementing Guidelines for the Compliance of all Submitting Entities under the Credit Information System Act."

**Section 2. Gravity of Violations.** - For the purpose of imposing the appropriate penalty, fine, and/or administrative sanctions, the gravity of violations is classified as follows:

**2.1 Minor Violations** - refers to acts attributable to simple negligence which do not have a direct or significant negative impact on the compliance of SEPs but may impede or delay compliance with respect to the mandatory timelines prescribed under these Penalty Guidelines. These include instances of simple negligence, where the oversight or failure to act does not constitute gross negligence or willful misconduct, but may still affect procedural timelines or compliance requirements.

**2.2 Major Violations** - refer to acts that have a direct and significant negative impact on the compliance of Submitting Entities in Production (SEPs). These violations are characterized by a willful disregard of compliance obligations, reflecting a deliberate intent to evade or circumvent the mandatory timelines prescribed under these Penalty Guidelines. Such acts may include intentional misconduct or malice, indicating a conscious choice to ignore regulatory requirements, thereby undermining the integrity of the credit information system.

**Section 3. Minor Violations.** - The following are considered as minor violations:

**A. Failure to update Authorized Representative, and Primary Contact Person (PCP), Dispute Contact Person (DCP), and Contact Information (CI),** within ten (10) working days prior to the effectivity of such change as provided under Sec. 2.7, Rule V and Sec. 7, Rule VII of the Implementing Guidelines.

This update must be filed via the CE portal by submitting a Request to Change Authorized Representative, Primary Contact Person or Contact Information. In the event that the update via the CE portal is not available, the update shall be submitted through email<sup>4</sup>.

**B. Delayed Submission** as provided under Section 3, Rule VII of the Implementing Guidelines..

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<sup>4</sup> SECTION 2.7. Request to Change Authorized Representative, Primary Contact Person, Dispute Resolution Contact Person, or Contact Information. - SEPs shall file the appropriate Request to Change Authorized Representative, Primary Contact Person or Contact Information no less than ten (10) working days before the effectivity of such change by sending a request via email to update the SEP's contact details on file. Issuances, Notices, and Correspondences sent to an SEP's Primary Contact Person on record through the contact details on file shall be deemed received, the SEP is considered duly notified, and the appropriate compliance periods, administrative sanctions, and penalties shall begin to run. (Section 2.7, Rule V, CIC Circular No. 04, Series of 2023, or "The Implementing Guidelines for the Compliance of all Submitting Entities under the Credit Information Systems Act")

**C. Incomplete Submission and/or Underreporting of Basic Credit Data** as provided under Section 2, Rule VII of the Implementing Guidelines.

**Section 4. Major Violations.** - The following are considered as major violations, with their corresponding definition:

- A. Lapsed Submission** as provided under Section 1, Rule VII of the Implementing Guidelines.
- B. Malicious Submission** as provided under Section 4, Rule VII of the Implementing Guidelines.
- C. Misrepresentations regarding compliance obligations** as provided under Section 5, Rule VII of the Implementing Guidelines.
- D. Misrepresentations to the Public** as provided under Section 6, Rule VII of the Implementing Guidelines.
- E. Non-submission** - there is non-submission in the following cases:

For **Regular Submissions**, no required submission is made after at least nine (9) months following the Regular Submission Date.

For **Special Submissions for Correction Files**, no required submission is made after forty-five (45) working days following Special Submission Date.

For **Special Submissions for Disputes**, no required submission is made after fifteen (15) working days following the Special Submission Date.

## **RULE VI**

### **Administrative Penalties and Fines**

**Section 1. Determination of Fines Based on Loan Accounts** - The fines to be imposed for any violation of these Penalty Guidelines shall be determined by the CIC under the following schedule, provided that no penalty shall exceed Thirty Thousand Pesos (Php 30,000.00) per violation, per calendar day as provided for under Section 8(f)(iii) of CISA.

The daily fine imposed shall be composed of a base amount plus an Incremental Variable Rate (IVR) component which shall be computed based on the Submitting Entity's average monthly submission volume over the latest six (6) months submitted, or the Certificate of Total Number of Loan Accounts (CTNLA), whichever is higher, as follows:



<b>Incremental Variable Rate (IVR)</b>
PhP 0.30 per record above 10,000 contracts

**Section 2. Table of Violations and Corresponding Penalties.** - The specific violations, categorized as minor or major violations, and their corresponding administrative sanctions or fines are provided as follows:

<b>Violation</b>	<b>1st Offense (Sanction<sup>5</sup>)</b>	<b>2nd Offense (Fines)</b>	<b>3rd &amp; Subsequent Offenses (Higher Fines)</b>
<b>Minor Violations</b>			
Failure to update Authorized Representative, PCP, or Contact Information	Written Warning & Corrective Action	PhP 500 + IVR/day	Php 1000 + IVR/day
Delayed Submission	Written Warning & Corrective Action	PhP 500 + IVR/day	Php 1,000 +IVR/day
Incomplete Submission and/or Underreporting of Basic Credit Data	Warning issued & Corrective Action	PhP 500 + IVR/day	Php1,000 + IVR/day

<b>Major violations</b>			
Lapsed Submission	PhP 1,000 + IVR/day	PhP 2,000 + IVR/day	PhP 3,000 + IVR/day
Non-submission	PhP 2,000 + IVR/day	PhP 4,000 + IVR/day	PhP 6,000 + IVR/day
Malicious Submission	PhP 3,000 + IVR/day	PhP 6,000 + IVR/day	PhP 9,000 + IVR/day

<sup>5</sup> Written Warning shall be in the form of Letters of Compliance as outlined in Rule VII Procedure of these Penalty Guidelines

Misrepresentations regarding Compliance Obligations	PhP 5,000 + IVR/day	PhP 6,000 + IVR/day	PhP 7,000 + IVR/day
Misrepresentations to the Public	PhP 5,000 + IVR/day	PhP 10,000 + IVR/day	PhP 15,000 + IVR/day

**Section 3. Period for Payment.** - Full payment of the fines imposed shall be made within ten (10) working days from the receipt of the Letter of Compliance, unless the SEP has submitted a Request for Reconsideration or Appeal. If these are resolved against the SEP, they shall have five (5) working days from receipt of the Resolution or Decision thereto to pay the imposed fine.

**Section 4. Method of Payment.** - Fines may be paid through one of the following methods:

- a. Bank Transfer - Payments may be made via bank transfer to the designated CIC account. The SEP must retain the bank confirmation as proof of payment.
- b. Physical Payment - Payments may also be made in person at the CIC's designated office. A receipt shall be issued upon successful payment.

**Section 5. Surcharges.** - A surcharge equivalent to one percent (1%) of the outstanding fine per day shall be imposed upon the entity for its failure to pay the fine within the prescribed period, subject to the following conditions:

5.1 Commencement. - The surcharge shall begin accruing on the day immediately following the expiration of the prescribed payment period and shall continue to accumulate until the fine with applicable surcharges is paid in full.

5.2 Waiver of Surcharge - The CIC may, at its discretion, waive or reduce the surcharge upon written request from the SEP, provided that sufficient justification, such as severe financial hardship, force majeure, and analogous cases, is proven.

## **RULE VII**

### **Procedure**

**Section 1. Issuance of Letters of Compliance-** The erring SEP shall be formally notified, in writing, of their alleged violation(s) through a Letter of Compliance issued by the Office of the President-Legal (OP-Legal).

The Letters of Compliance shall clearly set forth the following:



1. **Identification of the Violation(s):** A detailed account of the specific violation(s) committed by the SEP, outlining the nature and circumstances of the infraction.
2. **Legal Provisions:** A reference to the relevant sections of the Penalty Guidelines, law, or regulations that have been breached, specifying the exact provisions that govern the violation.
3. **Required Corrective Actions:** Clear instructions for remedial measures, including but not limited to:
  - 3.1. **Actionable Steps:** The specific actions that the SEP is required to undertake to remedy the violation;
  - 3.2. **Preventive Measures:** The necessary steps or safeguards the SEP must implement to prevent recurrence of the violation; and
  - 3.3. **Other Lawful Instructions:** Any additional lawful directives aimed at ensuring full compliance with legal and regulatory requirements.
4. **Penalty Imposed:** A clear statement of the possible administrative penalties, fines, or other sanctions that may be imposed should the SEP fail to comply with the corrective actions within the stipulated time frame.
5. **Opportunity to file a Request for Reconsideration:** A notice informing the SEP of its right to submit a Request for Reconsideration within the period prescribed by these Penalty Guidelines, outlining any defense, explanation, or corrective measures it intends to take.

**Section 2. Filing of Request for Reconsideration** - Upon receipt of the Letters of Compliance, the SEP shall be granted ten (10) working days to submit a written Request for Reconsideration. The request must include a detailed explanation addressing the alleged violation(s), along with any evidence or supporting documentation that substantiates the SEP's claims or defense. The SEP shall also indicate any corrective actions already taken to remedy the violation, if applicable.

**Section 3. Failure to file a Request for Reconsideration** - Should the SEP fail to submit a Request for Consideration within the prescribed period as provided under Section 2, the violations stated in the Letters of Compliance shall be deemed admitted and the fine imposed shall be final and executory.

**Section 4. Review and Resolution by OP Legal** - Upon receipt of the SEP's Request for Reconsideration, the OP Legal shall have a period of thirty (30) working days to review the Request for Reconsideration and issue a Resolution. During this period, the OP Legal may, at its discretion, request additional information or clarifications

from the SEP in the form of inquiries via email or clarificatory meetings to facilitate the review.

The Resolution shall either:

- a. Affirm the violation as outlined in the Letter of Compliance, which may include a directive to implement corrective measures or adjustments without the imposition of penalties, if warranted by the circumstances; or,
- b. Determine that no violation has occurred, which may include situations wherein sufficient corrective action has already been taken, rendering further measures moot.

**Section 5. Appeal** - If the Resolution affirms the violation or is adverse, the SEP may file an appeal addressed to the President and CEO of CIC. No second or multiple Motions for Reconsideration shall be accepted.

The procedure for filing and resolving appeals shall be governed by the provisions set forth in Rule VIII of these Penalty Guidelines.

## **RULE VIII**

### **Appeal**

**Section 1. Appeal to the President of CIC.** - An appeal may be filed with the President of CIC on the Resolution issued by OP Legal. The appeal must reference the specific Resolution being appealed and filed within the prescribed period.

**Section 2. Who may file an Appeal.** - An appeal may only be filed by the Authorized Representative<sup>6</sup> of the subject SEP. In the absence of the Authorized Representative, the Primary Contact Person<sup>7</sup> may file the appeal, provided it is ratified by the Authorized Representative within fifteen (15) working days from the receipt of the Resolution.

**Section 3. Period to file an Appeal.** - The appeal shall be filed within fifteen (15) working days from the receipt of the Resolution. Failure to file an appeal within this period shall render the Resolution final and executory.

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<sup>6</sup> **a. Authorized Representative** - refers to the person authorized under the Secretary's Certificate submitted by the SEs and designated as the primary signatory for all official documents. Provided that, in the absence of the Authorized Representative, an alternate or substitute shall be temporarily designated by the SEs to address urgent matters. (CIC Circular No. 04, Series of 2023 or the *Implementing Guidelines for the Compliance of all Submitting Entities under the Credit Information Systems Act*)

<sup>7</sup> **o. Primary Contact Person (PCP)** - refers to the person designated by an SE during the registration and onboarding process to access the CE portal upon initial registration and validation of their credentials. (CIC Circular No. 04, Series of 2023 or the *Implementing Guidelines for the Compliance of all Submitting Entities under the Credit Information Systems Act*)

**Section 4. Manner of Filing an Appeal.** - The appeal shall be filed through the CIC's CE Portal, containing the necessary information and supported by relevant evidence.

**Section 5. Contents.** - The appeal shall contain the following:

- a. Name of the Authorized Representative, Submitting Entity in Production, and the Provider Code;
- b. Alleged violation(s) as cited in the Resolution;
- c. Resolution Number subject of appeal;
- d. A clear and concise statement of the grounds for the appeal;
- e. Any supporting documents, records, or newly discovered evidence that support the appeal; and
- f. Relief sought.

**Section 6. Review of the Appeal.** - Upon receipt of the appeal, the Office of the President may require the SEP to provide additional information, if deemed necessary. The Office of the President shall render a Decision within thirty (30) working days.

**Section 7. Issuance of Decision.** - The President's Decision on the appeal shall either:

- a. Affirm the Resolution of OP Legal, thereby imposing fines and/or administrative sanctions, which shall become final and executory; or
- b. Reverse the Resolution.

**Section 8. Finality of Decision.** - The Decision issued by the Office of the President shall be final and executory. No further appeals, motions for reconsideration, or similar remedies shall be entertained.

**Section 9. Suspension and Reduction of Administrative Sanctions.** - The imposition of administrative sanctions may either be suspended or reduced by the President of the CIC based on the following grounds duly raised in the Appeal: severe financial hardship, force majeure, minimal monthly submissions, or any other analogous cases.

## RULE IX Repealing Clause

All issuances, orders, rules and regulations, or parts thereof that are inconsistent with the provisions of this Circular are hereby repealed, amended, or modified accordingly.

## RULE X

## Separability Clause

If any provision of this Circular is declared invalid, unconstitutional, or unenforceable by a court of competent jurisdiction, such declaration shall not affect the validity, constitutionality, or enforceability of the remaining provisions, which shall continue to remain in full force and effect. The unaffected provisions shall be interpreted and applied in a manner that most closely reflects the original intent and purpose of this Circular, to the fullest extent permitted by law.

## RULE XI Effectivity

This Circular shall be effective fifteen (15) days after the date of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines, and upon the filing of three (3) certified copies with the Office of the National Administrative Register of the University of the Philippines Law Center.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2024, Makati City, Philippines.

**BEN JOSHUA A. BALTAZAR**  
President and CEO