



CORPORATE GOVERNANCE AND FINANCE DEPARTMENT

NOTICE

MEMORANDUM

TO : ALL PUBLICLY-LISTED, PUBLIC COMPANIES, AND REGISTERED ISSUERS

SUBJECT : REQUEST FOR COMMENTS ON THE EXPOSURE OF THE MEMORANDUM CIRCULAR ON THE DURATION OF TERM AND TERM LIMIT OF INDEPENDENT DIRECTORS

DATE : 30 SEPTEMBER 2025

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The Commission hereby requests comments, and/or inputs on the attached draft *Memorandum Circular* on the Duration of Term and Term Limit of Independent Directors.

The written comments on the exposure draft must be submitted via [G-Form](#) on or before **15 October 2025**.

Issued on 30 September 2025.



SEC MEMORANDUM CIRCULAR NO.

Series of 2025

TO : **PUBLICLY-LISTED COMPANIES, PUBLIC COMPANIES, AND REGISTERED ISSUERS**

SUBJECT : **DURATION OF TERM AND TERM LIMIT OF INDEPENDENT DIRECTORS**

DATE : ___ September 2025

The Securities and Exchange Commission, pursuant to its regulatory power to set rules and regulations governing the qualifications, disqualifications, duration of term and term limit, among others, of independent directors, to strengthen independence of independent directors, and to align with the international best practices under Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines (RCCP), hereby set the rules on the duration of term and amends its rules on term limits of independent directors.

Section 1. Term of Independent Directors - An independent director (ID) shall be elected for a 3-year fixed term, and subject to the term limit under Section 3 of this circular and to the rules on disqualifications under the law and relevant rules and regulations.

Section 2. Non-concurrent Term - The expiration of the fixed-terms of IDs shall not occur in the same year, except in cases where there are more than 3 IDs in the board.

An initial ID term of 3, 2, and/or 1 year shall be adopted by the company to ensure that the expiration of the ID terms shall be in a staggered manner.

To illustrate, say a company has five (5) independent directors, for the initial year, the company may opt to elect 2 IDs with 3-year terms, another 2 IDs with 2-year terms and an ID with a year term. After a year, one ID position will expire and a new ID shall be elected for a 3-year term. At the end of the second year, two ID positions will also expire and two new IDs shall be elected for 3-year terms. The 3-year term shall ensue thereafter.

Section 3. Term Limit - An ID shall serve for a **maximum cumulative** term of **nine (9) years** reckoned from 2012 as provided under SEC Memorandum Circular No. 19, series of 2016, and SEC Memorandum Circular No. 24, series of 2019.

For purposes of computing the number of years served, any fraction of a year shall be considered as one (1) full year, regardless of the manner or reason by which the position of ID was relinquished or vacated.

Covered companies shall fully disclose to the shareholders any ID nominees who will breach the maximum term within the 3-year ID term in the company's Preliminary and Definitive Information Statement (SEC Form 20-IS).

Section 4. Ground for Disqualification - An ID who has served the maximum term shall be disqualified to be an ID in the same company.

An ID who fails to maintain their qualifications as an ID and/or becomes disqualified during their term should immediately vacate the position.

Section 5. Qualification as Non-Independent Director - An ID disqualified under Section 4 may be eligible for election as a non-independent director in the same company.

Section 6. Penalties - Covered companies that violate any of the mandatory provisions of this Circular shall be subject to the following penalties:

Description	Basic	Monthly
Non-Adoption of the ID Term	P1,000,000	None
Breach of the Term Limit	P1,000,000	P100,000
Failure to Vacate upon Disqualification		

Section 7. Repealing Clause - All circulars, orders, guidelines, or portions thereof which are inconsistent with the foregoing are hereby repealed or modified accordingly.

Section 8. Transitory Provision - Incumbent IDs who have served the maximum term upon the effectivity of this circular may continue to serve until the Annual Stockholders Meeting of the company in 2026.

Section 8. Effectivity - This Memorandum Circular shall take effect on 01 January 2026 after publication in two (2) newspapers of general and national circulation.

Issued this ____ September 2025 at Makati City, Philippines

For the Commission:

FRANCISCO ED. LIM
Chairperson