



MEMORANDUM CIRCULAR NO. 25-003/A
Series of 2023
September 27, 2023

TO: ALL SERVICE PROVIDERS AND OTHERS CONCERNED

SUBJECT: GUIDELINES ON THE ACCREDITATION OF THE SERVICE PROVIDERS FOR PROBITY CHECKER AND CENTRAL AUDIT SYSTEM OF CEZA

Pursuant to Section 6 (c) of Republic Act 7922 otherwise known as the “Cagayan Special Economic Zone Act of 1995”, *granting to the Cagayan Economic Zone Authority (CEZA) the power to approve, accept, accredit and allow any local or foreign business enterprise or investment in the CSEZFP subject only to such rules and regulations as CEZA may promulgate from time to time in conformity with the provisions of the Act and the limitations provided by the Constitution*, the following guidelines are issued to govern the accreditation of the qualified service provider to act as the CEZA probity checker and operator of the central audit system.

ARTICLE I

Preliminary Provisions

Section 1. Scope and Coverage

These guidelines shall apply to all parties seeking accreditation from the Cagayan Economic Zone Authority (CEZA) as the authorized service provider for the CEZA probity checker and operator of the central audit system.

The CEZA accreditation guidelines for the service provider to act as the CEZA probity checker and operator of the central audit system will ensure that the service provider has qualified to perform all the technical expertise to conduct probity check, operate the central audit with know your client (KYC) and Anti-Money Laundering/Countering Terrorist Financing (AML/CTF) reporting platform and audit on a financial and technical basis the operation of the licensees' activities inside the Zone.

Section 2. Definition of Terms

Cagayan Economic Zone Authority (CEZA)- refers to the governing body of the Cagayan Special Economic Zone and Free Port (CSEZFP), its board of directors, exercising powers pursuant to Section 6 of Republic Act 7922



Accreditation- refers to the act of giving official authorization or approval to a qualified service provider for CEZA probity checker and operator of the central audit system evinced by a relevant certification issued by the CEZA as proof of the service provider's legitimacy, capability and competency in the provision of technical services

Certificate of Accreditation- refers to the document issued by CEZA as a proof of official authorization or approval for a qualified service provider to conduct probity check on all applications and/or documents submitted by applicants for CEZA's license and operate the CEZA central audit system

Probity check- refers to the act of investigating the background of a company, organization or a person to see if they are fit to hold the license they have applied for. It includes the investigation on the previous history and activities of the company, organization or individual, financial records and legal matters

CEZA Central Audit System is a system equipped with distributed ledger technology to ensure the proper audit, collection, and payment of all license fees, taxes, levies and other remunerations due to CEZA and the Philippine Government.

Service Provider means a locally registered company or organization with certificate of accreditation issued by CEZA to act as the CEZA probity checker and operator of the CEZA central audit system

Accredited Service Provider- a duly authorized and registered holder of a certificate of accreditation issued by CEZA evincing qualification to develop, manage, operate, maintain the probity and central audit platform of CEZA

ARTICLE II

Accreditation Guidelines

Section 3. Certification Criteria for Accreditation

To qualify as a service provider for the CEZA probity checker and operator of the central audit system, the company or organization must have been engaged or is engaged in providing probity checking, financial technology solutions and IT services with a capacity to develop and operate a central audit system with KYC and AML/CTF reporting platform and conduct audit of licensees' activities on a technical and financial basis in the Philippines or abroad. The service provider company or organization must have the know-how, resources, trained personnel and staff, technical, financial and legal capabilities and management expertise to operate the central audit system and must possess the following:

1. Certified Fraud Examiner (CFE)

- a. Organization must possess at least one (1) Certified Fraud Examiner from:
 - i. Association of Certified Fraud Examiners: <https://www.acfe.com/>

2. Certified Public Accountant

- a. Organization must possess at least one (1) CPA registered below:
- i. Philippine Institute of Certified Public Accountants:
<https://picpa.com.ph/>

3. Certified GDPR Compliance Officer

- a. Organization must possess at least one (1) Certified General Data Protection Regulation (GDPR) Officer from any recognized international institution that complies with international data protection laws.

4. Certified Data Privacy Officer

- a. Organization must possess at least one (1) Certified Data Privacy Officer accredited by:
- i. The Philippine National Privacy Commission: <https://privacy.gov.ph/>

5. Certified Enterprise & Risk Management

- a. Organization must possess at least one (1) Internationally Certified resource with both management specifications below:
- i. ISO 27001:2022
 - ii. ISO 31000:2018

6. Certified Auditor

- a. Organization must possess at least two (2) Certified Senior Auditors accredited/certified by an internationally recognized institution from below:
- i. The Institute of Internal Auditors: <https://www.theiia.org/>
 - ii. Blockchain Council: <https://www.blockchain-council.org/>

7. Central Bank Corporate Governance Certification

- a. Organization must possess at least two (2) Central Bank Governance Certified officers from:
- i. Bangko Sentral ng Pilipinas (BSP): <https://www.bsp.gov.ph>
 - ii. International Central Bank Regulatory body

8. Certified Security Professional

- a. Organization must possess at least two (2) Certified Security Professionals from any local and/or internationally recognized institutions.

9. AMLC Certification

- a. Organization must possess at least five (5) Certified AMLC accredited by:
- i. Anti-Money Laundering Council: <http://www.amlc.gov.ph/>

10. Certified Blockchain Professional

- a. Organization must possess at least five (5) Blockchain Certified Professionals:
- i. Blockchain Council: <https://www.blockchain-council.org/>

The required abovementioned certifications must be up to date and renewed as need be within the duration of the Accreditation.

As the CEZA probity checker, the service provider shall receive, process, evaluate and perform a customer identification protocol, enhanced due diligence and know your client (KYC) verification on all applications and/or documents submitted by applicants for CEZA's license and submit to CEZA all data for regular compliance audits on a monthly basis.

As the operator of the CEZA central audit system, the service provider must perform the following:

- a. develop the CEZA central audit platform with the CEZA KYC and AML/CTF reporting platform and other related software for its operation and maintenance
- b. facilitate the integration of the software being used by the licensees with the CEZA central audit platform with the CEZA KYC and AML/CTF reporting platform
- c. operate the CEZA central audit platform to be used in collecting the applicable CEZA fees from CEZA licensees
- d. audit the transactions and activities of the licensees on a technical and financial basis
- e. generate and submit all the necessary compliance reports to CEZA on a monthly basis
- f. give CEZA access to the dashboard for real time monitoring and auditing purposes of the financial and technical activities of the licensees integrated with the central audit system

Section 4. Application Requirements for Initial Accreditation

A company or organization that seeks to be accredited as a service provider for the CEZA probity checker and operator of the central audit system must accomplish and file the following documents directly to the Business Registration and Regulation Division (BRRD) of CEZA:

- a. Application Letter addressed to the Administrator and Chief Executive Officer
- b. CEZA Application Form for Accreditation
- c. Business Plan
- d. Profile of the Company/Organization
- e. SEC Registration Certificate
- f. Articles of Incorporation and By Laws and/or its amendment
- g. General Information Sheet
- h. Commitment to Locate in the CSEZFP
- i. Certifications from AMLC, PICPA and other related certifying bodies and as required by Section 3 of this Guidelines (must be apostilled if issued by a foreign certifying body)
- j. List of clients and years audited (if applicable)
- k. Latest audited financial statements
- l. Other documents as may be required by CEZA in case of inconsistencies in the submitted documents and as required by Section 3 of this Guidelines.

Section 5. Application Requirements for Renewal of Accreditation

The company or organization service provider which intends to renew its CEZA Accreditation must accomplish and file the following documents directly to the Business Registration and Regulation Division of CEZA sixty (60) days prior to the expiration date:

- a. Application Letter addressed to the ACEO
- b. CEZA Application Form for Accreditation
- c. Updated Business Plan
- d. Updated Profile of the Company/Organization
- e. SEC Registration Certificate
- f. Articles of Incorporation and/or its amendment
- g. Certifications from AMLC, PICPA and other related certifying bodies and as required by Section 3 of this Guidelines (must be apostilled if issued by a foreign certifying body)
- h. Latest Certificate of Accreditation issued by CEZA
- i. Latest audited financial statements
- j. Other documents as may be required by CEZA in case of inconsistencies in the submitted documents and as required by Section 3 of this Guidelines.

All application requirements above-mentioned must be submitted in two (2) complete sets including the original copy for the applications to be accepted and processed.

Any and all applications for the accreditation of the service providers for the CEZA probity checker and operator of the central audit system shall be approved solely and exclusively by the Administrator and CEO upon recommendation of the BRRD through the Deputy Administrator for Operations.

Section 6. Validity of the accreditation

The accreditation of the service provider as the probity checker and operator of the central audit system shall be valid for a period of ten (10) years from the date of issue renewable for another ten (10) years.

The CEZA accredited service provider may apply for the renewal of its accreditation within two (2) months prior to the expiration date. The provisions of Section 5 shall likewise apply.

Section 7. Reportorial Requirements

The CEZA has the right to monitor the central audit with KYC and AML/CTF reporting platform and be entitled to inspect, check and test it on real time basis.

Within five (5) days from end of each month, the accredited service provider for the CEZA central audit system shall submit a report of the technical and financial transactions of the CEZA licensees to CEZA which includes among others the following:

- a. Records of the transactions involving the payment, receipt, exchange, conversion, purchase, sale, transfer or transmission of value or virtual currency;
- b. Records indicating the amounts paid in relation to the transaction fee sharing and other prescribed information by the CEZA;
- c. Financial reports and other related reports on its compliance programs on the KYC and the AML/CTF
- d. Other data that CEZA may require in relation to the operation of the CEZA central audit system

Section 8. Grounds for the Revocation/Cancellation of Accreditation

The CEZA, through the Office of the Administrator, may revoke or cancel the accreditation without prejudice to the filing of civil or criminal cases against the accredited service provider on any of the following grounds:

1. The service provider company or organization is no longer a suitable entity to hold the Certificate of Accreditation;
2. The Certificate of Accreditation was issued on the basis of materially false or misleading information or documents;
3. Failure to maintain the qualifications for accreditation as required by these Guidelines;
4. Violation of any provision of the Philippine Laws;
5. Violation of the corresponding memoranda, circular, or any of the general or specific terms of the agreement/contract between the CEZA and the service provider company or organization

Section 9. Conflict of Interest.

The applicant service provider must not be related, with interlocking directors to any of the registered/licensed fintech/gaming companies that would be subject of probity check or audit to ensure that there is no conflict of interest.

The accredited service provider must have no interest and will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required of it to perform under these Guidelines and the terms and conditions of the service agreement/contract with CEZA.

Section 10. Posting of Bond.

The accredited service provider shall put up a performance bond in favor of CEZA in the manner as agreed with CEZA to answer for any obligation that may be incurred by CEZA due to any act or omission by the service provider and to ensure its faithful observance of the terms and conditions of the service agreement/contract with CEZA.

Section 11. Transaction Fee Sharing Agreement

The transaction fees shall be shared by CEZA and the accredited service provider in the amount agreed upon by both parties in accordance with the terms of the service agreement/contract between CEZA and the accredited service provider.

Article III Final Provisions

Section 12. Separability Clause.

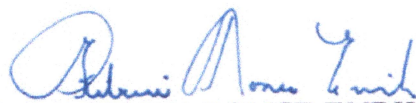
If for any reason any provision or section of these guidelines is declared to be invalid or unconstitutional, the other provisions not affected shall remain in full force or effect.

Section 13. Repealing Clause.

All administrative orders, memoranda, circulars and resolutions or any parts thereof which are inconsistent herewith are hereby repealed, amended or modified accordingly.

Section 14. Effectivity Clause.

This Circular shall take effect fifteen (15) calendar days from its publication in the Official Gazette or in a newspaper of general circulation and after filing three (3) copies hereof with the National Administrative Register of the University of the Philippines Law Center, Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.



SEC. KATRINA PONCE ENRILE

Administrator and Chief Executive Officer

Approved:

CEZA BOARD OF DIRECTORS

CEZA Board Resolution No. 08-022-23



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