

MEMORANDUM CIRCULAR NO. 24-003

Series of 2024

Subject: AMENDMENT OF SECTION 6 NO. 3 iii, SECTION 6 NO.5; SECTION 7 AND SECTION 8 OF THE CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA) OFFSHORE FINANCIAL TECHNOLOGY LICENSING RULES AND REGULATIONS (OFTLRR)

Whereas, Rule X, Section 73 of the CEZA OFTLRR grants CEZA the authority to conduct necessary and reasonable acts towards the full enforcement of this CEZA OFTLRR, as amended, and shall likewise be authorized to amend, create, and abolish rules as current legal, financial, administrative, and economic circumstances demand;

Whereas, based on the comparative analysis conducted on the regulatory and licensing fees of all offshore fintech jurisdictions and considering the standard practices in fintech or crypto industries, the CEZA finds it reasonable to decrease its regulatory and licensing fees;

Whereas, the CEZA recognizes the need to adjust the amount of the licensing fees and other regulatory fees to reflect competitiveness with other offshore fintech jurisdictions and attractiveness to prospective licensees,

Now, therefore, pursuant to its authority under CEZA OFTLRR, the CEZA hereby amends the said Licensing Rules and Regulations as follows:

Section 1. Section 6 No.3 iii is hereby amended to read as follows:

Section 6. Offshore Financial Technology Licensee- Any and all applicants for an Offshore Financial Technology License shall comply with the following requirements:

---3. Annual Renewal of License- Any existing Licensee who intends to renew its Offshore Financial Technology License shall submit the following requirements, sixty (60) days before the expiration of its license:

iii. Payment of an annual renewal fee of Two Thousand Five Hundred United States (US) Dollars (USD2,500.00)

Section 2. Section 6 No.5 is hereby amended to read as follows:

Section 6 No. 5. The Licensees for the following business activities shall maintain at all times a minimum authorized capital stock and a paid-in capital in US Dollars as follows:

Type of License	Minimum Authorized Capital	Minimum Paid-in Capital
a. Cryptocurrency Exchange License	USD250,000	USD100,000
b. Electronic Money Issuer	USD250,000	USD100,000
c. Operator of a Payment System	USD75,000	USD25,000
d. Digital asset Token Offering (DATO)	USD75,000	USD25,000

Startup companies which are one (1) year old or below are given a 6-month period to comply with the minimum authorized capital and the minimum paid-in capital requirements of CEZA.

The foregoing threshold amounts are subject to annual review by CEZA, which shall come up with a decision whether to retain or adjust the amounts based on its assessment of market conditions and exigencies of effective regulation. CEZA shall conduct an annual evaluation of the Licensees' financial capacity for the adjustment of the required minimum authorized capital stock and paid-in capital based on the reported financial transactions and revenues.

6. Each Licensee shall appoint an Authorized Representative to reside in the CSEZFP.
7. Each Licensee shall establish a physical office within the CSEZFP.

Additional information or documents that are necessary and reasonable to enable CEZA to evaluate the application may, by written notice from the Administrator and Chief Executive Officer, be required from the applicant. The notice shall specify the period for the submission of the additional requirements, which shall not be less than fifteen (15) calendar days from receipt of the notice.

Should an applicant submit any information, or document which are false, fraudulent, or misleading in any material particular, such applicant shall be liable to pay a fine not exceeding Ten Thousand United States Dollars (USD10,000.00) or its Philippine Peso equivalent.

Section 3. Section 7 is hereby amended to read as follows:

Section 7. Offshore Financial Technology Fees - The CEZA shall impose the following fees for Offshore Financial Technology business-related activities in the CSEZFP:

- a. An Offshore Financial Technology Licensee shall pay to CEZA a one-time, non-refundable, application and processing fee in the amount of Ten Thousand United States Dollars (USD10,000.00) or its Philippine Peso equivalent. Upon approval of its application for the license, the Licensee shall pay a License Fee per activity in US Dollars or its Philippine Peso Equivalent as follows:

Type of License	License Fee <i>(one-time)</i>
a. Cryptocurrency Exchange License	USD2,500
b. Electronic Money Issuer	USD2,500
c. Operator or a Payment System	USD2,500
d. Digital Asset Token Offering (DATO)	USD2,500

An Offshore Financial Technology Licensee shall pay to the Service Provider a one-time integration/probity/audit platform fee in the amount of **Seven Thousand Five Hundred United States Dollars (USD7,500.00)** or its **Philippine Peso equivalent**.

There shall be a conduct of probity checking on an annual basis and/or re-probity checking on as need basis whenever there is a material change in the company information such as substantial change to the company's officers and directors, change of corporate name, address, articles of incorporation, and change of jurisdiction. The re-probity fee shall be charged and to be paid directly to the Service Provider amounting to Two Thousand Five Hundred United States Dollars (USD2,500.00) or its Philippine Peso equivalent.

The annual business renewal fee for the Offshore Financial Technology Business Activities shall be in the amount of **Two Thousand Five Hundred United States Dollars (USD2,500)** or its Philippine Peso Equivalent prior to the issuance of its License.

- b. For the Authorized Service Provider, a one-time, non-refundable, application and processing fee shall be in the amount of **Five Thousand United States Dollars (USD5,000.00)** or its Philippine Peso equivalent. The annual renewal fee shall be in the amount of **Two Thousand Five Hundred United States Dollars (USD2,500)** or its Philippine Pesos equivalent.

Section 4. Section 8 is hereby amended to read as follows:

Section 8. **Transaction Fee Sharing Agreement** - The Offshore Financial Technology transaction fees shall be computed in the following manner:

- a. **The 5% of the net monthly business transaction fees** generated through a DATO, Electronic Money Issuance Services, Cryptocurrency Exchange Services, and a Payment System services, will be divided as follows:

50% to Central Audit System
50% CEZA

Section 5. This Memorandum Circular may be modified, amended, supplemented, or repealed, as may be deemed necessary and proper by the CEZA.

Section 6. All other circulars, memoranda, notices and implementing rules and regulations that may be inconsistent with the foregoing provisions shall be deemed modified or amended accordingly.

Section 7. If any part or provision of this Memorandum Circular is declared unconstitutional or illegal, the other parts or provisions shall remain valid.

Section 8. This Memorandum Circular shall take effect immediately after its publication in a newspaper of general circulation.

Mandaluyong City, June 26, 2024.

BY AUTHORITY OF THE BOARD:



SECRETARY KATRINA PONCE ENRILE
Administrator and Chief Executive Officer

SECRETARY'S CERTIFICATE

This is to certify that the foregoing Memorandum Circular No. 24-003 was approved by the CEZA Board on June 26, 2024.



ATTY. FINA BERNADETTE TANTUICO
Corporate Board Secretary

