



MEMORANDUM CIRCULAR NO. 22-001-78
Series of 2022

SUBJECT: CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA) GUIDELINES ON FITNESS AND PROPRIETY

Pursuant to Section 6 (d and k) of Republic Act No. 7922, otherwise known as the “Cagayan Special Economic Zone Act of 1995”, in relation to its Implementing Rules and Regulations, which warrants CEZA the power to authorize or undertake and regulate the establishment, operation and maintenance of services and to issue rules and regulations consistent with the provisions of the act as may be necessary and accomplish the purposes, objectives, and policies provided, and in compliance with Section 7 (g), Rule IV of the Implementing Rules and Regulations of Republic Act No. 10927 mandating appropriate government agencies to formulate and implement such measures as may be necessary and justified under AMLA to counteract money laundering, the following procedural guidelines are hereby prescribed for the guidance and compliance of applicants for a casino licensee and other concerned entities.

ARTICLE I - INTRODUCTION

Section 1. Applicability

This circular applies to all applicants for a casino licensee (land-based, ship-based, and internet-based), their technical service providers as well as the individuals who exercise control and/or management over these entities which will operate within the Cagayan Economic Zone Authority (“CEZA”).

Section 2. Purpose

This is issued in order to enhance the casino licensee's knowledge of fitness and propriety standards applied by the CEZA, the assessment process and ongoing obligations associated with demonstrating continued fitness and propriety.

Section 3. Requirement of Probity Check

The requirement of probity check on the Board of Directors, Senior Officers, and Shareholders holding at least 20% of ownership (deemed “beneficial owners”) and ensuring that none of these officers or individuals has criminal records regulated by the CEZA was established with the issuance of this Memorandum Circular.



ARTICLE II – FIT AND PROPER FRAMEWORK

Section 4. The Fit and Proper Framework may be applicable to the casino licensee, their accredited service provider/s, the individuals involved who have control and/or management, as well as to those who discharge certain responsibilities on behalf of the institution (key persons).

Section 5. Timing of Fit and Proper Assessments

1. Fitness and propriety are assessed initially i.e. in consideration of an application for registration and licensing or in respect of the approval of key persons. The assessment also occurs whenever key persons change.
2. Where permitted under the legislation, the CEZA may decline an application for registration or licensing, or refuse the approval of an individual if the individual is deemed not fit and proper.
3. Individuals, applicants for casino licensee, and accredited service providers must continue to be fit and proper. There is also a continuing obligation on regulated persons to demonstrate that individuals, applicants for casino licensee, and accredited service providers are fit and proper to conduct the regulated activities. In the event that there is a material change in information, which may negatively impact a person's fitness and propriety, persons should seek to disclose the change to the CEZA within thirty (30) days of the material change.

Section 6. Assessment Criteria

In conducting fit and proper assessments, CEZA seeks to ascertain the following in respect of key persons:

1. Reputation, Honesty, and Integrity

The criteria examined by CEZA include whether key individuals have been convicted, on indictment of dishonesty, fraud, breach of trust, money laundering, terrorist financing, proliferation financing, theft, or financial crimes.

2. Competence and Capability as it Relates to Experience, Educational Background and Other Qualifications

The criteria examined by CEZA include whether key persons satisfy relevant training requirements in relation to the function they perform or are intended to perform and whether key persons demonstrate, by experience and training, that they are suitable to perform the function.

3. Financial Soundness

The criteria examined by CEZA include whether key persons have been subject to any judgment debt or award in the Philippines or elsewhere, that remains



outstanding or was not satisfied either in whole or in part; or whether in the Philippines, or elsewhere, key person have made any arrangements with their creditors, filed for bankruptcy, been adjudged as bankrupt, been the subject of bankruptcy petition or have been involved in proceedings relating to any of these.

ARTICLE III – FIT AND PROPER ASSESSMENT

Section 7. Documentation

1. A completed version of the Individual Questionnaire (questionnaire) to be released by CEZA;
2. An up-to-date resume detailing the professional background of the individual (Beneficial owners are not required to submit their resume);
3. A certified copy of the individual's passport bio-page;
4. A valid original Police Certificate of Character (certificate) or an Affidavit where a certificate cannot be obtained from the country of residence [issued within the last (3) three months]; and
5. Documents submitted in support of the application should be submitted in English. Where the documents are in foreign language, however, an independently authenticated translation must be provided, such as a translation by a professional translator with the full name, address, contact information and signature of the translator and the date of translation.

Section 8. The questionnaire must be completed by individuals who are proposed or incumbent directors and relevant officers, principals, as well as individuals who own at least twenty percent (20%) shareholdings.

Section 9. In completing the questionnaire individuals should be guided by the instructors in the Individual Questionnaire, as well as by this circular.

ARTICLE IV – SUBMISSION OF DOCUMENTATION

Section 10. The completed fit and proper documentation should be submitted to the Business Regulatory and Registration Division (BRRD) of CEZA. In the case of documentation submitted in respect of an application for registration or licensing, the entire application package, together with fit and proper documentation, should be submitted to the BRRD of CEZA.

ARTICLE V – CONFIDENTIALITY, DISCLOSURE AND MAINTENANCE OF INFORMATION

Section 11. All information submitted, including documentation, will be maintained in a strictly confidential manner. Disclosure of information internally will, therefore, be restricted.

Section 12. Disclosure of information to external persons will only be undertaken as permitted by the law.



Section 13. A central database containing details of the person who has been assessed will be maintained by CEZA. The database eliminates the need for individuals to re-submit documentation multiple times in respect of further applications or approvals. In the event that there has been a material change in the information initially disclosed, further disclosures, including completion of a revised questionnaire, may be required in order to update the database.

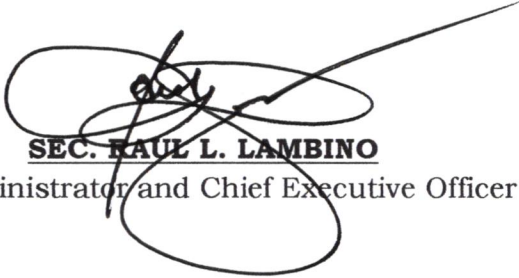
ARTICLE VI - MISCELLANEOUS PROVISIONS

Section 14. 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 15. Effectivity.

This Memorandum Circular shall take effect immediately upon its signing.



SEC. RAUL L. LAMBINO
Administrator and Chief Executive Officer

Date: AUGUST 17, 2022



J. Lambino