

# The Securities and Exchange Commission Has Released the Implementing Rules and Regulations of the Financial Products and Services Consumer Protection Act of 2022

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On 25 April 2023, the Securities and Exchange Commission (“SEC”) has released the implementing rules and regulations (“IRR”) of the Financial Products and Services Consumer Protection Act of 2022 (“FCPA”) (“FCPA IRR”), which will operationalize the FCPA and provide appropriate mechanisms to protect the interest of consumers of financial products and services under the conditions of transparency, fair and sound market conduct, and fair, reasonable, and effective handling of financial consumer disputes that are aligned with global best practices.[1]

Among such mechanisms are as follows:

- i. **Expansion of SEC’s Enforcement Actions** – These enforcement actions include restriction on the collection of excessive or unreasonable interests, fees, or charges; disqualification and/or suspension of responsible persons; imposition of fines, suspension or penalties; issuance of cease and desist orders; and disgorgement of profits.[2]
  
- i. **Cooling-off Period** – Financial consumers are entitled to a period of at least three (3) days to consider the costs and risks of a financial product or service, free from the pressure of the financial service provider’s sales team.[3]
  
- i. **Consumer Protection Risk Management System** (“CPRMS”) – Financial service providers are required to establish and implement a CPRMS which shall include the governance structure, policies, processes, measurement and control procedures to ensure that consumer protection risks are identified, measured, monitored, and mitigated.[4]
  
- i. **Financial Consumer Protection Assistance Mechanism** (“FCPAM”) – Financial service providers are directed to establish and implement a FCPAM which is essentially a complaints and feedback mechanism and ensure that weaknesses in the consumer protection practices or emerging consumer protection risks are addressed and corrective actions are taken in a timely manner.[5]

Access the full FCPA IRR here:

<https://www.sec.gov.ph/mc-2023/sec-mc-no-05-series-of-2023/#gsc.tab=0>