

# **V. SECURITIES REGULATION CODE (REPUBLIC ACT NO. 8799)**

## **A. State Policy**

### **1. What are the ends sought to be achieved by the enactment of the Securities Regulation Code (hereafter, SRC)?**

The ends sought to be achieved by the enactment of the SRC are embodied in the declaration of state policy under Section 2 thereof which provides: “The State shall establish a socially conscious, free market that regulates itself, encourage the widest participation of ownership in enterprises, enhance the democratization of wealth, promote the development of the capital market, protect investors, ensure full and fair disclosure about securities, minimize if not totally eliminate insider trading and other fraudulent or manipulative devices and practices which create distortions in the free market.”

### **2. What is the principal purpose of laws and regulations governing securities in the Philippines?**

The principal purpose of laws and regulations governing securities in the Philippines is to protect the public against nefarious practices of unscrupulous brokers and salesmen in selling securities and the imposition of worthless ventures and the sale of securities which have no basis at all. Hence, securities law provides for a system of registration of securities, registration of brokers and dealers of securities, prohibitions against manipulations and practices detrimental to the investing public and measures for the protection of investors.<sup>1</sup>

### **3. Why is the Securities Regulation Code called a “truth in securities law”?**

The Securities Regulation Code is called a “truth in securities law” because it requires the issuer to make full and fair disclosure of

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<sup>1</sup>BAR 1998.