



HOUSE OF REPRESENTATIVES

House Bill No. 1476

INTRODUCED BY **HON. CYNTHIA A. VILLAR**

EXPLANATORY NOTE

The Filipino overseas workers are aptly called the economic heroes of our times. Indeed, the Philippine economy would be very bleak without the support of the Filipino worker who toils, while being separated from his home and country, in his desire to provide a better life for his family. The foreign exchange that he sends to the country serves as a life rope to the economy.

Remittances from abroad average more than \$5 billion. However, despite the big contribution of the overseas workers to the economy, very few incentives are accorded to them. There are very few measures to ensure that the fruits of their labor are safely guarded and managed so that eventually they don't have to be separated from their loved ones anymore in order to survive.

It is a sad but common plight to see overseas workers who, after long periods of working away from home, come back to the Philippines with only a few pesos and perhaps a few pieces of small appliances to show for their long years of work abroad.

It is in this light that we are proposing the passage of this Bill which seeks to provide investment opportunities and incentives to the overseas workers and their families by allowing OCWs and their beneficiaries to purchase participatory stocks from an investment fund that will manage their money under a trust arrangement. Under the proposed Bill, the overseas contract workers will likewise be given priority in subscribing to government-owned or controlled corporations (GOCCs) in a privatization program by mandating that these GOCCs reserve at least twenty percent (20%) of their total initial public offering (IPO) of shares for overseas workers.

This Bill hits two birds with one stone: *First*, it enables business to harness an erstwhile untapped yet rich source of investment capital; and *Second*, it gives overseas contract workers an investment alternative so that they may increase their income and at the same time manage their hard-earned money wisely.

It is high time that we acknowledge the importance and contribution of our new economic heroes, not only in words or in plans but in concrete programs. It is for this reason that we seek the immediate passing and implementation of the Bill.


CYNTHIA A. VILLAR



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AN ACT REQUIRING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS (GOCC's) ON THE PRIVATIZATION PROGRAM TO RESERVE AT LEAST TWENTY PERCENT (20%) OF THEIR TOTAL INITIAL PUBLIC OFFERING (IPO) OF SHARES TO OVERSEAS WORKERS, AUTHORIZING THE OVERSEAS WORKERS INVESTMENT (OWI) FUND UNDER R.A. NO. 7111 TO MANAGE AN INVESTMENT FUND PORTFOLIO FOR OVERSEAS WORKERS AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Declaration of Policy* - It is hereby declared the policy of the State to protect and promote the welfare of the Filipino of overseas workers; to develop ways to encourage them to prudently manage their hard-earned income from abroad by providing them with opportunities and institutional mechanisms for a healthy return of their savings and investments and by educating and enlightening them with presently-available financial tools and opportunities for the best returns of their investments.

SECTION 2. *Reserved Shares for Overseas Workers.* - Privatized government-owned or controlled corporation (GOCC) are hereby required to reserve at least twenty percent (20%) of their initial public offering of shares for subscription to overseas workers: *Provided*, that if such shares are not subscribed within thirty (30) days from date of formal offer, said shares may

be offered to the public: *Provided, further,* That the Board of Directors of government-owned or controlled corporations (GOCCs) to be privatized may extend the period of subscription at their discretion: *Provided, finally,* That the GOCCs may formulate rules limiting the number of shares that may be subscribed by an individual overseas worker.

SECTION 3. *Modes of Investment* - Investment by overseas workers in privatized GOCCs may be in either of the following investment modes:

(a) Individual investment - Overseas workers may subscribe or purchase shares directly from the GOCCs upon presentation of a certification of eligibility from the Philippine Overseas Employment Administration (POEA).

(b) Institutional investment - Overseas workers may purchase units of participation from an "Investment Fund" as created under Republic Act No. 7111. The Investment Trust Fund may be invested in subscription or purchase of shares of stocks of GOCCs, stocks of private companies, bonds, treasury bills, commercial papers, common trust funds, treasury shares, convertible stocks, and other investment-grade commercial papers.

SECTION 4. *Funding for Investment Trust Fund.* - Initial funding for the Investment Trust Fund shall be sourced from the Overseas Workers Investment (OWI) Fund as provided for under Section II of Republic Act No. 7111. Thereafter, the OWI shall charge reasonable management fees to the Investment Trust Fund.

SECTION 5. *Submission of Reports.* - The Overseas Workers Investment (OWI) Fund shall issue quarterly reports on the Investment Trust Fund to members on its investment performance, portfolio distribution income to date, expenses and other pertinent matters on the

Investment Fund. The OWI Fund shall likewise submit comprehensive yearly reports to Congress.

SECTION 6. *Rules and Regulations.* - The Overseas Workers Investment Fund shall issue pertinent and regulations as the nature, composition, structure and make-up of the Investment Trust Fund, its convertibility options, maturity periods, surcharges and other fees for pre-termination and other relevant features of the Investment Trust Fund.

SECTION 7. *Repealing Clause.* - Any provision of law, decree, order or rules and regulation inconsistent with the provision of this Act is hereby repealed or modified accordingly.

SECTION 8. *Separability Clause.* - If, for any reason, any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,