

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3071

Introduced by **HON. ROY V. SEÑERES**

EXPLANATORY NOTE

As one of the major labor-sending countries in the world, the Philippines ranks high in the list of top receivers of remittances from Overseas Filipino Workers (OFWs) after China, India and Mexico. OFW remittances represent 13.5% of the country's Gross Domestic Product (GDP), the largest in proportion to the domestic economy compared to other countries like China, India and Mexico. OFW remittances are also credited for the Philippines' recent economic growth resulting to investment status upgrades from credit ratings agencies such as Fitch and Standard & Poors.

The economic contribution of OFWs has helped reduced poverty incidence and increased the welfare of their families in the Philippines. These remittances send children to schools, build decent houses, sustain health, and even create small and medium businesses. All these lead to the improvement of the socio-economic status of overseas Filipinos' families and help produce economic growth and development.

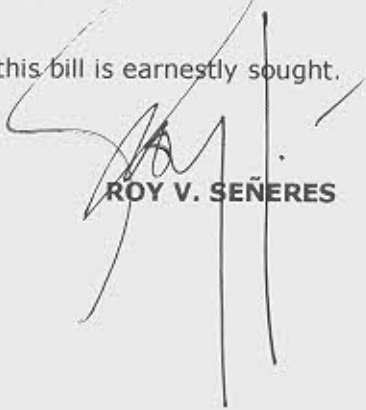
In 2009, despite the global financial crisis, remittances from overseas Filipinos remained strong. Around US\$17.3 billion flowed into the country, which greatly improved the country's fiscal position. This was the reason why the Philippines did not experience the full brunt of the global financial crisis. The remittances kept Philippine financial institutions afloat, which stabilized the local economy.

The National Statistics Office (NSO) has reported that the total remittance sent by OFWs during the period April to September 2012 was estimated at 165.6 billion pesos. This amount is higher compared to the previous year's reported remittances (156.3 billion pesos). The amount of the total remittances covered cash sent home (120.1 billion pesos), cash brought home (36.5 billion pesos) and remittances in kind (9.0 billion pesos). The majority of OFWs sent their remittance through banks (70.8%). Other cash remittances were sent through door-to-door (3.7%), agencies or local offices (2.5%), friends or co-workers (0.4%) or through other means (22.6%).

In the effort to protect and recognize the valuable contribution of OFWs and to facilitate the inflow of remittances to their families in the Philippines, the proposed bill seeks to establish a *Foreign Remittance Regulatory Commission*, an independent regulatory body under the Office of the President, tasked to adopt,

formulate and implement policies, guidelines and rules regulating the imposition of fees on fund transfers coursed through banks, private remittance companies and other remittance agents to avoid instances of charging exorbitant remittance or service fees and inaccurate exchange rates; providing efficient delivery of remittance services; enhancing access to formal remittance channels in the source and destination countries; and improving transparency in remittance transactions.

In view of the foregoing, the approval of this bill is earnestly sought.



ROY V. SEÑERES

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AN ACT
ESTABLISHING AN OVERSEAS FILIPINO WORKERS REMITTANCE
REGULATORY COMMISSION AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. Title. – This Act shall be known as the "Foreign Remittance Regulatory Commission Act of 2013".

SEC. 2. Declaration of Policy. – It is the declared policy of the State to uphold, at all times, the dignity of its citizens whether in country or overseas, in general, and Filipino migrant workers, in particular. The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all. Towards this end, it shall be the State's responsibility to protect Overseas Filipino Workers (OFWs), recognizing their significant contribution to the national economy through their foreign exchange remittances.

SEC. 3. Definition of Terms. – For purposes of this Act, the following terms shall be defined as:

a). "*Commission*" shall refer to the Foreign Remittance Regulatory Commission created under this Act;

b). "*Overseas Filipino Worker (OFW)*" or used interchangeably with *Migrant Worker*" refers to a person who is to be engaged, is engaged, or has been

engaged in a remunerated activity in a state of which he or she is not a citizen, or on board a vessel navigating the foreign seas other than a government ship used for military or non-commercial purposes, or on an installation located offshore or on the high seas;

c). "*Overseas Filipinos*" are migrant workers, other Filipino nationals and their dependents abroad;

d). "*Documented Overseas Filipino Workers (OFW) or Migrant Workers*" refer to those:

- 1). who possess valid passports and visas or permits to stay in the host country and whose contracts of employment have been processed by the POEA; or

- 2). Registered by the Migrant Workers and Other Overseas Filipinos Resource Center or by the Embassy.

Those who do not fall under the preceding paragraph are considered undocumented OFWs or Migrant Workers.

e). "*Undocumented Filipinos*" refer to those:

- 1). who acquired their passports through fraud or misrepresentation;

- 2). who possess expired visas or permits to stay;

- 3). who have no travel document whatsoever;

- 4). who have valid but inappropriate visas;

- 5). who leave the country to work abroad without any documentation from the POEA;

- 6). who initially have papers from the POEA but whose validity expired.

f). "*Remittance*" is a transfer of money by an overseas Filipino worker to his or her home country or simply sending amount from one country to another.

g). "*Remittance Fee*" is a charge for processing/sending the remittance from the country of origin to the country of destination and/or charge for receiving the remittance at the country of destination.

h). "*Exchange Rate*" rate of conversion from foreign currency to local currency, e.g. peso-dollar rate.

SEC. 4. Creation of an Overseas Filipino Workers Remittance Regulatory Commission. – Pursuant to the preceding section and in order to attain the objectives and purposes of this Act, an independent commission is hereby created, to be known as the Foreign Remittance Regulatory Commission, which shall hereinafter be referred to as the Commission, and shall be organized after the approval of this Act.

For budgetary purposes, the Commission shall be under the Office of the President.

- (a) *Composition.* – The Commission shall be composed of a Chairperson and two (2) Associate Commissioners. The Chairperson and Commissioners shall be citizens and residents of the Philippines, at least forty 40 but not more than sixty (60) years of age, of good moral character and of recognized probity and independence. The Chairperson and two (2) Associate Commissioners shall be of recognized competence in the field of law, banking, economics or finance, commerce, accounting or management. They must have actively practiced their professions for at least ten (10) years, but must not have been candidates for any elective national or local office in the immediately preceding elections, whether regular or special.
- (b) *Term of Office.* – The Chairperson and the Associate Commissioners shall be appointed by the President of the Philippines. The term of office of the Chairperson and the Associate Commissioners shall be six (6) years without reappointment. In case a vacancy occurs before the expiration of the term of office, the appointment to such vacancy shall be only for the unexpired term of the predecessor. In

no case shall any Member be appointed or designated in a temporary or acting capacity.

- (c) *Prohibition and Disqualifications.* – The Chairperson and Associate Commissioners shall not, during their tenure, hold any other office of employment. They shall strictly avoid conflict of interest in the conduct of their office.
- (d) *Compensation of Commissioners.* – The Chairperson of the Commission shall hold the rank of and shall have the privileges and compensation equivalent to that of a Department Secretary, while the Associate Commissioners shall each hold the rank of and shall have the privileges and compensation equivalent to that of a Department Undersecretary.
- (e) *Quorum.* – All three (3) members of the Commission shall constitute a quorum and the affirmative vote of two (2) shall be necessary for the adoption of any rule, ruling, order, resolution, decision or other acts of the Commission.
- (f) *Staff.* – The Commission shall appoint an adequate staff which shall be headed by an Executive Director, fix the compensation in accordance with the Revised Compensation and Position Classification Law and determine their status, qualification and duties. The Executive Director shall be appointed by the President and shall have relevant experience in any of the fields of law, economics, banking, commerce, finance or management for at least ten (10) years. *Provided,* That the Executive Director shall be a Career Executive Service Officer (CESO). The members of the technical staff, except those performing purely clerical functions, shall possess at least a Bachelor's Degree in the following lines of specialization: economics, law, banking, accounting, finance, commerce or management.

SEC. 5. Original and Exclusive Jurisdiction, Powers and Functions.

- The Commission, consistent with sound banking practices, shall have original and exclusive jurisdiction to adopt, formulate and implement policies, guidelines and rules:

(1). regulating the imposition of fees on fund transfers coursed through banks, private remittance companies and other remittance agents to avoid instances of charging exorbitant remittance fees and inaccurate exchange rates;

(2). providing efficient delivery of remittance services;

(3). enhancing access to formal remittance channels in the source and destination countries; and

(4). improving transparency in remittance transactions.

SEC. 6. Penalty. - Any violation of this Act shall be punished with a fine of not less than Fifty Thousand Pesos (P50,000.00) or imprisonment of not less than six (6) months or both at the discretion of the court. If the offense is committed by a corporation, firm, association, partnership, or other entity, the penalty shall be imposed upon the guilty officer or officers of such banks, corporation, firm, association, partnership or entity.

SEC. 7. Appropriations. - The amount necessary to implement the provisions of this Act shall be included in the annual General Appropriations Act. However, for the initial budgetary requirements of the Commission, the amount of Fifty million pesos (P50,000,000.00) is hereby appropriated.

SEC. 8. Repealing Clause. - All laws, decrees, executive orders, rules and regulations inconsistent herewith, are hereby repealed or modified accordingly.

SEC. 9. Separability Clause. - If any provision of this Act is held invalid or declared unconstitutional, the other provisions which are not affected thereby shall remain valid and subsisting.

SEC. 10. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation, whichever comes first.

Approved,