

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **5821**



Introduced by REP. Michael L. Romero

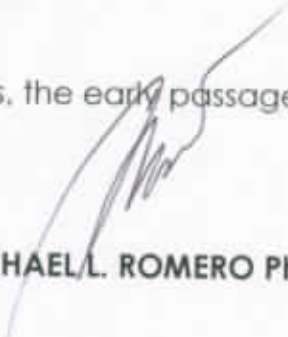
EXPLANATORY NOTE

The Republic of the Philippines recognizes the need to establish a comprehensive and centralized credit information system for the collection and dissemination of fair and accurate information relevant to, or arising from, credit and credit-related activities of all entities participating in the financial system. A credit information system will directly address the need for reliable credit information concerning the credit standing and track record of borrowers.

The operations and services of a credit information system can be expected to: greatly improve the overall availability of credit especially to micro, small and medium-scale enterprises; provide mechanisms to make credit more cost-effective; and reduce the excessive dependence on collateral to secure credit facilities.

This House Bill seeks to endeavor to have credit information provided at the least cost to all participants and shall ensure the protection of consumer rights and the existence of fair competition in the industry at all times.

Thus, the early passage of this bill is earnestly requested.



MICHAEL L. ROMERO Ph.D

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HOUSE BILL NO. ____

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AN ACT

**AMENDING REPUBLIC ACT NO. 9510 OTHERWISE KNOWN AS THE
"CREDIT INFORMATION SYSTEM ACT", TO FOSTER A MORE EFFICIENT
CREDIT INFORMATION SYSTEM THAT WILL ENABLE FINANCIAL
INSTITUTIONS TO REDUCE THEIR OVER-ALL CREDIT RISK, TO CONTRIBUTE
TO A HEALTHIER AND MORE STABLE FINANCIAL SYSTEM, AND FOR
OTHER PURPOSES.**

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

SECTION 1.

Section 8 of Republic Act No. 9510, is hereby amended to read as follows:

SEC. 8. Rules and Regulations — For purposes of creating a healthy balance between the need for reliable credit information and safeguarding consumer protection, ensuring free and healthy competition in the industry, the SEC in coordination with relevant

government agencies and existing industry stakeholders, shall issue the implementing rules and regulations (IRRs), which shall be reviewed, revised and approved by the Oversight Committee to ensure consistency and compliance with the provisions of this Act, embodying among others:

(a) The basic credit data shall be limited or confined in form and content to an objective and factual information and shall exclude any subjective information or opinion;

(b) Restrictions on the use and transfer of credit information;

(c) Rights of the borrowers to access their respective credit information and to dispute the factual accuracy of such credit information;

(d) Requirements and standards for the establishment of the Corporation including, but not limited to, ownership, industry representation, independent directors and process of nomination of directors;

(e) Accreditation standards for submitting and special accessing entities and non-accessing entities;

(f) Sanctions to be imposed by the Corporation on:

(i) The submitting entities for non-submission of reports and for delayed and/or erroneous reporting;

(ii) Accessing entities, special accessing entities, outsource entities and duly authorized non-accessing entities, for breaches of the confidentiality of, misuse of, the credit information obtained from the credit information system; and

(iii) Violations of other applicable rules and regulations:

Provided, That these administrative sanctions shall be in the form of fines in amounts as may be determined by the Corporation but in no case to exceed Fifty thousand pesos (Php50,000.00) a day for each violation, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity. Imposition of administrative sanctions shall be without prejudice to any criminal and other sanctions as may be applicable under this Act and relevant laws;

(g) Suspension or cancellation of the rights of any Accessing Entity or Special Accessing Entity to access Credit Information from the Corporation:

Provided, That the SEC in coordination with relevant government agencies and existing industry stakeholders, may issue subsequent regulations consistent with the IRR as approved by the Congressional Oversight Committee.

In addition, the SEC may regulate access to the credit information system as well as the fees that shall be collected by the Corporation from the Accessing and Special Accessing Entities, taking into consideration the policy of lowering the cost of credit, promoting fair competition, and the need of the Corporation to employ state-of-the-art technology; and

(h) The basic credit data about a borrower shall be limited to credit information existing on the date of the enactment of this Act and thereafter.

SECTION 2.

Section 11 of Republic Act No. 9510, is hereby amended to read as follows:

SEC. 11. Penalties — Any person who willfully violates any of the provisions of this Act or the rules and regulations promulgated by SEC in coordination with the relevant government agencies shall, upon conviction, suffer a fine of not less than One hundred Fifty thousand pesos (**Php150,000.00**) nor more than One million pesos (Php1,000,000.00) or imprisonment of not less than three **(3)** years nor more than six **(6)** years, or both, at the discretion of the court.

SECTION 3. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 4. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 5. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 6. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 7. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,