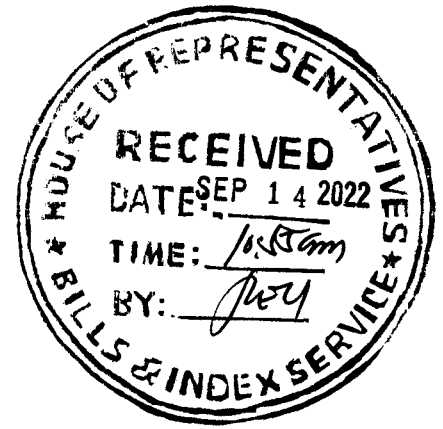




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Nineteenth Congress
First Regular Session

HOUSE BILL NO. 4821

Introduced by Representative Christian S. Unabia

EXPLANATORY NOTE

Data from the Philippine Statistics Authority for the calendar year 2020 show that more than 1.08 million establishments were in operation in the Philippines and generated 8.57 million total employments during the reference year. Of this number, micro, small and medium enterprises (MSMEs) comprised about 99.5% of the total establishments. MSMEs contribute significantly to the economy of the country, to wit:

- (1) Employ 62.66% of the total labor force;
- (2) Contribute 35.7% to the total value added;
- (3) Account for 25% of the country's total exports revenue; and
- (4) Represent 60% of all exporters in the Philippines.

These data reveal that entrepreneurs have so much to offer the Philippine society. Entrepreneurs are the backbone of the economy and the engines of economic growth. Entrepreneurs and MSMEs facilitate local job creation, trade and production in the country.

However, MSMEs face a myriad of problems that hinder their growth and development, namely:

- (1) Poor business environment and high cost of doing business;
- (2) Lack of access to finance;
- (3) Low productivity and efficiency; and
- (4) Lack of access to markets.

It is in society's best interest that these barriers or issues be addressed to continue providing existing and aspiring Filipino entrepreneurs with adequate access to opportunities.

On the lack of access to markets, the government, specifically the Department of Trade and Industry, implements marketing programs and projects to increase the MSMEs' access to domestic and international markets. Marketing events, such as trade fairs and selling missions, are conducted to give the MSMEs the chance to meet a broader market for their products. However, the duration of such events is very short.

This proposed measure aims to mandate the national government to allocate at least 10% of all its procurement opportunities for goods and services to eligible MSMEs and provide duly registered micro and small enterprises a discount of at least 20% on shipping and delivery fees for their products and raw materials, mandate private malls, supermarkets, shopping centers, and other commercial selling establishments to provide free space equivalent to 0.5% of the selling area for every 5,000 sqm. to an authorized MSME store, and mandate private malls to allocate 20% of their total rentable space to local MSMEs which shall be extended a 20% discount on rental rates, and shall not charge royalty, goodwill, commission, percentage of sales and other similar schemes upon the MSMEs, among others.

This bill will not only strengthen and encourage the growth and development of MSMEs but will also promote entrepreneurship by enhancing the financing programs for MSMEs and encouraging them to register by giving them additional benefits.

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


CHRISTIAN S. UNABIA



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 4821

Introduced by Representative Christian S. Unabia

AN ACT

**FURTHER PROMOTING ENTREPRENEURSHIP BY
STRENGTHENING THE FINANCING AND OTHER SUPPORT
PROGRAMS FOR MICRO, SMALL AND MEDIUM ENTERPRISES,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6977, AS
AMENDED, OTHERWISE KNOWN AS THE “MAGNA CARTA FOR
MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)”**

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

SECTION 1. Section 2 of Republic Act No. 6977, as amended, is hereby
further amended to read as follows:

“SEC. 2. *Declaration of Policy.* – Recognizing that MSMEs have
the potential [for] **TO GENERATE** more employment [generation]
and **SPUR** economic growth and therefore can help provide a self-
sufficient industrial foundation for the country, it is hereby declared

1 the policy of the State to promote, support, strengthen and encourage
2 the growth and development of MSMEs in all productive sectors of
3 the economy particularly rural/agri-based **MANUFACTURING,**
4 **FINANCE AND SERVICES** enterprises. To this end, the State shall
5 recognize the specific needs of the MSMEs and shall undertake to
6 promote entrepreneurship, support entrepreneurs, encourage the
7 establishment of MSMEs and ensure their continuing viability and
8 growth and thereby attain countryside industrialization by:

9 “X X X.”

10 SEC. 2. Section 4 of the same Act, as amended, is hereby further amended
11 to read as follows:

12 “SEC. 4. *Eligibility for Government Assistance.* – To qualify for
13 assistance, counseling, incentives and promotion under this Act,
14 businesses falling under the above definition must be:

15 “(a) duly registered with the appropriate agencies as presently
16 provided by law: *Provided,* That in the case of micro enterprises as
17 defined herein, registration with the office of the municipal or city
18 treasurer shall be deemed sufficient compliance with this requirement;

19 **“THE APPLICATION OF AN MSME FOR ANY PERMIT**
20 **AND LICENSE FROM ANY LOCAL GOVERNMENT UNIT,**
21 **INCLUDING A BARANGAY, SHALL BE APPROVED**

1 **PROVISIONALLY, SUBJECT TO THE FINAL APPROVAL OF**
2 **THE APPLICATION AND THE ISSUANCE OF THE PERMIT**
3 **OR LICENSE APPLIED FOR.**

4 **“THE TOTAL COST FOR THE ISSUANCE OF PERMITS,**
5 **LICENSES, CERTIFICATIONS, AND OTHER SIMILAR**
6 **DOCUMENTS REQUIRED FOR THE CONDUCT OF**
7 **BUSINESS FOR REGISTERED MICRO ENTERPRISES,**
8 **SHALL NOT EXCEED FIVE HUNDRED PESOS (P500.00).**
9 **FOR REGISTERED SMALL ENTERPRISES, THE TOTAL**
10 **COST SHALL NOT EXCEED FIVE THOUSAND PESOS**
11 **(P5,000.00) FOR A PERIOD OF FIVE (5) YEARS.”**

12 “(b) one hundred percent (100%) owned, capitalized by Filipino
13 citizens, whether single proprietorship or partnership. If the enterprise
14 is a juridical entity, at least sixty percent (60%) of its capital or
15 outstanding stocks must be owned by Filipino citizens;

16 “(c) x x x;

17 “(d) x x x;

18 “ x x x.

19 ~~“[Eligible MSMEs shall be entitled to a share of at least ten~~
20 ~~percent (10%) of total procurement value of goods and services~~
21 ~~supplied to the Government, its bureaus, offices and agencies~~

1 ~~annually.]~~ THE NATIONAL GOVERNMENT, ITS BUREAUS,
2 OFFICES AND AGENCIES SHALL ALLOCATE AT LEAST
3 TEN PERCENT (10%) OF ALL ITS PROCUREMENT
4 OPPORTUNITIES FOR GOODS AND SERVICES TO
5 ELIGIBLE MSMEs IN ACCORDANCE WITH THE
6 PROVISIONS OF REPUBLIC ACT NO. 9184, OTHERWISE
7 KNOWN AS THE “*GOVERNMENT PROCUREMENT REFORM*
8 *ACT,*” AND ITS IMPLEMENTING RULES AND
9 REGULATIONS.

10 “The [~~Department of Budget and Management~~]
11 GOVERNMENT PROCUREMENT POLICY BOARD shall
12 FORMULATE RULES FOR THE EFFECTIVE
13 IMPLEMENTATION OF THIS PROVISION AND monitor the
14 compliance of government agencies on the required procurement for
15 MSMEs and submit its report to the MSMED Council on a semestral
16 basis and to the Congress of the Philippines, through its appropriate
17 committees on a yearly basis.

18 “DULY REGISTERED MICRO AND SMALL
19 ENTERPRISES ARE ENTITLED TO A DISCOUNT OF AT
20 LEAST TWENTY PERCENT (20%) ON SHIPPING AND
21 DELIVERY FEES FOR THEIR PRODUCTS AND RAW

1 MATERIALS, AS WELL AS FOR MAILING, FREIGHT AND
2 OTHER SIMILAR SERVICES PROVIDED BY EITHER
3 PUBLIC OR PRIVATE COURIERS.

4 “THE OFFICER-IN-CHARGE OF THE OPERATION OF
5 GOVERNMENT BUILDINGS, STRUCTURES AND OPEN
6 AREAS, INCLUDING PUBLIC MARKETS, WHETHER WET
7 OR DRY, AIRPORTS, SEA PORTS, FISH PORTS, PARKS,
8 ZOOS, CONVENTION CENTERS, ENTERTAINMENT
9 CENTERS, TOURISM CENTERS, SCHOOLS, SCHOOL
10 CAMPUSES, AND OTHER SIMILAR STRUCTURES OR
11 AREAS SUITABLE FOR SELLING OR MARKETING,
12 WHETHER PERMANENT OR TEMPORARY, THAT MAY BE
13 USED AS SELLING AREAS, SHALL PROVIDE AN
14 AUTHORIZED MSME STORE FREE SPACE MEASURING
15 AT LEAST ONE PERCENT (1%) OF THE TOTAL SPACE
16 AVAILABLE.

17 FOR PURPOSES OF THIS ACT, *FREE SPACE* REFERS
18 TO THE SPACE THAT MAY BE USED FOR SELLING
19 PURPOSES WITHOUT NEED FOR THE PAYMENT OF
20 RENT, GOODWILL FEES, ROYALTIES, COMMISSION,

1 **PERCENTAGES ON SALES, NOR ANY OTHER SIMILAR**
2 **SCHEME.**

3 **“THE OPERATIONS MANAGER OF PRIVATE MALLS,**
4 **SUPERMARKETS, SHOPPING CENTERS, COMMERCIAL**
5 **SELLING ESTABLISHMENTS, STRUCTURES, OR AREAS**
6 **WITH A SELLING AREA, WHETHER PERMANENT OR**
7 **TEMPORARY, MEASURING AT LEAST FIVE THOUSAND**
8 **SQUARE METERS (5,000 SQM), INCLUDING COMMON**
9 **AREAS, BUT EXCLUDING PARKING SPACES AND**
10 **DRIVEWAYS, SHALL PROVIDE FREE SPACE OR AREA**
11 **EQUIVALENT TO ONE HALF OF ONE PERCENT (0.5%) OF**
12 **THE SELLING AREA FOR EVERY FIVE THOUSAND**
13 **SQUARE METERS (5,000 SQM) OF SELLING AND COMMON**
14 **SPACE, TO ANY AUTHORIZED MSME STORE.**

15 **“THE MSMED COUNCIL OF THE CONCERNED**
16 **CITY, MUNICIPALITY OR BARANGAY SHALL APPROVE**
17 **THE MSME STORE THAT MAY OCCUPY THE FREE**
18 **SPACE, UPON THE RECOMMENDATION OF THE LOCAL**
19 **OFFICE OF THE DEPARTMENT OF TRADE AND**
20 **INDUSTRY. THE FREE SPACE ALLOCATED FOR THE**

**MSME STORE SHALL BE PROVIDED IN THE FOLLOWING
ORDER OF PREFERENCE:**

**(1) ONE TOWN ONE PRODUCT (OTOP) STORE OR GO
LOKAL! STORE OF THE DEPARTMENT OF TRADE
AND INDUSTRY;**

**(2) MSME *KUMUNIDARAN PRODUKTO AT
RESONABLENG SERBISYO* STORE (OR “*KUMPARE
STORE*”); OR**

(3) A LOCAL MICRO OR SMALL ENTERPRISE STORE.

**“ONCE AN MSME STORE IS IN PLACE, REMOVAL OR
REPLACEMENT SHALL NOT BE ALLOWED EXCEPT FOR
VALID CAUSE AND AFTER OBSERVANCE OF DUE
PROCESS.**

**“THE OPERATIONS MANAGER OF PRIVATE MALLS
SHALL ALSO ALLOCATE TWENTY PERCENT (20%) OF
THEIR TOTAL RENTABLE SPACE TO LOCAL MICRO AND
SMALL ENTERPRISES WHICH SHALL BE EXTENDED A
TWENTY PERCENT (20%) DISCOUNT ON RENTAL RATES.
PRIVATE MALLS SHALL NOT CHARGE ROYALTY
CHARGES, GOODWILL CHARGES, COMMISSION**

1 **CHARGES, PERCENTAGE OF SALES, AND OTHER**
2 **SIMILAR SCHEMES UPON THE MSMEs.”**

3 SEC. 3. Section 5 of the same Act, as amended, is hereby further amended
4 to read as follows:

5 “SEC. 5. *Guiding Principles.* – To set the pace for MSME
6 development, the State shall be guided by the following principles:

7 “(a) *Minimal set of rules and simplification of procedures and*
8 *requirements.* All government agencies having to do with **MICRO**
9 **AND** small enterprises shall pursue the principles of minimum
10 regulation to ensure stability of rules and to encourage entrepreneurial
11 spirit among the citizenry. The agencies shall see to it that procedural
12 rules and requirements, within their respective offices in coordination
13 with other agencies, are minimized in the act of registration, availment
14 of financing and accessing other government services and
15 assistance[.];

16 “(b) Role of the private sector. In order to hasten growth and
17 expansion of **MICRO**, small and medium enterprises, the private
18 sector throughout the country shall be encouraged to assist in the
19 effective implementation of this Act by participating in government
20 programs for **MICRO**, small and medium enterprises strictly in
21 accordance with the law, and consistent with the attainment of the

1 purposes hereof. To encourage private sector participation, the
2 Council, in consultation with the concerned sector, may recommend
3 simplified procedure and localized incentives to **MICRO AND** small
4 enterprises. The Government shall encourage the organization and
5 establishment of **MICRO**, small and medium enterprise industry
6 associations at the local and regional levels preferably unified under a
7 national federation/association[.];

8 “(c) Coordination of government efforts. Government efforts
9 shall be coordinated to achieve coherence in objectives. **THE**
10 **DEPARTMENT OF TRADE AND INDUSTRY AND [AH] THE**
11 appropriate offices, particularly [~~those under~~] the Departments of
12 [~~Trade and Industry,~~] Finance, Budget and Management, Agriculture,
13 Agrarian Reform, Environment and Natural Resources, Labor and
14 Employment, Transportation [~~and——Communications~~],
15 **INFORMATION AND COMMUNICATIONS TECHNOLOGY,**
16 Public Works and Highways, Science and Technology, Interior and
17 Local Government and Tourism as well as the National Economic and
18 Development Authority, Philippine Information Agency,
19 **SECURITIES AND EXCHANGE COMMISSION** and the *Bangko*
20 *Sentral ng Pilipinas*, through their national, regional and provincial
21 offices shall, to the best of their efforts and in coordination with local

1 government units, provide the necessary support and assistance to
2 MSMEs; **AND**

3 “X X X.”

4 SEC. 4. Section 6 of the same Act, as amended, is hereby further amended
5 to read as follows:

6 “SEC. 6. *Micro, Small and Medium Enterprises Development*
7 *Plan (MSMEDP)*. – The President **OF THE PHILIPPINES** shall
8 approve a six-year micro, small and medium enterprises development
9 plan prepared by the Department of Trade and Industry (DTI) which
10 shall form part of the [~~Medium-Term~~] Philippine Development Plan
11 [~~(MTPDP)~~] (**PDP**). It shall be formulated in consultation with the
12 private sector, validated and updated semestraly. Such plan shall
13 include a component on a micro credit financing scheme.”

14 SEC. 5. Section 7 of the same Act, as amended, is hereby further amended
15 to read as follows:

16 “SEC. 7. *Micro, Small and Medium Enterprise Development*
17 *(MSMED) Council*. – The existing Small and Medium Enterprise
18 Development Council, which was created by Republic Act No. 6977,
19 as amended by Republic Act No. 8289, shall be strengthened to
20 effectively spur the growth and development of MSMEs throughout
21 the country, and to carry out the policy declared in this Act and shall

1 now be known as the Micro, Small and Medium Enterprise
2 Development (MSMED) Council. The Council shall be attached to the
3 Department of Trade and Industry and shall be constituted within sixty
4 (60) days after the approval of this Act.

5 “The Council shall be the primary agency responsible for the
6 promotion, growth and development of **MICRO**, small and medium
7 enterprises in the country by way of facilitating and closely
8 coordinating national efforts to promote the viability and growth of
9 **MICRO**, small and medium enterprises, including assisting relevant
10 agencies in the tapping of local and foreign funds for **MICRO**, small
11 and medium enterprise development, as well as promoting the use of
12 existing programs, as well as seeking ways to maximize the use of
13 our labor resources.”

14 SEC. 6. Section 7-A of the same Act, as amended, is hereby further
15 amended to read as follows:

16 “SEC. 7-A. *Composition of the Micro, Small and Medium*
17 *Enterprises Development (MSMED) Council.* – The members of the
18 Council shall be the following:

19 “(a) The Secretary of Trade and Industry as Chairperson;

20 “(b) The Secretary of Agriculture;

21 “(c) The Secretary of the Interior and Local Government;

1 **“(D) THE SECRETARY OF FINANCE;**

2 ~~“[(d)] (E) Three (3) representatives from the MSME sector, [to~~
3 ~~represent Luzon, Visayas and Mindanao, with at least one (1)~~
4 ~~representative from the microenterprise sector]~~ **DESIGNATED BY A**
5 **NATIONAL ORGANIZATION REPRESENTING THE MSMEs;**
6 **AND**

7 ~~“[(e) One (1) representative from the women sector designated~~
8 ~~by the Philippine Commission on Women;]~~

9 ~~“[(f) One (1) representative from the youth sector designated by~~
10 ~~the — National Youth Commission; and]~~

11 ~~“[(g)] (F) The [Chairman] PRESIDENT of THE Small Business~~
12 **Corporation.**

13 **“A. *Advisory Unit.*** – There shall be an Advisory Unit to the Council,
14 which shall consist of the following:

15 **“(a) The Secretary of Science and Technology;**

16 **“(b) The Governor of the *Bangko Sentral ng Pilipinas*;**

17 **“(C) THE COMMISSIONER OF THE SECURITIES AND**
18 **EXCHANGE COMMISSION;**

19 ~~“[(e)] (D) The President of the Land Bank of the Philippines;~~

20 ~~“[(d)] (E) The President of the Development Bank of the~~
21 **Philippines;**

1 “[(e)] (F) The Director General of the National Economic and
2 Development Authority;

3 “(G) THE EXECUTIVE DIRECTOR OF THE
4 COOPERATIVE DEVELOPMENT AUTHORITY;

5 “(H) A REPRESENTATIVE OF A NATIONAL
6 ORGANIZATION REPRESENTING THE MSMEs;

7 “[(f)] (I) One (1) representative from the labor sector, to be
8 nominated by accredited labor groups;

9 “[(g)] (J) A representative from the private banking sector to
10 serve [~~alternatively~~] ALTERNATELY between the [e]Chamber of
11 [t]Thrift [b]Banks, and the Rural Banker’s Association of the
12 Philippines (RBAP);

13 “[(h)] (K) A representative of the microfinance nongovernment
14 organizations (NGOs), **DESIGNATED BY THE MICROFINANCE**
15 **NGO REGULATORY COUNCIL;**

16 “[(i)] (L) A representative of the University of the Philippines-
17 Institute for Small Scale Industries (UP-ISSI); [~~and~~]

18 “[(j)] (M) The President of the Credit Information
19 Corporation[.];

1 “(N) ONE (1) REPRESENTATIVE FROM THE WOMEN
2 SECTOR DESIGNATED BY THE PHILIPPINE COMMISSION
3 ON WOMEN;

4 “(O) ONE (1) REPRESENTATIVE FROM THE YOUTH
5 SECTOR DESIGNATED BY THE NATIONAL YOUTH
6 COMMISSION; AND

7 “(P) A REPRESENTATIVE FROM NON-STOCK
8 SAVINGS AND LOAN ASSOCIATIONS DESIGNATED BY
9 THE ALLIANCE OF NON-STOCK SAVINGS AND LOAN
10 INSTITUTIONS, INC. (ANSLI).

11 “X X X.”

12 SEC. 7. Section 7-B of the same Act, as amended, is hereby further
13 amended to read 6 as follows:

14 “SEC. 7-B. *Powers and Functions.* –

15 “A. The MSMED Council shall have the following powers,
16 duties and functions:

17 “X X X;

18 “(d) To review the existing policies of government agencies that
19 would affect the growth and development of MSMEs and recommend
20 changes to the President **OF THE PHILIPPINES** and Congress
21 through the Committee on Economic Affairs of the Senate and the

1 Committee on ~~[Small Business and Entrepreneurship]~~ **MICRO,**
2 **SMALL AND MEDIUM ENTERPRISE** Development of the House
3 of Representatives, whenever deemed necessary. This shall include
4 efforts to simplify rules and regulations, as well as review of the
5 applicability and relevance of procedural and documentary
6 requirements in the registration, financing, and other activities
7 relevant to MSMEs the result shall be included in the annual report to
8 be submitted to Congress;

9 “X X X;

10 “(h) To promote the productivity and viability of **MSMEs IN**
11 **DTI’S TOP PRIORITY INDUSTRIES FOR DEVELOPMENT** by
12 way of directing ~~[and/]~~or assisting relevant government agencies and
13 institutions at the national, regional and provincial levels towards the:

14 “X X X;

15 “(12) Through appropriate government agencies:

16 “X X X;

17 “(f) Set-up new MSME **NEGOSYO** centers and revitalize
18 already established MSME **NEGOSYO** centers to provide MSMEs in
19 the regions easier access to services such as~~[, but not limited to,]~~ the
20 following:

21 “X X X.”

1 **“B. *ADDITIONAL FUNCTIONS OF THE MSMED COUNCIL.***
2 **– TO SUPPORT THE ESTABLISHMENT OF GO NEGOSYO**
3 **CENTERS UNDER REPUBLIC ACT NO. 10644, OTHERWISE**
4 **KNOWN AS THE “*GO NEGOSYO ACT*,” THE MSMED**
5 **COUNCIL SHALL HAVE THE FOLLOWING ADDITIONAL**
6 **FUNCTIONS:**

7 **“(1) *COORDINATING AND OVERSIGHT BODY FOR***
8 ***THE MSME NEGOSYO CENTER.* – THE MSMED**
9 **COUNCIL, THROUGH THE DTI, SHALL ACT AS THE**
10 **COORDINATING AND SUPERVISING BODY FOR ALL**
11 **THE AGENCIES INVOLVED IN THE ESTABLISHMENT**
12 **AND OPERATION OF THE MSME NEGOSYO CENTERS.**
13 **FURTHER, THE MSMED COUNCIL SHALL MONITOR**
14 **AND ASSESS THE PROGRESS OF THE MSME**
15 **NEGOSYO CENTERS, WHICH SHALL BE INCLUDED IN**
16 **ITS ANNUAL REPORT SUBMITTED TO THE**
17 **CONGRESS;**

18 **“(2) *PROVISION OF A COMPLIANCE GUIDE.* – FOR**
19 **EACH RULE OR GROUP OF RELATED RULES ISSUED**
20 **BY ANY GOVERNMENT AGENCY FOR COMPLIANCE**
21 **BY MSMES, THE COUNCIL SHALL PUBLISH**

1 COMPLIANCE GUIDELINES IN PLAIN LANGUAGE OR
2 IN THE LOCAL DIALECT, IF NECESSARY.

3 “THE COUNCIL SHALL PREPARE SEPARATE
4 COMPLIANCE GUIDES COVERING GROUPS OR CLASSES
5 OF SIMILARLY AFFECTED MSMES AND SHALL
6 COOPERATE WITH INDUSTRY ASSOCIATIONS TO
7 DEVELOP AND DISTRIBUTE SUCH COMPLIANCE GUIDES.
8 THE PUBLICATION OF EACH COMPLIANCE GUIDE
9 SHALL INCLUDE THE POSTING OF THE GUIDE IN A
10 CONSPICUOUS LOCATION ON THE WEBSITE OF THE
11 AGENCY, AND DISTRIBUTION OF THE GUIDE TO KNOWN
12 INDUSTRY CONTACTS, SUCH AS SMALL ENTITIES,
13 ASSOCIATIONS OR INDUSTRY LEADERS AFFECTED BY
14 THE RULE. THE ISSUING GOVERNMENT AGENCY SHALL
15 PUBLISH AND DISSEMINATE THE COMPLIANCE RULES
16 WITHIN NINETY (90) DAYS FROM THE DATE OF
17 ISSUANCE;

18 “(3) *CONDUCT OF RESEARCH ON WOMEN*
19 *ENTREPRENEURSHIP.* – THE COUNCIL SHALL
20 CONDUCT RESEARCH TO SUPPORT WOMEN
21 ENTREPRENEURSHIP INCLUDING

1 **ENTREPRENEURIAL BEHAVIOR, BARRIERS,**
2 **PARTICIPATION AND CESSATION RATES,**
3 **DISCRIMINATORY PRACTICES AND CONTRIBUTION**
4 **TO THE NATIONAL ECONOMY AND GROWTH;**

5 **“(4) POLICY FORMULATION ON WOMEN**
6 **ENTREPRENEURSHIP. – THE COUNCIL SHALL**
7 **PROVIDE POLICY DIRECTION TOWARDS**
8 **RECOGNIZING WOMEN’S PROPENSITY AND TALENT**
9 **IN ENTREPRENEURSHIP AS WELL AS ESTABLISH**
10 **LINKAGES THAT WILL ENABLE MORE**
11 **OPPORTUNITIES FOR WOMEN TO ENGAGE IN**
12 **ENTREPRENEURSHIP; AND**

13 **“(5) DEVELOPMENT OF ENTREPRENEURIAL**
14 **EDUCATION AND TRAINING. – THE MSMED COUNCIL**
15 **SHALL DEVELOP, IN COORDINATION WITH THE**
16 **DEPARTMENT OF EDUCATION, TECHNICAL**
17 **EDUCATION AND SKILLS DEVELOPMENT**
18 **AUTHORITY, AND COMMISSION ON HIGHER**
19 **EDUCATION, A COURSE CURRICULUM OR TRAINING**
20 **PROGRAM IN ENTREPRENEURSHIP THAT**
21 **PROMOTES ENTREPRENEURIAL CULTURE AND**

1 **COMPETENCE. ENTREPRENEURSHIP SHALL BE**
2 **INTEGRATED IN THE CURRICULUM OF**
3 **EDUCATIONAL AND TRAINING INSTITUTIONS IN**
4 **ALL LEVELS.”**

5 SEC. 8. A new section denominated as Section 7-C is hereby inserted after
6 Section 7-B of the same Act, as amended, to read as follows:

7 **“SEC. 7-C. CITY, MUNICIPAL, AND BARANGAY MSMED**
8 **COUNCIL. - THERE SHALL BE CREATED A MSMED**
9 **COUNCIL IN EVERY CITY, MUNICIPALITY, AND**
10 **BARANGAY WITH AUTHORITY TO PROPOSE POLICIES**
11 **THAT ARE GEARED TO ASSIST MSMEs IN THE AREAS OF**
12 **PRODUCTIVITY ENHANCEMENT, MARKETING,**
13 **ACHIEVING SUSTAINABILITY BY EXTENDING CREDIT**
14 **TO CUSTOMERS, AND IMPLEMENTING EFFICIENT LOAN**
15 **COLLECTION SYSTEMS, AMONG OTHER STRATEGIES.**

16 **“THE CITY OR MUNICIPAL MSMED COUNCIL IS**
17 **COMPOSED OF THE CITY OR MUNICIPAL BUSINESS**
18 **PERMIT AND LICENSING OFFICER AS CHAIRPERSON,**
19 **THE PRESIDENT OF THE ASSOCIATION OF BARANGAY**
20 **CAPTAINS, THE PRESIDENT OF THE SANGGUNIANG**
21 **KABATAAN FEDERATION, THE TOURISM OFFICER, AND**

1 THE CITY OR MUNICIPAL AGRICULTURIST OR THE CITY
2 PLANNING OFFICER, AS MEMBERS.

3 “THE BARANGAY MSMED COUNCIL IS COMPOSED
4 OF THE PUNONG BARANGAY AS CHAIRPERSON,
5 THE SANGGUNIANG KABATAAN CHAIRPERSON, A
6 REPRESENTATIVE OF THE LADIES’ BRIGADE OR
7 LADIES’ SECTOR, A REPRESENTATIVE OF THE
8 BARANGAY PUBLIC SAFETY OFFICE, AND A
9 REPRESENTATIVE OF THE SENIOR CITIZENS, AS
10 MEMBERS.

11 “THE CITY, MUNICIPAL, AND BARANGAY MSMED
12 COUNCILS SHALL COORDINATE AND FORMULATE
13 MEASURES TO ENSURE THE OPERATIONAL AND
14 FINANCIAL VIABILITY OF MSMES WITHIN THEIR
15 TERRITORIAL JURISDICTION, TAKING INTO
16 CONSIDERATION THE RELEVANT FACTORS AFFECTING
17 THE CAPACITIES OF THE MSMEs.”

18 SEC. 9. Section 8 of the same Act, as amended, is hereby further amended
19 to read as follows:

20 “SEC. 8. *Designation of the Bureau of Micro, Small and Medium*
21 *Enterprise Development as Council Secretariat.* – x x x:

1 “(1) to prepare, in coordination with local government units
2 [and/or] or associations of local government officials, and recommend
3 annual as well as medium-term **MICRO**, small and medium enterprise
4 development plans for approval of the Council;

5 “X X X;

6 “(3) to assist the Council in coordinating and monitoring
7 **MICRO**, small and medium enterprise policies and programs and
8 activities of all government agencies with respect to **MICRO**, small
9 and medium enterprises;

10 “(4) to prepare, collate and integrate all inputs to the Council’s
11 yearly report on the status of **MICRO**, small and medium
12 enterprises in the country;

13 “X X X.”

14 SEC. 10. Section 11 of the same Act, as amended, is hereby further
15 amended to read as follows:

16 “SEC. 11. *Creation of **THE** Small Business [~~Guarantee and~~*
17 *~~Finance~~]* Corporation. – There is hereby created a body corporate to
18 be known as the Small Business [~~Guarantee and Finance~~] Corporation,
19 hereinafter referred to as the [~~Small Business Corporation~~ (SB
20 ~~Corporation~~)] **SB CORPORATION**, which shall be charged with the
21 primary responsibility of implementing comprehensive policies and

1 programs to assist MSMEs in all areas, including but not limited to
2 finance and information services, training and marketing.”

3 SEC. 11. Section 11-A of the same Act, as amended, is hereby further
4 amended to read as follows:

5 “SEC. 11-A. *Composition of the Board of Directors and its*
6 *Powers.* – The SB Corporation [~~corporate powers shall be vested on~~]
7 **SHALL HAVE** a Board of Directors composed of [~~eleven (11)~~]
8 **THIRTEEN (13)** members which shall include the following:

9 “(a) The Secretary of Trade and Industry

10 “(b) The Secretary of Finance;

11 “(C) **THE PRESIDENT OF THE GOVERNMENT**
12 **SERVICE INSURANCE SYSTEM (GSIS);**

13 “(D) **THE PRESIDENT OF THE SOCIAL SECURITY**
14 **SYSTEM (SSS);**

15 “[e] (E) A private sector representative to be appointed by the
16 President **OF THE PHILIPPINES** upon the recommendation of the
17 MSMED Council;

18 “[d] (F) Seven (7) representatives of the SB Corporation
19 common stock shareholders who shall be elected based on
20 proportional distribution, in accordance with Section [24] **23** of the
21 **REVISED** Corporation Code; and

1 “[e)] (G) The president of the SB Corporation as *ex-officio*
2 member and to serve as vice [chairman] **CHAIRPERSON** of the
3 Board.

4 “The President **OF THE PHILIPPINES** shall appoint the
5 [chairman] **CHAIRPERSON** of the Board from among its members.

6 “All members of the Board so appointed, except for the *ex-officio*
7 members, shall serve for a term of three (3) years [without
8 reappointment.] **AND MAY BE REAPPOINTED TO ANOTHER**
9 **TERM UNLESS EARLIER REVOKED. IF THE TERM OF**
10 **THE INCUMBENT MEMBER HAS EXPIRED, THE MEMBER**
11 **SHALL CONTINUE TO FUNCTION IN A HOLDOVER**
12 **CAPACITY UNTIL A REPLACEMENT HAS BEEN**
13 **APPOINTED AND QUALIFIED. [The] ANY person [so] appointed**
14 **to replace a member who has resigned, died, or been removed for**
15 **cause shall serve only for the unexpired portion of the term.**

16 “The Board of Directors shall have, among others, the following
17 specific powers and authorities:

18 “x x x; and

19 “(f) [~~Notwithstanding the provisions of Republic Act No. 6758~~
20 ~~and Compensation Circular No. 10, Series of 1989 issued by the~~
21 ~~Department of Budget and Management, the Board shall have the~~

1 ~~authority to p]~~Provide for the organizational structure, [and] staffing
2 pattern ~~[of SB Corporation and to extend to the employees and~~
3 ~~personnel thereof salaries, allowances and fringe benefits similar to~~
4 ~~those extended to and currently enjoyed by employees and personnel~~
5 ~~of other government financial institutions.] AND COMPENSATION~~
6 **OF EMPLOYEES AND PERSONNEL OF THE SB**
7 **CORPORATION, FOR SUBMISSION TO THE GOVERNANCE**
8 **COMMISSION FOR GOCCs.”**

9 SEC. 12. Section 11-B of the same Act, as amended, is hereby further
10 amended, to read as follows:

11 “SEC. 11-B. *Corporate Structure and Powers.* –

12 “A. The SB Corporation shall:

13 “X X X.

14 “B. ~~[For this purpose,] [t]The SB Corporation [subject to~~
15 ~~compliance with the rules and regulations to be issued by the Bangko~~
16 ~~Sentral ng Pilipinas (BSP) and the Securities and Exchange~~
17 ~~Commission,]~~ shall have the following functions and duties:

18 “(a) Source and adopt development initiatives for globally
19 competitive MSMEs in finance and business technologies;

20 “(b) ~~[To extend]~~ **EXTEND** all forms of financial assistance,
21 **EXCEPT GRANTS AND SUBSIDIES,** to eligible MSMEs,

1 **AND ALLOW RETAIL LENDING IN AREAS WHERE**
2 **PRIVATE BANKS ARE INCAPABLE TO SERVE,**
3 **SUBJECT TO CONSULTATION WITH PRIVATE**
4 **BANKS.** SB Corporation may also engage in wholesale lending.
5 The SB Corporation shall be given two (2) years from the
6 effectivity of this Act to comply with this requirement;

7 ~~“(c) [Guarantee loans obtained by qualified MSMEs under~~
8 ~~such terms and conditions adopted by the SB Corporation Board~~
9 ~~of Directors;]~~ **ESTABLISH AN ENTERPRISE**
10 **REHABILITATION FUND FOR CALAMITY-STRICKEN**
11 **MSMEs NOT TO EXCEED FIVE HUNDRED MILLION**
12 **PESOS (P500,000,000.00) AS PART OF SB**
13 **CORPORATION’S CAPITALIZATION BY THE**
14 **NATIONAL GOVERNMENT;**

15 “X X X;

16 “(f) Apply for, receive and accept grants and donations from
17 sources within and outside the country; ~~[and]~~

18 “(g) Hold, own, purchase, acquire, sell, mortgage, dispose
19 or otherwise invest or re-invest in stocks, bonds, treasury bills,
20 debentures, securities and similar forms of indebtedness of the

1 government, its agencies and instrumentalities or any
2 government financial institution[.]; AND

3 “(H) SUBMIT AN ANNUAL REPORT TO THE
4 MSMED COUNCIL, THE CONGRESS OF THE
5 PHILIPPINES AND THE GOVERNANCE COMMISSION
6 FOR GOCCs ON THE PERFORMANCE AND
7 FINANCIAL CONDITION OF THE CORPORATION.

8 “THE SB CORPORATION IS EXEMPT FROM
9 SECURING PRIOR *BANGKO SENTRAL NG PILIPINAS* (BSP)
10 AUTHORIZATION FOR ENGAGING IN QUASI-BANKING
11 ACTIVITIES AND IS NOT SUBJECT TO BSP SUPERVISION
12 AND REGULATION FOR SUCH ACTIVITIES.”

13 SEC. 13.A new subsection is hereby inserted after Section 11-B of the
14 same Act, as amended, and numbered as Section 11-C to read as follows:

15 “SEC. 11-C. *SB CORPORATION MANAGEMENT*. – THE
16 BOARD OF THE SB CORPORATION IS FULLY
17 RESPONSIBLE AND ACCOUNTABLE FOR THE
18 PERFORMANCE OF THE CORPORATION’S MANDATE. TO
19 ENSURE THIS, THE BOARD IS CONSTITUTED AS A
20 MANAGING BOARD, LED BY ITS CHAIRPERSON, TO

1 **CONCEPTUALIZE THE STRATEGIC PLANS AND POLICIES**
2 **OF THE CORPORATION.**

3 **“THE SB CORPORATION SHALL ADOPT A BALANCED**
4 **SCORECARD MANAGEMENT APPROACH, SUBJECT TO**
5 **THE REVIEW AND APPROVAL OF THE GOVERNANCE**
6 **COMMISSION FOR GOCCs, TO ENABLE IT TO MANAGE**
7 **ITS FINANCIAL PERFORMANCE WHILE PURSUING ITS**
8 **PUBLIC POLICY OBJECTIVES OF SUPPORTING MICRO,**
9 **SMALL AND MEDIUM ENTERPRISES DEVELOPMENT.”**

10 SEC. 14. Section 12 of the same Act, as amended, is hereby further amended to
11 read as follows:

12 SEC. 12. *Capitalization and Funding of the SB Corporation.* –

13 The SB Corporation shall have an authorized capital stock of ONE
14 HUNDRED BILLION PESOS (P100,000,000,000.00), WHICH
15 SHALL BE DIVIDED INTO 800,000,000 COMMON SHARES
16 AND 200,000,000 PREFERRED SHARES WITH A PAR VALUE
17 OF ONE HUNDRED PESOS (P100.00) PER SHARE.

18 The initial capital of One Billion Pesos (P1,000,000,000.00)
19 ~~[shall be]~~ established from a pool of funds contributed in the form
20 of equity investments ~~[in common stock]~~ by the Land Bank of the
21 Philippines (LBP), the Development Bank of the Philippines

1 (DBP), Social Security System (SSS) and the Government Service
2 Insurance System (GSIS) in the amount of Two Hundred Million
3 Pesos (P200,000,000.00) each SHALL REMAIN PART OF THE
4 CAPITALIZATION OF SB CORPORATION. *Provided*, That the
5 common shares which have been issued, including those issued
6 against the assets of the KKK Guaranty Fund consolidated under
7 the Small Business Corporation by virtue of Executive Order No.
8 233, Series of 2000 and Executive Order No. 19, Series of 2001
9 and including those already subscribed, shall LIKEWISE
10 REMAIN part of the capitalization of the corporation. *Provided*,
11 *further*, That holders of preferred shares issued under Republic Act
12 No. 6977, as amended, shall have the option to convert the same
13 into common shares.

14 Additional equity funding shall come from trust placements of
15 excess and unused funds of existing government agencies, bilateral
16 and multilateral official development assistance funds,
17 subscriptions from government owned or controlled corporations
18 AND THE NATIONAL GOVERNMENT THROUGH THE
19 DEPARTMENT OF BUDGET AND MANAGEMENT (DBM), and
20 investments of private financial institutions and corporations.

1 *Provided, finally,* That any investment from the private sector shall
2 only be in the form of preferred shares.

3 ~~[To allow for capital build-up, SB Corporation shall be given a~~
4 ~~five (5) year grace period on dividend commitments beginning on~~
5 ~~the date of effectivity of this amendment. Thereafter, it]~~ THE SB
6 CORPORATION may ~~[only]~~ declare as dividend not more than
7 thirty percent (30%) of its net income and the rest withheld as
8 retained earnings.

9 SEC. 15. Section 14 of the same Act, as amended, is hereby further
10 amended to read as follows:

11 “SEC. 14. *Venture Capital and Micro Finance Trust Fund.* – The SB
12 Corporation may set aside an amount of money to encourage the setting up of a
13 venture capital and micro finance trust fund for the purpose of promoting
14 **AVAILABLE** business opportunities ~~[available]~~ to **THE MSME** sector. The
15 Venture Capital Fund shall be used mainly for venture capital finance
16 especially in technology-oriented industries. The micro finance trust fund shall
17 be used to provide collateral-free fixed and working capital loans to micro and
18 small enterprises run by those emerging out of poverty. **THE INITIAL**
19 **AMOUNT OF AT LEAST TEN PERCENT (10%) OF THE EQUITY**
20 **CONTRIBUTION OF THE NATIONAL GOVERNMENT TO THE**
21 **CAPITALIZATION OF THE SMALL BUSINESS CORPORATION,**

1 NOT TO EXCEED FIVE HUNDRED MILLION PESOS
2 (P500,000,000.00), SHALL BE APPROPRIATED TO FUND THE
3 VENTURE CAPITAL AND MICRO FINANCE TRUST FUND.”

4 SEC. 16. Section 15 of the same Act, as amended, is hereby further
5 amended to read as follows:

6 “SEC. 15. *Mandatory Allocation of Credit Resources to Micro,*
7 *Small and Medium Enterprises.* – For ~~[the]~~ **AN ADDITIONAL**
8 period of ten (10) years from the date of the effectivity of this
9 amendatory Act, all lending institutions ~~[as defined under Bangko~~
10 ~~Sentral ng Pilipinas rules]~~, whether public or private, shall set aside at
11 least ~~[eight percent (8%) for micro and small enterprises and at least~~
12 ~~two percent (2%) for medium enterprises]~~ **TEN PERCENT (10%)** of
13 their total loan portfolio based on their balance sheet as of the end of
14 the previous quarter **FOR MSMEs**, and make it available for MSME
15 credit as herein contemplated: **PROVIDED, THAT A MAXIMUM**
16 **OF ONE PERCENT (1%) THEREOF IS ALLOCATED FOR**
17 **MEDIUM ENTERPRISES.**

18 “Compliance of this provision shall be:

19 “(a) actual extension of loans to eligible MSMEs; or

20 “x x x; or

1 “(f) [~~subscribe/purchase~~] **SUBSCRIPTION or PURCHASE** of
2 liability instruments as may be offered by the SB Corporation. **THE**
3 **SAME SHALL NOT BE CONSIDERED AS QUASI-BANKING**
4 **OPERATIONS, AND SHALL NOT REQUIRE A QUASI-**
5 **BANKING LICENSE FROM THE BSP; OR**

6 **“(G) EXTENSION OF LOANS TO MSME VALUE CHAIN**
7 **ACTORS WHO ALLOW MSMEs TO PARTICIPATE IN**
8 **ORGANIZED OR FORMAL VALUE CHAINS.**

9 **FOR PURPOSES OF THIS ACT, *VALUE CHAIN ACTORS***
10 **INCLUDE TRADERS, SUPPLIERS, PROCESSORS, OR**
11 **AGGREGATORS WHO CONDUCT LINKED SEQUENCE OF**
12 **VALUE ADDING ACTIVITIES INVOLVED IN BRINGING A**
13 **PRODUCT TO FINAL CONSUMERS.**

14 **“The *Bangko Sentral ng Pilipinas* AND THE SECURITIES**
15 **AND EXCHANGE COMMISSION shall, IN CONSULTATION**
16 **WITH THE MSMED COUNCIL AND THE DEPARTMENT OF**
17 **TRADE AND INDUSTRY formulate rules for the effective**
18 **implementation of this provision: *Provided*, That the purchase of**
19 **government notes, securities and other negotiable instruments shall**
20 **not be deemed compliance with the foregoing provisions: *Provided*,**
21 ***further*, That the *Bangko Sentral ng Pilipinas* AND THE**

1 **SECURITIES AND EXCHANGE COMMISSION, IN**
2 **CONSULTATION WITH ALL STAKEHOLDERS,** shall
3 establish ~~[an]~~ **A MEANINGFUL** incentive ~~[program]~~ **SYSTEM** to
4 encourage ~~[lending to micro, small and medium—industries beyond~~
5 ~~the mandatory credit allocation to said enterprises;]~~ **COMPLIANCE**
6 **WITH THIS PROVISION,** such as possible reduction in bank's
7 reserve requirement[.]: ***PROVIDED, FINALLY, THAT THE***
8 ***BANGKO SENTRAL NG PILIPINAS*** AND THE SECURITIES
9 AND EXCHANGE COMMISSION SHALL ALIGN THEIR
10 REGULATIONS ON THE PENALTIES FOR BANKS AND
11 OTHER ENTITIES FOR NONCOMPLIANCE WITH THE
12 PROVISION FOR MANDATORY LENDING.

13 “The MSMED Council shall set up the appropriate systems to
14 monitor all loan applications of MSMEs in order to account for the
15 absorptive capacity of the MSME sector. **EACH LENDING**
16 **INSTITUTION SHALL DESIGNATE A CHIEF COMPLIANCE**
17 **OFFICER WHO SHALL PREPARE AND SIGN THE REPORT**
18 **ON COMPLIANCE AND NONCOMPLIANCE WITH THE**
19 **MANDATORY CREDIT ALLOCATION FOR SUBMISSION**
20 **TO THE BANGKO SENTRAL NG PILIPINAS IN THE CASE**
21 **OF BANKS, AND THE SECURITIES AND EXCHANGE**

1 **COMMISSION IN THE CASE OF NON- BANK FINANCIAL**
2 **INTERMEDIARIES.** The Bangko Sentral ng Pilipinas **AND THE**
3 **SECURITIES AND EXCHANGE COMMISSION’S SENIOR**
4 **OFFICER WITH THE RANK OF AT LEAST A DIRECTOR**
5 shall furnish to the MSMED Council on a quarterly basis
6 comprehensive reports on the [bank’s] **LENDING INSTITUTION’S**
7 compliance[,] **AND** noncompliance [~~and penalties of~~] **WITH** the
8 above provisions on the mandatory credit allocation for MSMEs[.]
9 **AND SHALL SIGN AND SUBMIT AN ANNUAL REPORT ON**
10 **THE AMOUNTS OF THE PENALTIES FOR**
11 **NONCOMPLIANCE WITH THE MANDATORY LENDING**
12 **PROVISION OF THIS ACT.**

13 **“ALL BANKS SHALL PROVIDE ACCESS TO DEPOSIT**
14 **ACCOUNTS, SUCH AS SAVINGS, CHECKING AND DEBIT**
15 **ACCOUNTS, TO REGISTERED MSMEs. FINANCIAL**
16 **TECHNOLOGY SHALL BE PROVIDED TO MSMEs TO**
17 **ENSURE THEIR FINANCIAL INCLUSION.**

18 **“ALL LENDERS SHALL REPORT CREDIT**
19 **INFORMATION AND TRANSACTIONS OF MSMEs TO A**
20 **NATIONAL CREDIT REGISTRY TO MONITOR PROPER**
21 **COMPLIANCE AND EFFICIENT IMPLEMENTATION.**

1 “Lending institutions which are not qualified to acquire or hold
2 lands of the public domain in the Philippines shall be permitted to bid
3 and take part in sales of mortgaged real property in case of judicial or
4 extra-judicial foreclosure, as well as avail of receivership,
5 enforcement and other proceedings, solely upon default of a borrower,
6 and for a period not exceeding five (5) years from actual possession:
7 *Provided*, That in no event shall title to the property be transferred to
8 such lending institution. If the lending institution is the winning
9 bidder, it may, during said five (5) year period, transfer its rights to a
10 qualified Philippine national, without prejudice to a borrower’s rights
11 under applicable laws.”

12 SEC. 17. Section 18 of the same Act, as amended, is hereby further
13 amended to read as follows:

14 “SEC. 18. *Congressional Oversight Committee*. – To monitor and oversee
15 the implementation of this Act, there shall be a Congressional Oversight
16 Committee on Micro, Small and Medium Enterprise Development (COC-
17 MSMED) composed of the chairpersons of the Senate Committee on Economic
18 Affairs and the House Committee on ~~[Small Business and Entrepreneurship~~
19 ~~Development]~~ **MICRO, SMALL AND MEDIUM ENTERPRISE**
20 **DEVELOPMENT** as chairperson and co-chairperson, respectively; x x x .”

1 SEC. 18. Section 19 of the same Act, as amended, is hereby further
2 amended to read as follows:

3 “SEC. 19. *Penalty Clause.* – The Bangko Sentral ng Pilipinas IN
4 CASE OF BANKS, AND THE SECURITIES AND EXCHANGE
5 COMMISSION IN CASE OF NON-BANK FINANCIAL
6 INTERMEDIARIES, shall impose administrative sanctions and
7 other penalties on the lending institutions for non[-]compliance with
8 THE MANDATORY LENDING AS PROVIDED UNDER
9 SECTION 16 [provisions] of this Act [~~including a fine of not less~~
10 ~~than Five hundred thousand pesos (P500,000.00)].~~

11 THE PENALTY FOR NONCOMPLIANCE WITH THE
12 MANDATORY LENDING SHALL NOT BE LESS THAN FIVE
13 HUNDRED THOUSAND PESOS (P500,000.00) BUT NOT
14 MORE THAN FIVE MILLION PESOS (P5,000,000.00), IN
15 PROPORTION TO THE BANK’S OR OTHER ENTITY’S
16 LEVEL OF COMPLIANCE: *PROVIDED*, THAT IN CASE OF
17 FAILURE OF THE MANDATED ENTITIES TO COMPLY
18 WITH THE MANDATORY CREDIT ALLOCATION, AN
19 ADDITIONAL PENALTY EQUIVALENT TO TWENTY
20 PERCENT (20%) PER ANNUM OF THE TOTAL AMOUNT OF
21 NONCOMPLIANCE SHALL BE IMPOSED.

1 “Penalties on noncompliance shall be directed to the
2 development of the MSME sector. Ninety percent (90%) of the
3 penalties collected ~~[should]~~ **SHALL** go to the ~~[MSMED Council~~
4 Fund] **“START-UP FUND” AS PROVIDED UNDER REPUBLIC**
5 **ACT NO. 10644**, while the remaining ten percent (10%) ~~[should]~~
6 **SHALL** be ~~[given]~~ **REMITTED** to the BSP, **THE SECURITIES**
7 **AND EXCHANGE COMMISSION, OR THE APPROPRIATE**
8 **AGENCY THAT EXERCISES REGULATORY JURISDICTION**
9 **OVER SUCH LENDING ENTITY**, to cover for administrative
10 expenses.

11 **“THE CHAIRPERSON OF THE MSMED COUNCIL**
12 **SHALL SUBMIT TO THE CONGRESS OF THE PHILIPPINES**
13 **AN ANNUAL REPORT ON THE STATUS OF THE**
14 **PENALTIES REMITTED, INCLUDING ITS UTILIZATION IN**
15 **RELATION TO THE IMPLEMENTATION OF SERVICES TO**
16 **MSMEs IN THE AREAS OF CAPACITY BUILDING,**
17 **TECHNOLOGY INFORMATION, INFORMATION**
18 **COLLECTION AND DISSEMINATION, AND OTHER**
19 **INTERVENTIONS FOR MSME DEVELOPMENT, GROWTH**
20 **AND SUSTAINABILITY.”**

1 SEC. 19. A new section denominated as Section 19-A is hereby inserted
2 after Section 19 of the same Act, as amended, to read as follows:

3 **“SEC. 19-A. *OTHER VIOLATIONS.* – EXCEPT FOR**
4 **SECURITIES COVERED UNDER REPUBLIC ACT NO. 8799,**
5 **OTHERWISE KNOWN AS “*THE SECURITIES REGULATION***
6 ***CODE,*” ENTITIES SHALL SECURE THE NECESSARY**
7 **APPROVAL OF THE SECURITIES AND EXCHANGE**
8 **COMMISSION BEFORE RECEIVING INVESTMENTS AS**
9 **WELL AS GIFTS, ITEMS OR OTHER COMMODITIES,**
10 **EITHER IN THE FORM OF CASH OR ITS EQUIVALENT**
11 **CASH VALUE IN CONSIDERATION OF RETURN OF**
12 **PROFIT OR BENEFIT COMING FROM MORE THAN**
13 **TWENTY (20) INDIVIDUALS. THE PRESIDENT, MANAGER**
14 **OR OFFICER OF ANY ENTITY WHO FAILS TO SECURE**
15 **SUCH APPROVAL SHALL SUFFER THE PENALTY OF**
16 **IMPRISONMENT OF NOT LESS THAN THIRTY (30) DAYS**
17 **BUT NOT MORE THAN ONE HUNDRED EIGHTY (180)**
18 **DAYS, OR A FINE OF NOT LESS THAN TEN THOUSAND**
19 **PESOS (P10,000.00) BUT NOT MORE THAN ONE HUNDRED**
20 **THOUSAND PESOS (P100,000.00), OR BOTH, AT THE**
21 **DISCRETION OF THE COURT.**

1 **“ANY PERSON, WHETHER NATURAL OR JURIDICAL,**
2 **WHO FAILS TO ACQUIRE THE APPROVAL OF THE FOOD**
3 **AND DRUGS AUTHORITY AND THE DEPARTMENT OF**
4 **TRADE AND INDUSTRY FOR SELLING, MARKETING, AND**
5 **DISTRIBUTING REGULATED PRODUCTS AND SERVICES**
6 **SHALL SUFFER THE PENALTY OF IMPRISONMENT OF**
7 **NOT LESS THAN THIRTY (30) DAYS BUT NOT MORE THAN**
8 **ONE HUNDRED EIGHTY (180) DAYS, OR A FINE OF NOT**
9 **LESS THAN TEN THOUSAND PESOS (P10,000.00) BUT NOT**
10 **MORE THAN ONE HUNDRED THOUSAND PESOS**
11 **(P100,000.00) OR BOTH, AT THE DISCRETION OF THE**
12 **COURT.”**

13 SEC. 20. *Implementing Rules and Regulations.* – Within ninety (90)
14 days from the effectivity of this Act, the Secretary of Trade and Industry shall,
15 through the Director of the Bureau of Micro, Small and Medium Enterprise
16 Development and in consultation with the Governor of the *Bangko Sentral ng*
17 *Pilipinas* in the case of banks, and the Chairperson of the Securities and
18 Exchange Commission in the case of non-bank financial intermediaries, and the
19 officer-in-charge of other concerned government agencies, nongovernment
20 organizations and private sector agencies involved in the promotion of MSMEs,

1 issue the necessary rules and regulations for the effective implementation of this
2 Act.

3 SEC. 21. *Separability Clause.* –If any provision or part of this Act is
4 declared invalid or unconstitutional, the remaining parts or provisions not
5 affected shall remain in force and effect.

6 SEC. 22. *Repealing Clause.* – Section 10 of Republic Act No. 10644 is
7 repealed. Sections 7-A and 7-B of Republic Act No. 6977, as amended by
8 Republic Act No. 8289, Republic Act No. 9501, and Republic Act No. 10644,
9 are hereby amended. All laws, decrees, proclamations, issuances, or ordinances
10 that are contrary to or inconsistent with the provisions of this act are hereby
11 amended, repealed or modified accordingly.

12 SEC. 23. *Effectivity.* – This Act shall take effect fifteen (15) days after its
13 publication in the *Official Gazette* or in a newspaper of general circulation.

14 Approved,