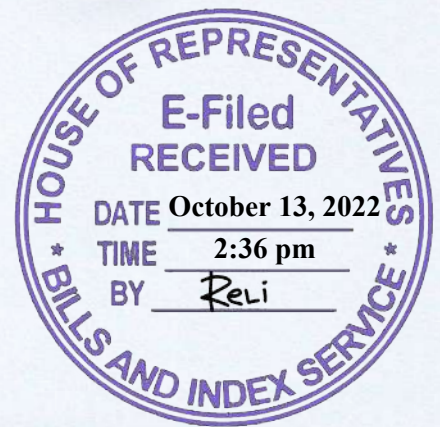


Republic of the Philippines
HOUSE OF REPRESENTATIVES

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5552



Introduced by Representative Rex Gatchalian

**AN ACT STRENGTHENING AND MODERNIZING THE WAREHOUSE RECEIPTS
SYSTEM, REPEALING ACT NO. 2137 OR THE "WAREHOUSE RECEIPTS LAW
OF 1912", AND OTHER RELATED PURPOSES**

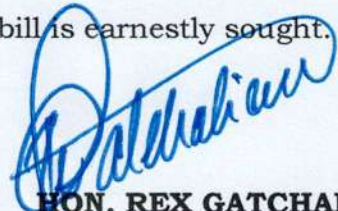
EXPLANATORY NOTE

The noble intention of Act No. 2137 or the Warehouse Receipts Law of 1912 is to assist farmers in obtaining credit by offering simple means to store commodities in a warehouse, trade, or encumber the warehouse receipt. However, since this piece of legislation has not been amended since it was enacted, it has become inadequate for modern commercial transactions. In 2021, the agricultural sector accounts for 9.6% of the Philippines' gross domestic product. However, it only constitutes 2.7% of the total credit. The stark difference is due to the lack of confidence of farmers and micro, small, and medium enterprises (MSMEs) to access credit on one hand, and the lack of confidence of banks to lend to them on the other. The amendment of the Warehouse Receipts Law of 1912 – to keep it up to date with modern technological advances and make it responsive to the current needs of the agricultural sector – can resolve this issue.

This bill primarily seeks to strengthen and modernize the warehouse receipts system in the Philippines by establishing a central electronic registry for all warehouse receipts. This shall be made readily available online, to be managed by the Securities and Exchange Commission (SEC). The SEC shall likewise be in charge of accrediting warehouses engaged in the issuance of warehouse receipts. With the use of the central electronic registry. Banks and other financial institutions will be more confident in the integrity and the use of warehouse receipts as collateral by farmers and MSMEs since it complements the risk management tools of banks in doing their due diligence. It will also provide cheaper access to credit for farmers.

Moreover, it will allow them to sell their crops at a time when they can maximize their profit and protect their crops from natural calamities. Finally, it will provide market information needed for strategic policy decisions concerning food security. Finally, this bill also provides for the requirement of bonds and insurance for warehouse operators and a guarantee mechanism through the Philippine Guarantee Corporation in providing guarantee for all loans backed by warehouse receipts as collateral.

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



HON. REX GATCHALIAN
Representative
1st District, Valenzuela City

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**AN ACT STRENGTHENING AND MODERNIZING THE WAREHOUSE RECEIPTS
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OF 1912", AND OTHER RELATED PURPOSES**

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

CHAPTER I

GENERAL PROVISIONS

SECTION 1. Title. – This Act shall be known as the "Revised Warehouse
Receipts Law of the Philippines."

SEC. 2. Declaration of Policy. – It is the policy of the State to promote economic
activity by increasing access, particularly for entities engaged in agricultural
businesses such as farming, to least cost credit by establishing a simplified, unified,
and modern framework for the storage of goods in warehouses and the subsequent
trading of interests therein.

SEC. 3. Definition of Terms. – As used in this Act, the following terms are
defined as follows:

- (1) "Action" includes counterclaim, set-off, and suits in equity as provided
by law.
- (2) "Delivery" means voluntary transfer of control from one person to
another.
- (3) "Deposit" means the act of transferring actual possession of goods to a
warehouse operator.
- (4) "Goods" means chattels or merchandise in storage or which has been
or is about to be stored.

- (5) "Good Faith" means when a thing is done honestly, whether it be done negligently or not.
- (6) "Guarantee" specifically refers to a guarantee issued by the Philippine Guarantee Corporation;
- (7) "Holder" of a receipt means a person who has both constructive possession of such receipt and a right of property therein.
- (8) "Insurance" shall mean any form of insurance, whether obtained from a public or private entity, within the meaning of the Insurance Code of the Philippines;
- (9) "Modern" shall refer to the adaptation and utilization of modern technology, including Blockchain technology;
- (10) "Order" means an order by indorsement on the receipt.
- (11) "Owner" does not include mortgagee.
- (12) "Person" includes both natural and juridical persons.
- (13) "Purchase" includes taking the property as a mortgagee or as a pledgee.
- (14) "Receipt" means an Electronic Warehouse Receipt.
- (15) "Registry" refers to the Electronic Warehouse Receipts Registry.
- (16) "Release Order" means a written instrument issued by the owner of a receipt directing a warehouse operator to release his goods to a specific person.
- (17) "Value" means any consideration sufficient to support a simple contract. An antecedent or pre-existing obligation, whether for money or not, constitutes value where a receipt is taken, either in satisfaction thereof or as security therefor.
- (18) "Warehouse" means a place that houses goods intended to be used for trading or financing within the territory of the Philippines operated and maintained by a warehouse operator.
- (19) "Warehouse operator" means a person lawfully engaged in the business of housing goods within the territory of the Philippines intended to be used for trading or financing and duly authorized under this Act.
- (20) "Writing" for the purpose of this Act includes electronic records.

SEC. 4. *Persons Who May Issue Receipts.* – Warehouse receipts may only be issued by a duly authorized warehouse operator.

SEC. 5. *Form of Receipts.* – Every warehouse receipt must contain:

- (1) The location of the warehouse where the goods are stored;
- (2) The date of the issue of the receipt;
- (3) The serial number of the receipt;
- (4) A statement whether the goods received will be delivered to the bearer, to a specified person or to a specified person or his order;
- (5) The amount up to which the goods covered by the receipt are insured, and the name of the insuring entity;
- (6) The rate of storage charges;
- (7) A description of the goods or of the packages containing them;
- (8) The signature of the warehouse operator which may be made by his authorized agent;
- (9) If the receipt is issued for goods of which the warehouse operator is the owner, either solely or jointly or in common with others, the fact of such ownership; and
- (10) A statement of the amount of advances made and of liabilities incurred for which the warehouse operator claims a lien. If the precise amount of such advances made or of such liabilities incurred is, at the time of the issue of, unknown to the warehouse operator or to his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof is sufficient.

A warehouse operator shall be liable to any person injured thereby for all damages caused by the omission from a warehouse receipt of any of the terms herein required.

SEC. 6. Permissible Insertions. – A warehouse operator may insert in a receipt issued by him any other terms and conditions provided that such terms and conditions shall not:

- (1) Be contrary to the provisions of this Act; or
- (2) In any way impair his obligation to exercise that degree of care in the safe-keeping of the goods entrusted to him, which a reasonably careful man would exercise in regard to similar goods of his own.

SEC. 7. Definition of Non-Negotiable Receipt. – A non-negotiable receipt is a receipt in which it is stated that the goods received will be delivered to the depositor or to any other specified person.

SEC. 8. Definition of Negotiable Receipt. – A negotiable receipt is a receipt in which it is stated that the goods received will be delivered to the bearer or to the order of any person named in such receipt.

No provision shall be inserted in a negotiable receipt that it is non-negotiable. Such provision, if inserted, shall be void.

SEC. 9. *Failure to Mark "Non-Negotiable".* - A non-negotiable receipt shall have plainly placed upon its face by the warehouse operator issuing it "non-negotiable," or "not negotiable." In case of the warehouse operator's failure to do so, a holder of the receipt who purchased it for value supposing it to be negotiable, may, at his option, treat such receipt as imposing upon the warehouse operator the same liabilities he would have incurred had the receipt been negotiable.

This Section shall not apply, however, to letters, memoranda, or written acknowledgment of an informal character.

CHAPTER II

ELECTRONIC WAREHOUSE RECEIPTS REGISTRY

SEC. 10. *Electronic Warehouse Receipts Registry.* – The Securities and Exchange Commission (SEC) is hereby tasked with creating and maintaining a modern, online, centralized, and nationwide Registry where all electronic warehouse receipts can be registered and accessed, as well as rules and regulations pertaining specifically to the registration and cancellation of electronic warehouse receipts. The SEC is likewise authorized to engage the services of third parties in creating and maintaining the Registry.

SEC. 11. Local Sub-Registry. – In addition to the Registry created and maintained by the SEC, all warehouses must establish and maintain a Sub-Registry specifically for goods deposited therein. Failure of a warehouse to keep a Sub-Registry in the warehouse, as well as any fraud committed thereon, shall be grounds for the revocation of a warehouse's accreditation.

SEC. 12. *Transferability of Receipts.* – All warehouse receipts, regardless of what is stated upon their face, are transferable at the option of the holder.

1 **SEC. 13. Collateralization of Receipts.** – All warehouse receipts, regardless of
2 what is stated upon their face, maybe collateralized in accordance with Republic Act
3 No. 11057, otherwise known as the ‘Personal Property Security Act’.

4
5 **SEC. 14. Guarantee on All Warehouse Receipts Securing Financial Obligations.**
6 – Upon the establishment and operationalization of the Registry, the Philippine
7 Guarantee Corporation (PHILGUARANTEE), in accordance with its consolidated
8 mandate under Executive Order No. 58, Series of 2018, and to the extent allowed by
9 enabling provisions of applicable laws, may provide guarantee on eligible loans
10 secured by warehouse receipts or the goods evidenced thereby.

11 12 13 **CHAPTER III** 14 **ACCREDITATION**

15
16 **SEC. 15. Role of the SEC.** – The SEC shall be the primary regulatory body in
17 charge of all matters related to warehouse receipts, including accreditation. While
18 the SEC may consult with other regulatory bodies, including but not limited to the
19 Department of Trade and Industry, the Department of Finance, and the Department
20 of Agriculture, warehousing experts, and other organizations representative of a
21 particular sector, the SEC shall, at all times, be the lead agency in ensuring the
22 successful implementation of this Act; *Provided, That* the regulatory bodies,
23 warehousing experts, and other organizations representative of a particular sector
24 shall only be consulted on goods, crops, and practices they are familiar with.

25
26 **SEC. 16. Warehousing Experts.** – The SEC is authorized to create rules and
27 regulations in order to determine the persons who would qualify as warehousing
28 experts. The warehousing experts must be persons knowledgeable, and with actual
29 experience, in operating and maintaining warehouses in accordance with globally
30 accepted best practices in warehousing.

31
32 **SEC. 17. Functions and Responsibilities of the SEC as Accrediting Agency** – As
33 the accrediting entity, the SEC shall have the following functions and
34 responsibilities:

- 35 (1) Institute and operationalize a system of accreditation for warehouse
36 operators; *Provided, That* the criteria for accreditation shall include

- 1 sound and measurable standards relating to the ability and capacity to
2 handle the storage of goods and the maintenance of the Sub-Registry;
- 3 (2) Issue certificate of accreditation to qualified warehouse operators and
4 warehouses upon determination that the requirements and criteria set
5 for this purpose have been fully satisfied; *Provided*, That the certificate
6 of accreditation shall be valid only for such period as may be prescribed
7 under the implementing rules and regulations of this Act;
- 8 (3) Monitor the performance of warehouse operators to ensure continuing
9 compliance with the provisions of this Act and its implementing rules
10 and regulations;
- 11 (4) Place under probation, suspend or revoke any certificate of
12 accreditation upon due determination that a warehouse operator no
13 longer meets the criteria for accreditation;
- 14 (5) Require regular submission of reports by warehouse operators;
- 15 (6) Collect reasonable accreditation and monitoring fees from warehouse
16 operators which shall be used for operational requirements;
- 17 (7) Submit an annual report to the President of the Philippines and the
18 concerned committees of both Houses of Congress;
- 19 (8) Perform such other functions as may be necessary to accomplish the
20 purposes and objectives of this Act in relation to warehouse operators
21 and warehouses.
- 22

23 **SEC. 18.** *Accreditation of Warehouse Operators.* – All warehouse operators
24 issuing warehouse receipts to be used for purposes other than mere storage and
25 facilitation of logistics are hereby required to obtain accreditation with the SEC. The
26 SEC is hereby ordered and authorized to create rules and regulations to facilitate the
27 accreditation of warehouse operators. All warehouse operators who are not
28 accredited with the SEC are prohibited from issuing warehouse receipts.

29

30 **SEC. 19.** *Screening Process for Warehouse Operators.* – To ensure the
31 credibility and integrity of the warehouse operators, the SEC is hereby authorized to
32 create a screening process for warehouse operators which may include the adoption
33 of written examinations. The SEC shall coordinate with other governmental bodies
34 in order to create a viable screening process for warehouse operators.

35

1 **SEC. 20. Warehouse Operator's Bond.** – Prior to the operation of the
2 warehouse, a warehouse operator must post a bond to answer for any liabilities he
3 may have in the operation of the warehouse during the effectivity of his accreditation.
4 The SEC is hereby ordered and authorized to come up with rules and regulations
5 concerning the warehouse operator's bond.
6

7 **SEC. 21. Mandatory Insurance.** – No warehouse operator shall be granted
8 accreditation unless the warehouse operator and his warehouse are insured. The
9 SEC is hereby ordered and authorized to come up with rules and regulations
10 concerning the minimum insurance requirements for warehouses and warehouse
11 operators; *Provided*, That the minimum insurance requirements are in accordance
12 with globally accepted best practices in insurance for warehouse and warehouse
13 operators.
14

15 **SEC. 22. Effect of Lapse or Absence of Insurance.** – The SEC may revoke the
16 accreditation of any warehouse operator who is found to be operating without
17 insurance or with lapsed insurance, or whose warehouses are found to be operating
18 without insurance or with lapsed insurance.
19

20 **CHAPTER IV**

21 **OBLIGATIONS AND RIGHTS OF WAREHOUSE OPERATORS UPON THEIR** 22 **RECEIPTS** 23

24 **SEC. 23. Obligation of a Warehouse Operator to Deliver Goods.** – A warehouse
25 operator, in the absence of some lawful excuse provided by this Act, is bound to
26 deliver the goods upon a demand made either by the holder of a receipt for the goods
27 or by the depositor; if such demand is accompanied with:

- 28 (1) An offer to satisfy the warehouse operator's lien, if applicable;
- 29 (2) A written offer to surrender control of the receipt and perform all
30 actions necessary to surrender said control;
- 31 (3) A readiness and willingness to sign, when the goods are delivered, an
32 acknowledgment that they have been delivered, if such signature is
33 requested by the warehouse operator.

34 In case the warehouse operator refuses or fails to deliver the goods in
35 compliance with a demand by the holder or depositor so accompanied, the burden

1 shall be upon the warehouse operator to establish the existence of a lawful excuse
2 for such refusal.

3
4 **SEC. 24. *Justification of Warehouse Operator in Delivering Goods.*** – A
5 warehouseman is justified in delivering the goods to one who is:

- 6 (1) The person lawfully entitled to the possession of the goods, or his agent;
7 (2) A person who is either himself entitled to delivery by the terms of a non-
8 negotiable receipt issued for the goods, or who has written authority
9 from the person so entitled; or
10 (3) A person in control of a negotiable receipt by the terms of which the
11 goods are deliverable to him or order, or which has been indorsed to
12 him or in blank by the person to whom delivery was promised by the
13 terms of the receipt or by his mediate or immediate indorser.

14
15 **SEC. 25. *Warehouse Operator's Liability for Misdelivery of Goods.*** – Where a
16 warehouse operator delivers the goods to one who is not in fact lawfully entitled to
17 the possession of them, the warehouse operator shall be liable as for conversion to
18 all having a right of property or possession in the goods if he delivered the goods
19 otherwise than as authorized by under Section 24 (2) and Section 24 (3) hereof, and
20 though he delivered the goods as authorized by Section 24 (2) and Section 24 (3)
21 hereof, he shall be so liable, if prior to such delivery he had either:

- 22 (1) Been requested, by or on behalf of the person lawfully entitled to a right
23 of property or possession in the goods, not to make such deliver; or
24 (2) Had information that the delivery about to be made was to one not
25 lawfully entitled to the possession of the goods.

26
27 **SEC. 26. *Negotiable Receipt Must be Cancelled When Goods Delivered.*** –
28 Except as otherwise provided in this Act, where a warehouse operator delivers goods
29 for which he had issued a negotiable receipt, the negotiation of which would transfer
30 the right to the possession of the goods, and fails to take up and cancel the receipt,
31 he shall be liable to any entity who purchases for value in good faith such receipt,
32 for failure to deliver the goods to him, whether such purchaser acquired title to the
33 receipt before or after the delivery of the goods by the warehouse operator.

34
35 **SEC. 27. *Negotiable Receipts Must be Cancelled or Marked When Part of Goods***
36 *Delivered.* – Except as otherwise provided in this Act, where a warehouse operator

1 delivers part of the goods for which he had issued a negotiable receipt and fails to
2 either amend or cancel such receipt to reflect the partial delivery, he shall be liable
3 to anyone who purchases for value in good faith such receipt, for failure to deliver all
4 the goods specified in the receipt, whether such purchaser acquired title to the
5 receipt before or after the delivery of any portion of the goods by the warehouse
6 operator.

7
8 **SEC. 28. *Altered Receipts.*** – The alteration of a receipt shall not excuse the
9 warehouse operator who issued it from any liability if such alteration was:

- 10 (1) Immaterial;
11 (2) Authorized; or
12 (3) Made without fraudulent intent.

13 If the alteration was authorized, the warehouse operator shall be liable
14 according to the terms of the receipt as altered. If the alteration was unauthorized
15 but made without fraudulent intent, the warehouse operator shall be liable according
16 to the terms of the receipt as they were before alteration.

17 Material and fraudulent alteration of a receipt shall not excuse the warehouse
18 operator who issued it from liability to deliver, according to the terms of the receipt
19 as originally issued, the goods for which it was issued, but shall excuse him from
20 any other liability.

21
22 **SEC. 29. *Warehouse Operator Cannot Set Title to Himself.*** – No title or right to
23 the possession of the goods, on the part of the warehouse operator, unless such title
24 or right is derived directly or indirectly from a transfer made by the depositor at the
25 time of or subsequent to the deposit for storage, or from the warehouse operator's
26 lien, shall excuse the Warehouse operator from liability for refusing to deliver the
27 goods according to the terms of the receipt.

28
29 **SEC. 30. *Interpleader of Adverse Claimants.*** – If more than one person claims
30 the title or possession of the goods, the warehouse operator may, either as a defense
31 to an action brought against him for non-delivery of the goods or as an original suit,
32 whichever is appropriate, require all known claimants to interplead.

33
34 **SEC. 31. *Warehouse Operator has Reasonable Time to Determine Validity of***
35 ***Claims.*** – If someone other than the depositor or person claiming under him has a
36 claim to the title or possession of goods, and the warehouse operator has information

1 of such claim, the warehouse operator shall be excused from liability for refusing to
2 deliver the goods, either to the depositor or person claiming under him or to the
3 adverse claimant until the warehouse operator has had a reasonable time to
4 ascertain the validity of the adverse claim or to bring legal proceedings to compel
5 claimants to interplead.

6
7 **SEC. 32. *Adverse Title is No Defense Except As Provided in this Act.*** – Except
8 as provided in this Act, no right or title of a third person shall be a defense to an
9 action brought by the depositor or person claiming under him against the warehouse
10 operator for failure to deliver the goods according to the terms of the receipt.

11
12 **SEC. 33. *Liability for Non-Existence or Misdescription of Goods*** – A warehouse
13 operator shall be liable to the holder of a receipt for damages caused by the non-
14 existence of the goods or by the failure of the goods to correspond with the description
15 thereof in the receipt at the time of its issue. If, however, the goods are described in
16 a receipt merely by a statement of marks or labels upon them or upon packages
17 containing them or by a statement that the goods are said to be goods of a certain
18 kind or that the packages containing the goods are said to contain goods of a certain
19 kind or by words of like purport, such statements, if true, shall not make liable the
20 warehouse operator issuing the receipt, although the goods are not of the kind which
21 the marks or labels upon them indicate or of the kind they were said to be by the
22 depositor.

23
24 **SEC. 34. *Liability for Care of Goods.*** – A warehouse operator shall be liable for
25 any loss or injury to the goods caused by his failure to exercise such care in regard
26 to them as reasonably vigilant owner of similar goods would exercise, but he shall
27 not be liable, in the absence of an agreement to the contrary, for any loss or injury
28 to the goods which could not have been avoided by the exercise of such care.

29
30 **SEC. 35. *Goods Must be Kept Separate.*** – Except as provided in the following
31 section, a warehouse operator shall keep the goods so far separate from goods of
32 other depositors and from other goods of the same depositor for which a separate
33 receipt has been issued, as to permit at all times the identification and redelivery of
34 the goods deposited.

1 **SEC. 36.** *Fungible Goods May Be Commingled if Warehouse Operator*
2 *Authorized.* – If authorized by agreement or by custom, a warehouse operator may
3 mingle fungible goods with other goods of the same kind and grade. In such case,
4 the various depositors of the mingled goods shall own the entire mass in common
5 and each depositor shall be entitled to such portion thereof as the amount deposited
6 by him bears to the whole.

7
8 **SEC. 37.** *Liability of Warehouse Operator to Depositors of Commingled Goods.*
9 – The warehouse operator shall be severally liable to each depositor for the care and
10 redelivery of his share of such mass to the same extent and under the same
11 circumstances as if the goods had been kept separate.

12
13 **SEC. 38.** *Attachment or Levy upon Goods for which a Negotiable Receipt Has*
14 *Been Issued.* – If goods are delivered to a warehouse operator by the owner or by a
15 person whose act in conveying the title to them to a purchaser in good faith for value
16 would bind the owner, and a negotiable receipt is issued for them, they cannot
17 thereafter, while in the possession of the warehouse operator, be attached by
18 garnishment or otherwise, or be levied upon under an execution unless the receipt
19 be first surrendered to the warehouse operator or its negotiation enjoined. The
20 warehouse operator shall in no case be compelled to deliver up the actual possession
21 of the goods until the receipt is surrendered to him or impounded by the court.

22
23 **SEC. 39.** *Creditor's Remedies to Reach Negotiable Receipts.* – A creditor whose
24 debtor is the owner of a negotiable receipt shall be entitled to such aid from courts
25 of appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or
26 in satisfying the claim by means thereof as is allowed at law or in equity within the
27 jurisdiction of the Philippines in regard to property which cannot readily be attached
28 or levied upon by ordinary legal process.

29 **SEC. 40.** *What Claims are Included in the Warehouse operator's Lien.* – Subject
30 to the provisions of this Act, a warehouse operator shall have a lien on goods
31 deposited or on the proceeds thereof in his hands, for all lawful charges for storage
32 and preservation of the goods; also for all lawful claims for money advanced, interest,
33 insurance, transportation, labor, weighing, cooperating and other charges and
34 expenses in relation to such goods, also for all reasonable charges and expenses for

1 notice, and advertisements of sale, and for sale of the goods where default had been
2 made in satisfying the warehouse operator's lien.

3
4 **SEC. 41. *Against What Property the Warehouse Operator's Lien may be***
5 *Enforced.* – Subject to the provisions of this Act, a warehouse operator's lien may be
6 enforced:

- 7 (1) Against all goods, whenever deposited, belonging to the person who is
8 liable as debtor for the claims in regard to which the lien is asserted;
9 and
10 (2) Against all goods belonging to others which have been deposited at any
11 time by the person who is liable as debtor for the claims in regard to
12 which the lien is asserted if such person had been so entrusted with
13 the possession of goods that a pledge of the same by him at the time of
14 the deposit to one who took the goods in good faith for value would have
15 been valid.

16
17 **SEC. 42. *How Warehouse operator's Lien may be Lost.*** – A warehouse operator
18 loses his lien upon goods:

- 19 (1) By surrendering possession thereof; or
20 (2) By refusing to deliver the goods when a demand is made with which he
21 is bound to comply under the provisions of this Act.

22
23 **SEC. 43. *Negotiable Receipts Must State Charges for which the Lien is Claimed.***
24 – If a negotiable receipt is issued for goods, the warehouse operator shall have no
25 lien thereon except for charges for storage of goods subsequent to the date of the
26 receipt unless the receipt expressly enumerated other charges for which a lien is
27 claimed. In such case, there shall be a lien for the charges enumerated so far as
28 they are within the terms of section twenty-seven although the amount of the charges
29 so enumerated is not stated in the receipt.

30 **SEC. 44. *Warehouse Operator Need Not Deliver until Lien is Satisfied.*** – A
31 warehouse operator having a lien valid against the person demanding the goods may
32 refuse to deliver the goods to him until the lien is satisfied.

33
34 **SEC. 45. *Warehouse Operator's Lien Does Not Preclude Other Remedies.*** –
35 Whether a warehouse operator has or has not a lien upon the goods, he is entitled

1 to all remedies allowed by law to a creditor against a debtor for the collection from
2 the depositor of all charges and advances which the depositor has expressly or
3 impliedly contracted with the warehouseman to pay.

4
5 **SEC. 46. Satisfaction of Lien by Sale.** – A warehouse operator's lien for a claim
6 which has become due may be satisfied as follows:

- 7 (1) An itemized statement of the warehouseman's claim, showing the sum
8 due at the time of the notice and the date or dates when it becomes
9 due,
- 10 (2) A brief description of the goods against which the lien exists,
- 11 (3) A demand that the amount of the claim as stated in the notice of such
12 further claim as shall accrue, shall be paid on or before a day
13 mentioned, not less than ten days from the delivery of the notice if it is
14 personally delivered, or from the time when the notice shall reach its
15 destination, according to the due course of post, if the notice is sent by
16 mail, and
- 17 (4) A statement that unless the claim is paid within the time specified, the
18 goods will be advertised for sale and sold by auction at a specified time
19 and place.

20 In accordance with the terms of a notice so given, a sale of the goods by
21 auction may be had to satisfy any valid claim of the warehouse operator for which
22 he has a lien on the goods. The sale shall be had in the place where the lien was
23 acquired, or, if such place is manifestly unsuitable for the purpose of the claim
24 specified in the notice to the depositor has elapsed, and advertisement of the sale,
25 describing the goods to be sold, and stating the name of the owner or person on
26 whose account the goods are held, and the time and place of the sale, shall be
27 published once a week for two consecutive weeks in a newspaper published in the
28 place where such sale is to be held. The sale shall not be held less than fifteen days
29 (15) from the time of the first publication. If there is no newspaper published in such
30 place, the advertisement shall be posted at least ten (10) days before such sale in not
31 less than six (6) conspicuous places therein.

32 From the proceeds of such sale, the warehouse operator shall satisfy his lien
33 including the reasonable charges of notice, advertisement and sale. The balance, if
34 any, of such proceeds shall be held by the warehouse operator and delivered on
35 demand to the person to whom he would have been bound to deliver or justified in
36 delivering goods.

1 At any time before the goods are so sold, any person claiming a right of
2 property or possession therein may pay the warehouse operator the amount
3 necessary to satisfy his lien and to pay the reasonable expenses and liabilities
4 incurred in serving notices and advertising and preparing for the sale up to the time
5 of such payment. The warehouse operator shall deliver the goods to the person
6 making payment if he is a person entitled, under the provisions of this Act, to the
7 possession of the goods on payment of charges thereon. Otherwise, the warehouse
8 operator shall retain the possession of the goods according to the terms of the original
9 contract of deposit.

10
11 **SEC. 47. *Perishable and Hazardous Goods.*** – If goods are of a perishable
12 nature, or by keeping will deteriorate greatly in value, or, by their order, leakage,
13 inflammability, or explosive nature, will be liable to injure other property, the
14 warehouseman may give such notice to the owner or to the person in whose names
15 the goods are stored, as is reasonable and possible under the circumstances, to
16 satisfy the lien upon such goods and to remove them from the warehouse and in the
17 event of the failure of such person to satisfy the lien and to receive the goods within
18 the time so specified, the warehouse operator may sell the goods at public or private
19 sale without advertising. If the warehouse operator, after a reasonable effort, is
20 unable to sell such goods, he may dispose of them in any lawful manner and shall
21 incur no liability by reason thereof.

22 The proceeds of any sale made under the terms of this section shall be
23 disposed of in the same way as the proceeds of sales made under the terms of the
24 preceding section.

25
26 **SEC. 48. *Other Methods of Enforcing Lien.*** – The remedy for enforcing a lien
27 herein provided does not preclude any other remedies allowed by law for the
28 enforcement of a lien against personal property nor bar the right to recover so much
29 of the warehouse operator's claim as shall not be paid by the proceeds of the sale of
30 the property.

31
32 **SEC. 49. *Effect of Sale.*** – After goods have been lawfully sold to satisfy a
33 warehouse operator's lien, or have been lawfully sold or disposed of because of their
34 perishable or hazardous nature, the warehouse operator shall not thereafter be liable
35 for failure to deliver the goods to the depositor or owner of the goods or to a holder

1 of the receipt given for the goods when they were deposited, even if such receipt be
2 negotiable.

3 4 **CHAPTER V** 5 **NEGOTIATION AND TRANSFER OF RECEIPTS** 6

7 **SEC. 50.** *Negotiation of Negotiable Receipt by Indorsement.* – A negotiable
8 receipt may be negotiated by the indorsement of the person to whose order the goods
9 are, by the terms of the receipt, deliverable. Such indorsement may be in blank, to
10 bearer or to a specified person. If indorsed to a specified person, it may be again
11 negotiated by the indorsement of such person in blank, to bearer or to another
12 specified person. Subsequent negotiation may be made in like manner.
13

14 **SEC. 51.** *Transfer of Receipt.* – A receipt may be transferred by the holder to
15 a purchaser or donee.

16 A non-negotiable receipt cannot be negotiated, and the indorsement of such a
17 receipt gives the transferee no additional right.
18

19 **SEC. 52.** *Who May Negotiate a Receipt.* – A negotiable receipt may be
20 negotiated:

- 21 (1) By the owner thereof; or
22 (2) By any person to whom the constructive possession of the receipt has
23 been entrusted by the owner, if, by the terms of the receipt, the
24 warehouse operator undertakes to deliver the goods to the order of the
25 person to whom the constructive possession of the receipt has been
26 entrusted.
27

28 **SEC. 53.** *Rights of Person To Whom a Receipt Has Been Negotiated.* – A person
29 to whom a negotiable receipt has been duly negotiated acquires thereby:

- 30 (1) Such title to the goods as the person negotiating the receipt to him had
31 or had ability to convey to a purchaser in good faith for value, and also
32 such title to the goods as the depositor or person to whose order the
33 goods were to be delivered by the terms of the receipt had or had ability
34 to convey to a purchaser in good faith for value; and

- 1 (2) The direct obligation of the warehouse operator to hold possession of
2 the goods for him according to the terms of the receipt as fully as if the
3 warehouse operator and contracted directly with him.
4

5 **SEC. 54.** *Rights of Person to Whom Receipt Has Been Transferred.* – A person
6 to whom a receipt has been transferred but not negotiated acquires thereby, as
7 against the transferor, the title of the goods subject to the terms of any agreement
8 with the transferor.

9 If the receipt is non-negotiable, such person also acquires the right to notify
10 the warehouse operator of the transfer to him of such receipt and thereby to acquire
11 the direct obligation of the warehouse operator to hold possession of the goods for
12 him according to the terms of the receipt.

13 Prior to the notification of the warehouse operator by the transferor or
14 transferee of a non-negotiable receipt, the title of the transferee to the goods and the
15 right to acquire the obligation of the warehouse operator may be defeated by the levy
16 of an attachment or execution upon the goods by a creditor of the transferor or by a
17 notification to the warehouse operator by the transferor or a subsequent purchaser
18 from the transferor of a subsequent sale of the goods by the transferor.
19

20 **SEC. 55.** *Transfer of Negotiable Receipt Without Indorsement.* – Where a
21 negotiable receipt is transferred for value and the indorsement of the transferor is
22 essential for negotiation, the transferee acquires a right against the transferor to
23 compel him to indorse the receipt unless a contrary intention appears. The
24 negotiation shall take effect as of the time when the indorsement is actually made.
25

26 **SEC. 56.** *Warranties of a Sale of Receipt.* – A person who, for value, negotiates
27 or transfers a receipt by indorsement or delivery, including one who assigns for value
28 a claim secured by a receipt, unless a contrary intention appears, warrants:

- 29 (1) That the receipt is genuine;
30 (2) That he has a legal right to negotiate or transfer it;
31 (3) That he has knowledge of no fact which would impair the validity or
32 worth of the receipt; and
33 (4) That he has a right to transfer the title to the goods and that the goods
34 are merchantable or fit for a particular purpose whenever such
35 warranties would have been implied, if the contract of the parties had
36 been to transfer without a receipt of the goods represented thereby.

1
2 **SEC. 57. Indorser not Guarantor.** – The indorsement of a receipt shall not
3 make the indorser liable for any failure on the part of the warehouseman or previous
4 indorsers of the receipt to fulfill their respective obligations.
5

6 **SEC. 58. No Warranty Implied from Accepting Payment of a Debt.** – A
7 mortgagee, pledgee, or holder for security of a receipt who, in good faith, demands or
8 receives payment of the debt for which such receipt is security, whether from a party
9 to a draft drawn for such debt or from any other person, shall not, by so doing, be
10 deemed to represent or to warrant the genuineness of such receipt or the quantity or
11 quality of the goods therein described.
12

13 **SEC. 59. When Negotiation Not Impaired By Fraud, Mistake, or Duress.** – The
14 validity of the negotiation of a receipt is not impaired by the fact that such negotiation
15 was a breach of duty on the part of the person making the negotiation or by the fact
16 that the owner of the receipt was induced by fraud, mistake or duress or to entrust
17 the constructive possession of the receipt to such person, if the person to whom the
18 receipt was negotiated or a person to whom the receipt was subsequently negotiated
19 paid value therefor, without notice of the breach of duty, or fraud, mistake or duress.
20

21 **SEC. 60. Subsequent Negotiation.** – Where a person having sold, mortgaged,
22 or pledged goods which are in warehouse and for which a negotiable receipt has been
23 issued, or having sold, mortgaged, or pledged the negotiable receipt representing
24 such goods, continues in constructive possession of the negotiable receipt, the
25 subsequent negotiation thereof by the person under any sale or other disposition
26 thereof to any person receiving the same in good faith, for value and without notice
27 of the previous sale, mortgage or pledge, shall have the same effect as if the first
28 purchaser of the goods or receipt had expressly authorized the subsequent
29 negotiation.
30

31 **SEC. 61. Negotiation Defeats Vendor's Lien.** – Where a negotiable receipt has
32 been issued for goods, no seller's lien or right of stoppage in *transitu* shall defeat the
33 rights of any purchaser for value in good faith to whom such receipt has been
34 negotiated, whether such negotiation be prior or subsequent to the notification to
35 the warehouse operator who issued such receipt of the seller's claim to a lien or right
36 of stoppage in *transitu*. Nor shall the warehouse operator be obliged to deliver or

1 justified in delivering the goods to an unpaid seller unless the receipt is first
2 surrendered for cancellation.

3 4 **CHAPTER VI** 5 **CRIMINAL OFFENSES** 6

7 **SEC. 62.** *Issuance of Receipt for Goods Not Received.* – A warehouse operator
8 or his agent, or an officer or staff of any warehouse operator who issues or aids in
9 the issuance of a warehouse receipt knowing that the goods mentioned therein are
10 not actually in his custody shall be punished by imprisonment of ten (10) years, or
11 a fine equal to triple the value of the goods involved, or both, at the discretion of the
12 Court. If the warehouse operator himself is liable, his accreditation shall likewise be
13 revoked.
14

15 **SEC. 63.** *Issuance of Receipt Containing False Statement.* – A warehouse
16 operator, or any officer, agent or servant of a warehouse operator who fraudulently
17 issues or aids in fraudulent issuance of a warehouse receipt for goods knowing that
18 it contains any false statement, shall be punished by imprisonment of ten (10) years,
19 or a fine equal to triple the value of the goods involved, or both, at the discretion of
20 the Court. If the warehouse operator himself is liable, his accreditation shall likewise
21 be revoked.
22

23 **SEC. 64.** *Creation of Fraudulent Duplicate Receipt.* – A warehouse operator, or
24 any officer, agent, or employee of a warehouse operator who issues or aids in issuing
25 a second electronic warehouse receipt for goods knowing that there is an existing
26 prior electronic warehouse receipt for the same goods or any part of them shall be
27 punished by imprisonment of ten (10) years, or a fine equal to triple the value of the
28 goods involved, or both, at the discretion of the Court. If the warehouse operator
29 himself is liable, his accreditation shall likewise be revoked. This provision shall not
30 be applicable if the issuance of a subsequent warehouse receipt was made on the
31 basis of an Order issued by a Court of competent jurisdiction.
32

33 **SEC. 65.** *Issue for Warehouse Operator's Goods or Receipts Which Do Not State*
34 *That Fact.* – Where goods are deposited with or held by a warehouse operator of which
35 he is owner, either solely or jointly or in common with others, such warehouse
36 operator, or any of his officers, agents, or servants who, knowing this ownership,

1 issues or aids in issuing a negotiable receipt for such goods which does not state
2 such ownership, shall be punished by imprisonment of ten (10) years, or a fine equal
3 to triple the value of the goods involved, or both, at the discretion of the Court. If the
4 warehouse operator himself is liable, his accreditation shall likewise be revoked.

5
6 **SEC. 66.** *Delivery of Goods Without Obtaining Negotiable Receipt.* – A
7 warehouse operator, or any officer, agent, or servant of a warehouse operator, who
8 delivers goods out of the possession of such warehouse operator, knowing that a
9 negotiable receipt the negotiation of which would transfer the right to the possession
10 of such goods is outstanding and uncanceled, without obtaining the constructive
11 possession of such receipt at or before the time of such delivery, shall, except as
12 provided in this Act, be punished by imprisonment of ten (10) years, or a fine equal
13 to triple the value of the goods involved, or both, at the discretion of the Court. If the
14 warehouse operator himself is liable, his accreditation shall likewise be revoked.

15
16 **SEC. 67.** *Negotiation of Receipt for Mortgaged Goods.* – Any person who
17 deposits goods to which he has no title, or upon which there is a lien or mortgage,
18 and who takes for such goods a negotiable receipt which he afterwards negotiates for
19 value with intent to deceive and without disclosing his want of title or the existence
20 of the lien or mortgage, shall be punished by imprisonment of ten (10) years, or a
21 fine equal to triple the value of the goods involved, or both, at the discretion of the
22 Court. If the warehouse operator himself is liable, his accreditation shall likewise be
23 revoked.

24
25 **SEC. 68.** *Unlawful Release of Goods Covered by Warehouse Receipt.* — A
26 warehouse operator, or any officer, agent, or employee of a warehouse operator, who
27 releases without any legal basis any goods covered by an electronic warehouse
28 receipt shall be punished by imprisonment of ten (10) years, or a fine equal to triple
29 the value of the goods involved, or both, at the discretion of the Court. If the
30 warehouse operator himself is liable, his accreditation shall likewise be revoked.

31
32 **CHAPTER VII**
33 **FINAL PROVISIONS**
34

35 **SEC. 69.** *Inter-Connected Registry Information.* — Where feasible, the SEC is
36 ordered and authorized to engage in concerted activity with other government

1 agencies for the linking of the Registry provided under this Act with other registries
2 in order to be able to come up with an inter-connected Registry.
3

4 **SEC. 70. *Public Information.*** — All entries in the Registry of electronic
5 warehouse receipts shall be available to the public. Likewise, the list of accredited
6 warehouse operators, as well as the list of warehouse operators whose accreditation
7 have been revoked, shall be available to the public. The SEC is ordered and
8 authorized to create rules and regulations to facilitate the orderly and expedient
9 access to such information by the public, in accordance with existing standards
10 under Philippine laws.
11

12 **SEC. 71. *Dispute Resolution.*** — Except in cases specifically placed under the
13 jurisdiction of the SEC under this Act, as well as cases where the electronic
14 warehouse receipt includes a valid arbitration clause, all actions arising from this
15 Act shall fall under the jurisdiction of the Regional Trial Courts.
16

17 **SEC. 72. *Appropriations.*** —The SEC may utilize its existing funds, including
18 its savings, for the initial implementation of this Act. For subsequent years, the
19 amounts necessary to carry out the implementation of this Act shall be included by
20 the SEC in its budgetary requirements in the General Appropriations Act.
21

22 **SEC. 73. *Implementing Rules and Regulations.*** — Within ninety (90) days after
23 the effectivity of this Act, the SEC shall promulgate rules and regulations for the
24 implementation of this Act.
25

26 **SEC. 74. *Cases Not Provided For in this Act.*** — Any case not provided for in
27 this Act shall be governed by the provisions of existing legislation, or in default
28 thereof, by the established rules of commerce.
29

30 **SEC. 75. *Application of this Act.*** — The provisions of this Act do not apply to
31 receipts made and delivered prior to the taking effect hereof.
32

33 **SEC. 76. *Separability Clause.*** — If any provision of this Act is declared invalid
34 or unconstitutional, other provisions hereof which are not affected thereby shall
35 continue to be in full force and effect.
36

1 **SEC. 77. *Repealing Clause.*** – Act No. 2137, otherwise known as the
2 Warehouse Receipts Law, is hereby repealed. Any law, presidential decree or
3 issuance, executive order, letter of instruction, administrative order, rule or
4 regulation contrary to or inconsistent with any provision of this Act is hereby
5 repealed or modified accordingly.

6
7 **SEC. 78. *Effectivity.*** — This Act shall take effect fifteen (15) days after its
8 publication in the Official Gazette of the Philippines or in at least two (2) newspapers
9 of general circulation.

Approved,