



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

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7256



Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

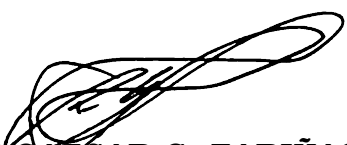
This proposed measure seeks to strengthen micro, small, and medium enterprises (MSMEs). Among the salient provisions of the bill are the following items, among others:

The cost for issuing permits, licenses, certifications, and other necessary documentation for registered microenterprises must be at most five hundred pesos (PHP 500.00). For registered small enterprises, the total cost shall be five thousand pesos (PHP 5,000.00) for five years.

Duly registered MSMEs shall be entitled to a discount of at least 20% on shipping and delivery fees for products and raw materials and mailing, freight, and other similar services provided by public or private couriers.

In addition, government buildings, structures, and open areas, including public markets, airports, sea ports, fish ports, parks, zoos, convention centers, entertainment centers, tourism centers, schools, school campuses, and other similar structures or areas suitable for selling or marketing, shall give free space or size equivalent to one half of one percent (0.5%) of the selling area for every five thousand square meters (5,000 sqm) of selling and shared space.

Hence, this representation seeks the passage of this measure.



RUDYS CAESAR G. FARIÑAS I



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**AN ACT
FURTHER PROMOTING ENTREPRENEURSHIP BY STRENGTHENING,
EMPOWERING, AND ENHANCING 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 the House of Representatives of the Philippines in Congress assembled:

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

3 “SEC. 2. *Declaration of Policy.* – Recognizing that MSMEs have the
4 potential [for] TO GENERATE more employment [generation] and SPUR
5 economic growth and therefore can help provide a self-sufficient
6 industrial foundation for the country, it is hereby declared the policy
7 of the State to promote, support, strengthen and encourage the growth
8 and development of MSMEs in all productive sectors of the economy
9 particularly rural/agri-based, MANUFACTURING, FINANCE AND
10 SERVICES enterprises. To this end, the State shall recognize the
11 specific needs of the MSMEs and shall undertake to promote
12 entrepreneurship, support entrepreneurs, encourage the
13 establishment of MSMEs and ensure their continuing viability and
14 growth and thereby attain countryside industrialization by:

15 “x x x.”

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

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

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

11 “THE APPLICATION OF AN MSME FOR ANY PERMIT AND
12 LICENSE FROM ANY LOCAL GOVERNMENT UNIT, INCLUDING A
13 BARANGAY, SHALL BE AUTOMATICALLY APPROVED
14 PROVISIONALLY, SUBJECT TO THE FINAL APPROVAL OF THE
15 APPLICATION AND THE ISSUANCE OF THE PERMIT OR LICENSE
16 APPLIED FOR.

17 “THE TOTAL COST FOR THE ISSUANCE OF ALL PERMITS,
18 LICENSES, CERTIFICATIONS, AND OTHER SIMILAR REQUIRED
19 DOCUMENTATION FOR THE CONDUCT OF BUSINESS FOR
20 REGISTERED MICRO ENTERPRISES SHALL NOT EXCEED FIVE
21 HUNDRED PESOS (₱500.00). FOR REGISTERED SMALL
22 ENTERPRISES, THE TOTAL COST SHALL NOT EXCEED FIVE
23 THOUSAND PESOS (₱5,000.00) FOR A PERIOD OF FIVE (5) YEARS.

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

28 “x x x.

29 “[Eligible MSMEs shall be entitled to a share of at least ten percent
30 (10%) of total procurement value of goods and services supplied to
31 the Government, its bureaus, offices and agencies annually.] THE
32 NATIONAL GOVERNMENT, ITS BUREAUS, OFFICES AND AGENCIES
33 SHALL ALLOCATE AT LEAST TEN PERCENT (10%) OF ALL ITS
34 PROCUREMENT OPPORTUNITIES FOR GOODS AND SERVICES TO
35 ELIGIBLE MSMEs IN ACCORDANCE WITH THE PROVISIONS OF

1 REPUBLIC ACT NO. 9184, OTHERWISE KNOWN AS THE
2 ‘GOVERNMENT PROCUREMENT REFORM ACT’, AND ITS
3 IMPLEMENTING RULES AND REGULATIONS.

4 “The [Department of Budget and Management] GOVERNMENT
5 PROCUREMENT POLICY BOARD (GPPB) shall FORMULATE RULES FOR
6 THE EFFECTIVE IMPLEMENTATION OF THIS PROVISION AND monitor
7 the compliance of government agencies on the required procurement for
8 MSMEs and submit its report to the MSMED Council on a semestral
9 basis and to the Congress of the Philippines, through its appropriate
10 committees on a yearly basis.

11 “DULY REGISTERED MICRO AND SMALL ENTERPRISES SHALL BE
12 ENTITLED TO A DISCOUNT OF AT LEAST TWENTY PERCENT (20%) ON
13 SHIPPING AND DELIVERY FEES FOR THEIR PRODUCTS AND RAW
14 MATERIALS, AS WELL AS FOR MAILING, FREIGHT AND OTHER
15 SIMILAR SERVICES PROVIDED BY EITHER PUBLIC OR PRIVATE
16 COURIERS.

17 “GOVERNMENT BUILDINGS, STRUCTURES AND OPEN AREAS,
18 INCLUDING PUBLIC MARKETS, WHETHER WET OR DRY, AIRPORTS,
19 SEA PORTS, FISH PORTS, PARKS, ZOOS, CONVENTION CENTERS,
20 ENTERTAINMENT CENTERS, TOURISM CENTERS, SCHOOLS,
21 SCHOOL CAMPUSES, AND OTHER SIMILAR STRUCTURES OR AREAS
22 SUITABLE FOR SELLING OR MARKETING, WHETHER PERMANENT OR
23 TEMPORARY, THAT CAN BE USED AS SELLING AREAS, SHALL GIVE
24 AN AUTHORIZED MSME STORE FREE SPACE MEASURING AT LEAST
25 ONE PERCENT (1%) OF THE TOTAL SPACE AVAILABLE THEREIN.

26 “PRIVATE MALLS, SUPERMARKETS, SHOPPING CENTERS,
27 COMMERCIAL SELLING ESTABLISHMENTS, STRUCTURES, OR AREAS
28 WITH A SELLING AREA, WHETHER PERMANENT OR TEMPORARY,
29 MEASURING AT LEAST FIVE THOUSAND SQUARE METERS (5,000
30 SQM), INCLUDING COMMON AREAS, BUT EXCLUDING PARKING
31 SPACES AND DRIVEWAYS, SHALL GIVE FREE SPACE OR AREA
32 EQUIVALENT TO ONE HALF OF ONE PERCENT (0.5%) OF THE SAID
33 SELLING AREA FOR EVERY FIVE THOUSAND SQUARE METERS (5,000
34 SQM) OF SELLING AND COMMON SPACE, TO ANY AUTHORIZED
35 MSME STORE. AS USED IN THIS ACT, “FREE SPACE” SHALL MEAN
36 SPACE THAT MAY BE USED FOR SELLING PURPOSES WITHOUT
37 NEED FOR THE PAYMENT OF RENT, GOODWILL FEES, ROYALTIES,

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

3 “THE MSMED COUNCIL OF THE CONCERNED CITY,
4 MUNICIPALITY OR BARANGAY SHALL APPROVE THE MSME STORE
5 THAT WILL BE GIVEN FREE SPACE, UPON THE RECOMMENDATION
6 OF THE LOCAL OFFICE OF THE DEPARTMENT OF TRADE AND
7 INDUSTRY. THE FREE SPACE ALLOCATED FOR THE MSME STORE
8 SHALL BE GIVEN IN THE FOLLOWING ORDER OF PREFERENCE:

- 9 1. ONE TOWN ONE PRODUCT (OTOP) STORE OR GO LOKAL! STORE
10 OF THE DEPARTMENT OF TRADE AND INDUSTRY;
11 2. MSME KUMUNIDARAN PRODUKTO AT RESONABLENG
12 SERBISYO STORE (OR “KUMPAARE STORE”); OR
13 3. A LOCAL MICRO OR SMALL ENTERPRISE STORE.

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

17 “THE APPROVAL AND THE REMOVAL OF THE MSME STORE THAT
18 WILL BE GIVEN FREE SPACE SHALL BE REPORTED BY THE MSMED
19 COUNCIL OF THE CONCERNED CITY, MUNICIPALITY OR BARANGAY
20 TO THE CONGRESSIONAL OVERSIGHT COMMITTEE ON MICRO,
21 SMALL AND MEDIUM ENTERPRISE DEVELOPMENT.

22 “PRIVATE MALLS SHALL ALSO ALLOCATE TWENTY PERCENT
23 (20%) OF THEIR TOTAL RENTABLE SPACE TO LOCAL MICRO AND
24 SMALL ENTERPRISES WHICH SHALL BE EXTENDED A TWENTY
25 PERCENT (20%) DISCOUNT ON RENTAL RATES. PRIVATE MALLS
26 SHALL NOT CHARGE ROYALTY CHARGES, GOODWILL CHARGES,
27 COMMISSION CHARGES, PERCENTAGE OF SALES, AND OTHER
28 SIMILAR SCHEMES UPON THE MSMEs.”

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

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

33 “a) *Minimal set of rules and simplification of procedures and*
34 *requirements.* All government agencies having to do with MICRO AND
35 small enterprises shall pursue the principles of minimum regulation to

1 ensure stability of rules and to encourage entrepreneurial spirit among
2 the citizenry. The agencies shall see to it that procedural rules and
3 requirements, within their respective offices in coordination with
4 other agencies, are minimized in the act of registration, availment of
5 financing and accessing other government services and assistance.

6 “b) *Role of the private sector.* In order to hasten growth and expansion
7 of MICRO, small and medium enterprises, the private sector throughout
8 the country shall be encouraged to assist in the effective implementation
9 of this Act by participating in government programs for
10 MICRO, small and medium enterprises strictly in accordance with the
11 law, and consistent with the attainment of the purposes hereof. To
12 encourage private sector participation, the Council, in consultation
13 with the concerned sector, may recommend simplified procedure and
14 localized incentives to MICRO AND small enterprises. The
15 Government shall encourage the organization and establishment of
16 MICRO, small and medium enterprise industry associations at the
17 local and regional levels preferably unified under a national
18 federation/association.

19 “c) *Coordination of government efforts.* Government efforts shall be
20 coordinated to achieve coherence in objectives. All appropriate offices,
21 particularly those under the Departments of Trade and Industry,
22 Finance, Budget and Management, Agriculture, Agrarian Reform,
23 Environment and Natural Resources, Labor and Employment,
24 Transportation [and Communications], INFORMATION AND
25 COMMUNICATIONS TECHNOLOGY, Public Works and Highways,
26 Science and Technology, Interior and Local Government, and
27 Tourism as well as the National Economic and Development Authority,
28 Philippine Information Agency, SECURITIES AND EXCHANGE
29 COMMISSION and the *Bangko Sentral ng Pilipinas*, through their
30 national, regional and provincial offices shall, to the best of their efforts
31 and in coordination with local government units, provide the necessary
32 support and assistance to MSMEs. THE DEPARTMENT OF TRADE AND
33 INDUSTRY SHALL BE THE LEAD AGENCY THEREFOR.

34 “x x x.”

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

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

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

11 “SEC. 7. *Micro, Small and Medium Enterprise Development (MSMED)*
12 *Council*. – The existing Small and Medium Enterprise Development
13 Council, which was created by Republic Act No. 6977, as amended [by
14 Republic Act No. 8289], shall be strengthened to effectively spur the
15 growth and development of MSMEs throughout the country, and to carry
16 out the policy declared in this Act and shall now be known as the
17 Micro, Small and Medium Enterprise Development (MSMED) Council.
18 The Council shall be attached to the Department of Trade and Industry
19 and shall be constituted within sixty (60) days after the approval of this
20 Act.

21 “The Council shall be the primary agency responsible for the
22 promotion, growth and development of MICRO, small and medium
23 enterprises in the country by way of facilitating and closely
24 coordinating national efforts to promote the viability and growth of
25 MICRO, small and medium enterprises, including assisting relevant
26 agencies in the tapping of local and foreign funds for MICRO, small
27 and medium enterprise development, as well as promoting the use of
28 existing programs, as well as seeking ways to maximize the use of
29 our labor resources.”

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

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

35 “(a) The Secretary of Trade and Industry as Chair;

1 “(b) The Secretary of Agriculture;

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

3 “(D) THE SECRETARY OF FINANCE;

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

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

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

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

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

16 “(a) The Secretary of Science and Technology;

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

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

20 “[[(c)] (D)The President of the Land Bank of the Philippines;

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

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

24 “(G) THE EXECUTIVE DIRECTOR OF THE COOPERATIVE
25 DEVELOPMENT AUTHORITY;

26 (H) A REPRESENTATIVE OF A NATIONAL ORGANIZATION
27 REPRESENTING AND DOMINATED BY MSMEs;

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

30 “[[(g)] (J) A representative from the private banking sector to serve
31 [alternatively] ALTERNATELY between the [c]Chamber of [t]Thrift
32 [b]Banks, and the Rural Banker’s Association of the Philippines (RBAP);

1 “[(h)] (K) A representative of the microfinance nongovernment
2 organizations (NGOs), DESIGNATED BY THE MICROFINANCE NGO
3 REGULATORY COUNCIL;

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

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

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

9 “(O) ONE (1) REPRESENTATIVE FROM THE YOUTH SECTOR
10 DESIGNATED BY THE NATIONAL YOUTH COMMISSION; AND

11 “(P) A REPRESENTATIVE FROM NONSTOCK SAVINGS AND LOAN
12 ASSOCIATIONS DESIGNATED BY THE ALLIANCE OF NON-STOCK
13 SAVINGS AND LOAN INSTITUTIONS, INC. (ANSLI).

14 “x x x.”

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

17 “SEC. 7-B. *Powers and Functions.* – A. The MSMED Council shall
18 have the following powers, duties and functions:

19 “x x x;

20 “d) To review the existing policies of government agencies that would
21 affect the growth and development of MSMEs and recommend changes
22 to the President and Congress through the Committee on Economic
23 Affairs of the Senate and the Committee on [Small Business and
24 Entrepreneurship] MICRO, SMALL AND MEDIUM ENTERPRISE
25 Development of the House of Representatives, whenever deemed
26 necessary. This shall include efforts to simplify rules and regulations, as
27 well as review of the applicability and relevance of procedural and
28 documentary requirements in the registration, financing, and other
29 activities relevant to MSMEs the result shall be included in the annual
30 report to be submitted to Congress;

31 “x x x;

32 “h) To promote the productivity and viability of MSMEs IN DTI’S TOP
33 PRIORITY INDUSTRIES FOR DEVELOPMENT by way of directing
34 [and/]or assisting relevant government agencies and institutions at the
35 national, regional and provincial levels towards the:

1 “x x x;

2 “12) Through appropriate government agencies:

3 “x x x;

4 “f) Set-up new MSME NEGOSYO centers and revitalize already
5 established MSME NEGOSYO centers to provide MSMEs in the
6 regions easier access to services such as the following:

7 “x x x.”

8 “B. *ADDITIONAL FUNCTIONS OF THE MSMED COUNCIL.* – AS
9 PROVIDED FOR IN SECTION 10 OF REPUBLIC ACT NO. 10644,
10 OTHERWISE KNOWN AS THE “GO NEGOSYO ACT”,THE MSMED
11 COUNCIL SHALL HAVE THE FOLLOWING ADDITIONAL FUNCTIONS:

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

20 “(B) PROVISION OF A COMPLIANCE GUIDE. – FOR EACH RULE OR
21 GROUP OF RELATED RULES ISSUED BY ANY GOVERNMENT AGENCY
22 FOR COMPLIANCE BY MSMES, THE COUNCIL SHALL PUBLISH
23 COMPLIANCE GUIDELINES WHICH SHALL BE WRITTEN IN PLAIN
24 LANGUAGE OR IN THE LOCAL DIALECT, IF NECESSARY.

25 “THE COUNCIL SHALL PREPARE SEPARATE COMPLIANCE GUIDES
26 COVERING GROUPS OR CLASSES OF SIMILARLY AFFECTED MSMES
27 AND SHALL COOPERATE WITH INDUSTRY ASSOCIATIONS TO
28 DEVELOP AND DISTRIBUTE SUCH COMPLIANCE GUIDES. THE
29 PUBLICATION OF EACH COMPLIANCE GUIDE SHALL INCLUDE THE
30 POSTING OF THE GUIDE IN A CONSPICUOUS LOCATION ON THE
31 WEBSITE OF THE AGENCY, AND DISTRIBUTION OF THE GUIDE TO
32 KNOWN INDUSTRY CONTACTS, SUCH AS SMALL ENTITIES,
33 ASSOCIATIONS OR INDUSTRY LEADERS AFFECTED BY THE RULE.
34 THE ISSUING GOVERNMENT AGENCY SHALL PUBLISH AND

1 DISSEMINATE THE COMPLIANCE RULES WITHIN NINETY (90) DAYS
2 FROM THE DATE OF ISSUANCE;

3 “(C) CONDUCT OF RESEARCH ON WOMEN ENTREPRENEURSHIP. –
4 THE COUNCIL SHALL CONDUCT RESEARCH TO SUPPORT WOMEN
5 ENTREPRENEURSHIP INCLUDING ENTREPRENEURIAL BEHAVIOR,
6 BARRIERS, PARTICIPATION AND CESSATION RATES,
7 DISCRIMINATORY PRACTICES AND CONTRIBUTION TO THE
8 NATIONAL ECONOMY AND GROWTH;

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

15 “(E) DEVELOPMENT OF ENTREPRENEURIAL EDUCATION AND
16 TRAINING. – THE MSMED COUNCIL SHALL DEVELOP, IN
17 COORDINATION WITH THE DEPARTMENT OF EDUCATION,
18 TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY,
19 AND COMMISSION ON HIGHER EDUCATION, A COURSE
20 CURRICULUM OR TRAINING PROGRAM IN ENTREPRENEURSHIP THAT
21 WILL PROMOTE ENTREPRENEURIAL CULTURE AND COMPETENCE.
22 ENTREPRENEURSHIP SHALL BE INTEGRATED IN THE CURRICULUM
23 OF EDUCATIONAL AND TRAINING INSTITUTIONS IN ALL LEVELS.

24 SEC. 8. A new subsection is hereby inserted after Section 7-B of the same
25 Act, as amended, and numbered as Section 7-C to read as follows:

26 “SEC. 7-C. *CITY, MUNICIPALITY, AND BARANGAY MSMED*
27 *COUNCIL.* - THERE SHALL BE CREATED A MSMED COUNCIL IN
28 EVERY LOCAL GOVERNMENT UNIT WHICH SHALL HAVE THE
29 AUTHORITY TO PROPOSE POLICIES THAT ARE GEARED TO ASSIST
30 MSMEs IN THE AREAS OF PRODUCTIVITY ENHANCEMENT,
31 MARKETING, ACHIEVING SUSTAINABILITY BY EXTENDING CREDIT
32 TO CUSTOMERS, AND IMPLEMENTING EFFICIENT LOAN
33 COLLECTION SYSTEMS, AMONG OTHER STRATEGIES.

34 “THE LOCAL MSMED COUNCIL, IN THE CASE OF A CITY OR
35 MUNICIPALITY, SHALL BE COMPOSED OF THE CITYOR MUNICIPAL
36 BUSINESS PERMIT AND LICENSING OFFICER AS CHAIRPERSON, THE

1 PRESIDENT OF THE ASSOCIATION OF BARANGAY CAPTAINS, THE
2 PRESIDENT OF THE SANGGUINIANG KABATAAN FEDERATION, THE
3 TOURISM OFFICER, AND THE CITY OR MUNICIPAL AGRICULTURIST
4 OR THE CITY PLANNING OFFICER.

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

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

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

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

21 “1) to prepare, in coordination with local government units and/or
22 associations of local government officials, and recommend annual as
23 well as medium-term MICRO, small and medium enterprise
24 development plans for approval of the Council;

25 “x x x;

26 “3) to assist the Council in coordinating and monitoring MICRO,
27 small and medium enterprise policies and programs and activities of
28 all government agencies with respect to MICRO, small and medium
29 enterprises;

30 “4) to prepare, collate and integrate all inputs to the Council’s yearly
31 report on the status of MICRO, small and medium enterprises in the
32 country;

33 “x x x.”

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

3 “SEC. 11. *Creation of THE Small Business [Guarantee and Finance]*
4 *Corporation.* – There is hereby created a body corporate to be known as
5 the Small Business [Guarantee and Finance] Corporation, hereinafter
6 referred to as the [Small Business Corporation (SB Corporation)] SB
7 CORPORATION, which shall be charged with the primary responsibility
8 of implementing comprehensive policies and programs to assist MSMEs
9 in all areas, including but not limited to finance and information
10 services, training and marketing.”

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

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

17 “a) The Secretary of Trade and Industry, WHO SHALL ACT AS
18 CHAIRPERSON OF THE BOARD UNTIL SUCH TIME THAT THE
19 PRESIDENT OF THE PHILIPPINES SHALL HAVE APPOINTED THE
20 CHAIRPERSON OF THE BOARD FROM AMONG ITS MEMBERS;

21 “b) The Secretary of Finance;

22 “C) THE PRESIDENT OF THE GOVERNMENT SERVICE INSURANCE
23 SYSTEM (GSIS);

24 “D) THE PRESIDENT OF THE SOCIAL SECURITY SYSTEM (SSS);

25 “[c] E) A private sector representative to be appointed by the President
26 OF THE PHILIPPINES upon the recommendation of the MSMED Council;

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

30 “[e]]G)The president of the SB Corporation as *ex-officio* member and
31 to serve as vice chairman of the Board.

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

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

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

12 “x x x; and

13 “f) [Notwithstanding the provisions of Republic Act No. 6758 and
14 Compensation Circular No. 10, Series of 1989 issued by the Department
15 of Budget and Management, the Board shall have the authority to
16 p]Provide for the organizational structure, [and] staffing pattern [of SB
17 Corporation and to extend to the employees and personnel thereof
18 salaries, allowances and fringe benefits similar to those extended to and
19 currently enjoyed by employees and personnel of other government
20 financial institutions.] AND COMPENSATION OF EMPLOYEES AND
21 PERSONNEL OF THE SB CORPORATION, FOR SUBMISSION TO THE
22 GOVERNANCE COMMISSION FOR GOCCs.”

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

25 “SEC. 11-B. *Corporate Structure and Powers.* – “A. The SB
26 Corporation shall:

27 “x x x.

28 “B. For this purpose, the SB Corporation [subject to compliance with
29 the rules and regulations to be issued by the *Bangko Sentral ng Pilipinas*
30 (*BSP*) and the Securities and Exchange Commission,] shall have the
31 following functions and duties:

32 “a) Source and adopt development initiatives for globally competitive
33 MSMEs in finance and business technologies;

34 “b) [To] [e]Extend all forms of financial assistance, EXCEPT GRANTS
35 AND SUBSIDIES, to eligible MSMEs[.], AND NOT TO PRECLUDE RETAIL

1 LENDING IN AREAS WHERE PRIVATE BANKS ARE NOT ABLE TO
2 SERVE, SUBJECT TO CONSULTATION WITH PRIVATE BANKS. SB
3 Corporation may also engage in wholesale lending. The SB Corporation
4 shall be given two (2) years from the effectivity of this Act to comply
5 with this requirement;

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

12 “x x x;

13 “f) Apply for, receive and accept grants and donations from sources
14 within and outside the country; [and]

15 “g) Hold, own, purchase, acquire, sell, mortgage, dispose or otherwise
16 invest or re-invest in stocks, bonds, treasury bills, debentures, securities
17 and similar forms of indebtedness of the government, its agencies
18 and instrumentalities or any government financial institution[.]; AND

19 “H) SUBMIT AN ANNUAL REPORT TO THE MSMED COUNCIL, THE
20 CONGRESS OF THE PHILIPPINES AND THE GOVERNANCE
21 COMMISSION FOR GOCCs ON THE PERFORMANCE AND FINANCIAL
22 CONDITION OF THE CORPORATION.

23 “THE SB CORPORATION SHALL BE EXEMPT FROM SECURING
24 PRIOR BSP AUTHORIZATION FOR ENGAGING IN QUASI-BANKING
25 ACTIVITIES AND SHALL NOT BE SUBJECT TO BSP SUPERVISION AND
26 REGULATION FOR SUCH ACTIVITIES.”

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

29 “SEC. 11-C. *STRATEGIC MANAGEMENT OF THE SB CORPORATION.* –
30 THE BOARD OF THE SB CORPORATION, THROUGH ITS
31 CHAIRPERSON, SHALL BE FULLY RESPONSIBLE AND ACCOUNTABLE
32 FOR THE PERFORMANCE OF THE CORPORATION’S MANDATE. TO
33 ENSURE THIS, THE BOARD SHALL BE CONSTITUTED AS A MANAGING
34 BOARD, LED BY ITS CHAIRPERSON, TO CONCEPTUALIZE THE
35 STRATEGIC PLANS AND POLICIES OF THE CORPORATION.

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

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

9 “SEC. 12. *Capitalization and Funding of the SB Corporation.* – The SB
10 Corporation shall have an authorized capital stock of Ten billion pesos
11 (P10,000,000,000.00). The initial capital of One billion pesos
12 (P1,000,000,000.00) shall be established from a pool of funds to be
13 contributed in the form of equity investments in common stock by the
14 Land Bank of the Philippines (LBP), the Development Bank of the
15 Philippines (DBP), in the amount of Two hundred million pesos
16 (P200,000,000.00) each. The Social Security System (SSS) and the
17 Government Service Insurance System (GSIS) shall also set aside Two
18 hundred million pesos (P200,000,000.00) each for the SB Corporation.
19 Authorized capital stock of the [s]Small [b]Business [c]Corporation shall
20 be divided into 80,000,000 common shares and 20,000,000 preferred
21 shares with a par value of One hundred pesos (P100.00) per share:
22 *Provided*, That the common shares which have been issued, including
23 those issued against the assets of the KKK Guaranty Fund consolidated
24 under the [s]Small [b]Business [c]Corporation by virtue of Executive
25 Order No. 233, Series of 2000 and Executive Order No. 19, Series of
26 2001 and including those already subscribed, shall form part of the
27 capitalization of the corporation: *Provided, further*, That holders of
28 preferred shares issued under Republic Act No. 6977, as amended,
29 shall have the option to convert the same into common shares.
30 Additional equity funding shall come from trust placements of excess
31 and unused funds of existing government agencies, bilateral and
32 multilateral official development assistance funds, subscriptions
33 from government owned or controlled corporations AND THE NATIONAL
34 GOVERNMENT THROUGH THE DEPARTMENT OF BUDGET AND
35 MANAGEMENT (DBM), and investments of private financial
36 institutions and corporations: *Provided, finally*, That any investment
37 from the private sector shall only be in the form of preferred shares.

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

6 SEC. 15. Section 13 of the same Act, as amended, is hereby deleted.

7 “[SEC. 13. The SB Corporation shall be subject to the supervision and
8 examination of the *Bangko Sentral ng Pilipinas* taking into consideration
9 its developmental objectives.”]

10 SEC. 16. Section 14 of the same Act, as amended, is hereby renumbered as
11 Section 13, and further amended to read as follows:

12 “SEC. [14]13. *Venture Capital and Micro Finance Trust Fund.* – The SB
13 Corporation may set aside an amount of money to encourage the setting
14 up of a venture capital and micro finance trust fund for the purpose
15 of promoting AVAILABLE business opportunities [available] to THE
16 MSME sector. The Venture Capital Fund shall be used mainly for venture
17 capital finance especially in technology-oriented industries. The micro
18 finance trust fund shall be used to provide collateral-free fixed and
19 working capital loans to micro and small enterprises run by those
20 emerging out of poverty. THE INITIAL AMOUNT OF AT LEAST TEN
21 PERCENT (10%) OF THE EQUITY CONTRIBUTION OF THE NATIONAL
22 GOVERNMENT TO THE CAPITALIZATION OF THE SMALL BUSINESS
23 CORPORATION, NOT TO EXCEED FIVE HUNDRED MILLION PESOS
24 (P500,000,000.00), SHALL BE APPROPRIATED TO FUND THE
25 VENTURE CAPITAL AND MICRO FINANCE TRUST FUND.”

26 SEC. 17. Section 15 of the same Act, as amended, is hereby renumbered as
27 Section 14, and further amended to read as follows:

28 “SEC. [15]14. *Mandatory Allocation of Credit Resources to Micro, Small
29 and Medium Enterprises.* – For the period of ANOTHER ten (10) years
30 from the date of the effectivity of this amendatory Act, all lending
31 institutions [as defined under *Bangko Sentral ng Pilipinas* rules], whether
32 public or private, shall set aside at least [eight percent (8%) for micro
33 and small enterprises and at least two percent (2%) for medium
34 enterprises] TEN PERCENT (10%) of their total loan portfolio based on
35 their balance sheet as of the end of the previous quarter FOR MICRO,
36 SMALL AND MEDIUM ENTERPRISES, and make it available for MSME

1 credit as herein contemplated: *PROVIDED*, THAT A MAXIMUM OF
2 ONE PERCENT (1%) THEREOF SHALL BE THE ALLOCATION FOR
3 MEDIUM ENTERPRISES.

4 “Compliance of this provision shall be:

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

6 “x x x; or

7 “f) [subscribe] SUBSCRIPTION/purchase of liability instruments as
8 may be offered by the SB Corporation. THE SAME SHALL NOT BE
9 DEEMED AS QUASI-BANKING OPERATIONS, AND SHALL NOT
10 REQUIRE A QUASI-BANKING LICENSE FROM THE BSP; OR

11 “(G) EXTENSION OF LOANS TO MSME VALUE CHAIN ACTORS WHO
12 ALLOW MSMEs TO PARTICIPATE IN ORGANIZED OR FORMAL VALUE
13 CHAINS. VALUE CHAIN ACTORS INCLUDE, AMONG OTHERS,
14 TRADERS, SUPPLIERS, PROCESSORS, AGGREGATORS WHO
15 CONDUCT LINKED SEQUENCE OF VALUE ADDING ACTIVITIES
16 INVOLVED IN BRINGING A PRODUCT TO FINAL CONSUMERS.

17 “The *Bangko Sentral ng Pilipinas* AND THE SECURITIES AND
18 EXCHANGE COMMISSION, IN CONSULTATION WITH THE MSMED
19 COUNCIL AND THE DEPARTMENT OF TRADE AND INDUSTRY, shall
20 formulate rules for the effective implementation of this provision:
21 *Provided*, That the purchase of government notes, securities and other
22 negotiable instruments shall not be deemed compliance with the
23 foregoing provisions: *Provided, further*, That the *Bangko Sentral ng*
24 *Pilipinas* AND THE SECURITIES AND EXCHANGE COMMISSION, IN
25 CONSULTATION WITH ALL STAKEHOLDERS, shall establish [an] A
26 MEANINGFUL incentive [program] SYSTEM to encourage [lending to
27 micro, small and medium industries beyond the mandatory credit
28 allocation to said enterprises,] COMPLIANCE WITH THIS PROVISION,
29 such as possible reduction in bank’s reserve requirement[.]: *PROVIDED*,
30 *FINALLY*, THAT THE *BANGKO SENTRAL NG PILIPINAS* AND THE
31 SECURITIES AND EXCHANGE COMMISSION SHALL ALIGN
32 THEIR REGULATIONS ON THE PENALTIES FOR BANKS AND
33 OTHER ENTITIES, FOR NONCOMPLIANCE WITH THE PROVISION
34 FOR MANDATORY LENDING.

1 “The MSMED Council shall set up the appropriate systems to monitor
2 all loan applications of MSMEs in order to account for the absorptive
3 capacity of the MSME sector. EACH LENDING INSTITUTION SHALL
4 DESIGNATE A CHIEF COMPLIANCE OFFICER WHO WILL PREPARE
5 AND SIGN THE REPORT ON COMPLIANCE AND NONCOMPLIANCE
6 WITH THE MANDATORY CREDIT ALLOCATION, FOR SUBMISSION TO
7 THE *BANGKO SENTRAL NG PILIPINAS* IN THE CASE OF BANKS, AND
8 THE SECURITIES AND EXCHANGE COMMISSION IN THE CASE OF
9 NON- BANK FINANCIAL INTERMEDIARIES. The *Bangko Sentral ng*
10 *Pilipinas* IN THE CASE OF BANKS, AND THE SECURITIES AND
11 EXCHANGE COMMISSION IN THE CASE OF NON-BANK FINANCIAL
12 INTERMEDIARIES, shall furnish to the MSMED Council on a quarterly
13 basis comprehensive reports on the [bank’s] LENDING ENTITY’S
14 compliance[,] AND noncompliance [and penalties of] WITH the above
15 provisions on the mandatory credit allocation for MSMEs[.], AND SHALL
16 SUBMIT AN ANNUAL REPORT, SIGNED BY AN OFFICER WITH THE
17 RANK OF AT LEAST A MANAGING DIRECTOR, ON THE AMOUNTS OF
18 THE PENALTIES FOR NONCOMPLIANCE WITH THE MANDATORY
19 LENDING PROVISION OF THIS ACT.

20 “ALL BANKS SHALL PROVIDE ACCESS TO DEPOSIT ACCOUNTS,
21 SUCH AS SAVINGS, CHECKING AND DEBIT ACCOUNTS, TO
22 REGISTERED MSMEs. FINANCIAL TECHNOLOGY SHALL BE
23 PROVIDED TO MSMEs TO ENSURE THEIR FINANCIAL INCLUSION.

24 “ALL LENDERS SHALL REPORT CREDIT INFORMATION AND
25 TRANSACTIONS OF MSMEs TO A NATIONAL CREDIT REGISTRY TO
26 MONITOR PROPER COMPLIANCE AND EFFICIENT IMPLEMENTATION.

27 “FOR EFFICIENT IMPLEMENTATION AND OPERATION,
28 COOPERATIVES EXCEPT COOPERATIVE BANKS AND INSURANCE
29 COOPERATIVES SHALL BE UNDER THE SOLE SUPERVISION AND
30 EXAMINATION OF THE COOPERATIVE DEVELOPMENT AUTHORITY
31 (CDA); ALL OTHER FINANCIAL ENTITIES, CORPORATIONS AND
32 FINANCIAL INTERMEDIARIES, SUCH AS NON-GOVERNMENT
33 ORGANIZATIONS, FINANCING COMPANIES, NON-STOCK SAVINGS
34 AND LOAN ASSOCIATIONS, MICROFINANCE NON-GOVERNMENT
35 ORGANIZATIONS, AND LENDING INVESTORS SHALL BE UNDER THE
36 SECURITIES AND EXCHANGE COMMISSION (SEC); BANKS SHALL BE

1 UNDER THE *BANGKO SENTRAL NG PILIPINAS* (BSP); AND INSURANCE
2 COMPANIES SHALL BE UNDER THE INSURANCE COMMISSION (IC).

3 FOR CLARITY, COOPERATIVE BANKS SHALL BE UNDER THE
4 SUPERVISION AND EXAMINATION OF THE CDA AND BSP; WHILE
5 INSURANCE COOPERATIVES SHALL BE UNDER THE SUPERVISION
6 AND EXAMINATION OF THE CDA AND INSURANCE COMMISSION (IC).

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

18 SEC. 18. Sections 16 and 17 of the same Act, as amended, are hereby
19 renumbered as Sections 15 and 16, respectively, to read as follows:

20 “SEC. [16]15. *Micro, Small, and Medium Enterprise Week.* – x xx.”

21 “SEC. [17]16. *Presidential Awards for Outstanding MSME.* – x xx.”

22 SEC. 19. Section 18 of the same Act, as amended, is hereby renumbered as
23 Section 17, and further amended to read as follows:

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

32 SEC. 20. Section 19 of the same Act, as amended, is hereby renumbered as
33 Section 18, and further amended, to read as follows:

34 “SEC. [19]18. *Penal Clause.* – The *Bangko Sentral Ng Pilipinas* IN THE
35 CASE OF BANKS, AND THE SECURITIES AND EXCHANGE

1 COMMISSION IN THE CASE OF NON-BANK FINANCIAL
2 INTERMEDIARIES, shall impose administrative sanctions and other
3 penalties on the lending institutions for non[-]compliance with THE
4 provisions of this Act [including a fine of not less than Five hundred
5 thousand pesos (P500,000.00)]. THE MINIMUM AMOUNT FOR THE
6 PENALTY FOR NONCOMPLIANCE IS FIVE HUNDRED THOUSAND
7 PESOS (P500,000.00) AND THE MAXIMUM PENALTY IS FIVE MILLION
8 PESOS (P5,000,000.00), IN PROPORTION TO THE BANK’S OR OTHER
9 ENTITY’S LEVEL OF COMPLIANCE: *PROVIDED*, THAT IN CASE OF
10 FAILURE OF THE MANDATED ENTITIES TO COMPLY WITH THE
11 MANDATORY CREDIT ALLOCATION SET OUT IN SECTION 14 OF THIS
12 ACT, AN ADDITIONAL PENALTY EQUIVALENT TO TWENTY PERCENT
13 (20%) PER ANNUM OF THE TOTAL AMOUNT OF NON-COMPLIANCE
14 SHALL BE IMPOSED.

15 “Penalties on noncompliance shall be directed to the development of
16 the MSME sector. Ninety percent (90%) of the penalties collected [should]
17 SHALL go to the [MSMED Council Fund] “START-UP FUND” AS
18 PROVIDED UNDER REPUBLIC ACT NO. 10644, OTHERWISE KNOWN
19 AS THE “GO NEGOSYO ACT”, while the remaining ten percent (10%)
20 [should] SHALL be [given] REMITTED to the BSP, THE SECURITIES AND
21 EXCHANGE COMMISSION, OR THE APPROPRIATE AGENCY THAT
22 EXERCISES REGULATORY JURISDICTION OVER SUCH LENDING
23 ENTITY, to cover for administrative expenses.

24 “THE MSMED COUNCIL SHALL SUBMIT TO THE CONGRESS OF
25 THE PHILIPPINES AN ANNUAL REPORT ON THE STATUS OF THE
26 PENALTIES REMITTED AND HOW THE SAME WERE USED OR ARE
27 BEING USED IN RELATION TO THE IMPLEMENTATION OF SERVICES
28 TO MSMEs IN THE AREAS OF CAPACITY BUILDING, TECHNOLOGY
29 INFORMATION, INFORMATION COLLECTION AND DISSEMINATION,
30 AND OTHER INTERVENTIONS FOR MSME DEVELOPMENT, GROWTH
31 AND SUSTAINABILITY.”

32 SEC. 21. A new section, numbered Section 19, is hereby inserted after re-
33 numbered Section 18 of the same Act, as amended, to read as follows:

34 “SEC. 19. *OTHER VIOLATIONS*. – EXCEPT FOR SECURITIES
35 COVERED UNDER THE SECURITIES REGULATIONS CODE OR
36 REPUBLIC ACT NO. 8799, ENTITIES SHALL SECURE THE NECESSARY
37 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION

1 PRIOR TO RECEIVING INVESTMENTS AS WELL AS GIFTS, ITEMS OR
2 OTHER COMMODITIES, EITHER IN THE FORM OF CASH OR ITS
3 EQUIVALENT CASH VALUE IN CONSIDERATION OF RETURN OF
4 PROFIT, BENEFIT, OR BLESSINGS COMING FROM MORE THAN
5 TWENTY (20) INDIVIDUALS, OR SUFFER THE PENALTY OF THIRTY
6 (30) TO ONE HUNDRED EIGHTY (180) DAYS IMPRISONMENT, OR A
7 FINE OF NOT LESS THAN TEN THOUSAND PESOS (₱10,000.00) BUT
8 NOT EXCEEDING ONE HUNDRED THOUSAND PESOS (₱100,000.00)
9 OR BOTH, AT THE DISCRETION OF THE COURT.

10 “ANY PERSON, WHETHER NATURAL OR JURIDICAL, WHO FAILS
11 TO ACQUIRE THE APPROVAL OF THE FOOD AND DRUGS AUTHORITY
12 (FDA) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) FOR
13 SELLING, MARKETING, AND DISTRIBUTING PRODUCTS AND
14 SERVICES THAT ARE REGULATED BY THE FDA SHALL SUFFER THE
15 PENALTY OF THIRTY (30) DAYS TO ONE HUNDRED EIGHTY (180)
16 DAYS IMPRISONMENT, OR A FINE OF NOT LESS THAN TEN
17 THOUSAND PESOS (₱10,000.00) BUT NOT EXCEEDING ONE
18 HUNDRED THOUSAND PESOS (₱100,000.00) OR BOTH, AT THE
19 DISCRETION OF THE COURT. “

20 SEC. 22. *Implementing Rules and Regulations (IRR).* – The Department of
21 Trade and Industry, through the Bureau of Micro, Small and Medium Enterprise
22 Development and in consultation with the *Bangko Sentral ng Pilipinas* in the
23 case of banks, and the Securities and Exchange Commission in the case of non-
24 bank financial intermediaries, and other concerned government agencies,
25 nongovernment organizations and private sector agencies involved in the
26 promotion of MSMEs, shall formulate the rules and regulations (IRR) necessary to
27 implement the provisions of this Act within ninety (90) days
28 from the approval of this Act: *Provided*, That the IRR shall be reviewed yearly:
29 *Provided, further*, That the IRR shall be approved by the MSMED Council.

30 SEC. 23. *Separability Clause.* – The provisions of this Act are hereby declared
31 to be separable. If any provision of this Act shall be held unconstitutional, the
32 remainder of this Act not otherwise affected shall remain in full force and effect.

33 SEC. 24. *Repealing Clause.* –Section 22 of Republic Act No. 8367 is hereby
34 repealed. All laws, decrees, proclamations, issuances, or ordinances that are
35 contrary to or inconsistent with the provisions of this act are hereby amended,
36 repealed or modified accordingly.

1 SEC. 25. *Effectivity.* – This Act shall take effect fifteen (15) days after its
2 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

3