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REPUBLIC OF THE PHILIPPINES)
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HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 3855

EXPLANATORY NOTE

Associations in the Philippines are not-for-profit organizations organized as non-stock corporations registered under the Corporation Code. Non-stock corporations are formed for charitable, religious, educational, professional, cultural, fraternal, literary, scientific, social, civic service, or similar purposes, such as trade, industry, agricultural and similar chambers, or any combination thereof (Revised Corporation Code Section 87). The Securities and Exchange Commission (SEC) of the Philippines serves as the registration authority for non-stock corporations.

It is a known fact that associations here in the country provide continuing professional education not available in schools, develop industry standards for operational safety and excellence, undertake research and studies to advance professions and industries, contribute to community service in terms of disaster relief and health missions, improve business competitiveness, among others. In Australia and the United Kingdom, associations are considered as the "Third Sector" apart from the public and private sectors which are integral components in nation-building.

In the United States, Canada and Europe, associations are managed by association executives who are certified professionals and track a career path from membership managers to chief executive officers (CEOs) and receive compensation similar to private companies. For example, the CEO of the American Society of Association Executives (ASAE) with 47,000 members in 50 countries, receives at least a seven-digit annual compensation. As such, association management in these jurisdictions is a profession much like those in the medical, legal, engineering, accountancy and other professions. Also, there is such a specific and unique field of management called association management.

Professionalizing association management and establishing a profession for those working in associations in the Philippines, aside from making associations more resilient and productive as well as providing sustainable employment as above-mentioned, will also solve the issues and challenges of associations in terms of governance and regulatory compliance. In the course of doing their respective activities, associations get to deal with a lot of individuals and institutions as suppliers of products and services or as regulatory entities. Accordingly, in a very large measure, such individuals and institutions and the public in general have an interest in the state of governance and professional management in these associations to ensure that transactions among them have the badge of integrity and legality that help ensure operational sustainability of the parties. In other words, a culture of professionalism management serves as a protection of the public against unscrupulous and unethical transactions or dealings with associations.

Based on SEC data, there are about 250,000 registered non-for-profit organizations, of which, according to SEC sources, only half or about 125,000 of these comply with the annual reportorial

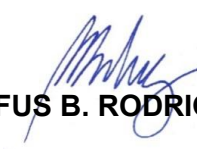
requirements. There are about over 6,000 registered associations in this data. Among the reasons for this reportorial slack are (a) governance issues in that most associations are governed by volunteers whose terms of office are short hence problems on continuity of decision-making and historical organizational memories are commonplace and (b) management issues in that only one out of ten associations in the country are managed by paid staff, i.e., secretariat headed by an executive director, secretary general, CEO or equivalent title.

There's no doubt that an association that practices good governance and professional management can benefit in so many ways particularly in being able to address the most common association problems by way of gaining enhanced reputation, membership retention, compliance with regulatory requirements, improved capability to implement organizational mandate and generate funds, and ultimately help bring about the general welfare of society.

Having a distinct and separate professional regulatory board for association professionals under the ambit of the Professional Regulation Commission will help advance good governance and prudent management of associations in the country.

This bill is therefore aimed at providing solutions to the problems besetting associations, increasing employment opportunities for those working in the association sector and promoting the interest of the public.

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



RUFUS B. RODRIGUEZ



MAXIMO B. RODRIGUEZ, JR.

HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 3855

AN ACT
REGULATING AND PROFESSIONALIZING THE PRACTICE OF ASSOCIATION
MANAGEMENT, PRESCRIBING THE QUALIFICATIONS OF ASSOCIATION EXECUTIVES
AND APPROPRIATING FUNDS THEREFOR

ARTICLE I.
GENERAL PROVISIONS

SECTION 1. **Short Title.** – This Act shall be known as the "Professional Association Management Act".

SEC. 2. **Statement of Policy.** – The State recognizes the essential role of association management as a profession in promoting the capacity of the citizenry to manage associations consistent with the tenets of professionalism and good governance thereby contributing to nation building. It shall, through honest, effective and credible licensure examination and regulatory measures, undertake programs and activities that would promote and nurture the professional growth and well-being of competent, virtuous, productive and well-rounded association executives who practice their professions with integrity, excellence and dedicated service to others.

For purposes of this Act, an association executive or an association management professional refers to an individual who is a bona fide holder of a certificate of registration and professional identification card issued by the Professional Regulatory Commission (PRC).

SEC. 3. **Objectives.** – This Act has the following objectives:

1. Require national examination for licensure, and registration of association executives;
2. Issue certificate of registration and professional identification card;
3. Supervise, control and regulate the practice of association management;
4. Establish an integration of association executives under one national organization; and
5. Develop professional competence of association executives.

SEC. 4. **Scope of the Practice of Association Management.** – Association management shall deal with the performance of executive and managerial functions, which include the following:

1. Oversee the day-to-day operations of the association and lead in the attainment of the association's goals and objectives;
2. Ensure that stakeholders feel valued, heard, understood, their interest safeguarded and protected;
3. Promote the image of the association as an ethical, caring, professionally-managed and values-driven organization in the community.

4. Develop business management goals and objectives leading to growth and prosperity; and
5. Design and implement business plans and strategies to promote the attainment of goals and organization mandate.

ARTICLE II

PROFESSIONAL REGULATORY BOARD FOR ASSOCIATION EXECUTIVES

SEC. 5. ***Professional Regulatory Board for Association Executives.*** –A professional regulatory board for association executives hereinafter referred to as the Board, is created under the administrative supervision and control of the Professional Regulation Commission (PRC), to be composed of a chairperson and two (2) members who shall be appointed by the President of the Philippines from among the list of three (3) recommendees for each position submitted by the PRC from among the list of five (5) nominees for each position submitted by the accredited integrated national professional organization of associations and association executives from among the association executives of recognized standing who qualify under Section 6 of this Act. The new Board shall be constituted within three (3) months from the effectivity of this Act.

SEC. 6. ***Qualifications of Members of the Board.*** – The chairperson and members of the Board, at the time of their appointment, shall possess the following qualifications:

1. A natural born citizen and resident of the Philippines;
2. Of good reputation and moral character;
3. A qualified association executive as defined in Section 1 of this Act;
4. Active in the practice of association management for at least five (5) years; and
5. Must not be a board member of a duly organized and registered association in the Philippines.

SEC. 7. ***Powers, Functions and Duties of the Board.*** – The Board shall have the following powers, functions and duties:

1. Promulgate and administer rules and regulations necessary to carry out the provisions of this Act;
2. Administer oaths in connection with the administration of this Act;
3. Adopt an official seal of the Board;
4. Issue, suspend or revoke the certificate of registration and professional identification card or grant or cancel a temporary and special permit;
5. Look into the conditions affecting the practice of association management and when necessary, adopt such measures as may be deemed proper for the enhancement and maintenance of high ethical, moral and professional standards of association management;
6. Adopt policies and set the standards for all types of associations and association management;
7. Adopt and prescribe a code of ethics and a code of professional standards for association executives;
8. Hear and decide administrative cases involving violations of this Act, its implementing rules and regulations or the code of ethics or the code of professional standards for association executives;
9. Issue subpoena ad testificandum and subpoena duces tecum to ensure the appearance of witnesses and the presentation of documents;
10. Prescribe guidelines in the Continuing Professional Education (CPE) in coordination with the accredited and integrated association for association executives;

11. Prepare, adopt, issue or amend the syllabi or terms of specification of subjects for the association executive licensure examination consistent with the policies and standards set by the Board and SEC; and
12. Discharge other powers and perform such other duties as the Board may deem necessary for the practice of association management and the continued growth and development of professional association executives in the Philippines.

The policies, resolutions, rules and regulations issued or promulgated by the Board shall be subject to review and approval by the PRC. However, the Board's decision, resolution or order rendered in administrative case shall be subject to review only if on appeal.

SEC. 8. **Term of Office.** – The chairperson and the members of the Board shall hold office for a term of three (3) years until their successors shall have been appointed and duly qualified: Provided, That members of the first Board to be appointed after the approval of this Act shall hold office for the following terms: the chairperson for three (3) years, one member for two (2) years and the other member for one (1) year; *Provided*, further, That the chairperson or any member may be reappointed for another term of three (3) years but in no case shall the whole term exceed six (6) years; *Provided*, finally, That interim vacancies in the Board shall be filled for the unexpired portion of the term only.

SEC. 9. **Compensation of the Board.** – The chairperson and members of the Board shall receive compensation and allowances comparable to that being received by the chairperson and members of existing regulatory boards under the PRC as provided for in the General Appropriations Act.

SEC. 10. **Removal or Suspension.** – The chairperson or any member of the Board may be removed or suspended by the President of the Philippines on recommendation of the PRC if found guilty after a proper administrative investigation, based on the following grounds: neglect of duty; incompetence; unprofessional, unethical, immoral or dishonorable conduct; any violation of this Act, or the code of ethics and the code of professional standards for association executives; commission or toleration of irregularities in the examination such as manipulation; rigging of examination results; disclosure of secrets and information on examination questions prior to conduct of examination; tampering of grades; and final judgment for a criminal offense involving moral turpitude.

SEC. 11. **Executive Officer and the Secretary of the Board.** – The chairperson of the PRC shall be the executive officer of the Board and shall conduct the licensure examination for association executives. The PRC shall designate the secretary of the Board and shall provide the secretariat and other support services to implement the provisions of this Act.

All records of the Board including the examination papers, minutes of deliberations, and records of administrative proceedings and investigations shall be kept by the PRC under the direct custody of the secretary.

SEC. 12. **Annual Report.** – The Board shall submit to the PRC after the close of each calendar year, its annual report of accomplishments which shall include a detailed account of the operation of the Board for the year and the appropriate recommendation on issues or problems affecting the profession.

ARTICLE III LICENSURE EXAMINATION AND REGISTRATION

SEC. 13. **Examinations.** – Applicants for registration, except those specifically allowed under Section 18 of this Act, are required to undergo a written licensure examination to be given by the Board in such places and dates the PRC may designate, subject to compliance with the requirements prescribed by the PRC.

SEC. 14. **Qualifications of Applicants** – Applicants for licensure examination must meet the following qualifications at the time of the filing of applications:

1. Citizen of the Philippines or a foreign citizen whose country has reciprocity agreement with the Philippines as regards the practice of association management;
2. Good health and good moral character, and
3. At least a college graduate;

SEC. 15. **Scope of Examination** – The licensure examination for association executive shall consist of the following subjects:

1. Membership and volunteer management;
2. Governance, legal and regulatory aspects;
3. Organizational sustainability;
4. Marketing, branding, public relations and communication;
5. Financial management; and
6. People management.

The Board is hereby authorized to modify or add to the subjects listed above as the Board deems necessary.

SEC. 16. **Rating in the Board Examination** – To be qualified as having passed the licensure examination, an examinee must obtain a weighted general average of seventy-five percent (75%), with no grade lower than fifty percent (50%) in any subject.

SEC. 17. **Report of Results of Examination.** – The Board shall report to the PRC the results of the examination and the ratings of the examinees within ten (10) days after the examination.

SEC. 18. **Registration Without Examination.** – Upon application and payment of the required fees, the Board shall issue a certificate of registration and professional identification card to an applicant who, on the date of effectivity of this Act is an executive for at least 5 years of a duly registered association. Both the executive and the association must not be in violation of the applicable rules issued by the Board and the Securities and Exchange Commission (SEC).

Those who qualify under this Section shall be given three (3) years within which to apply for registration upon the effectivity of this Act.

SEC. 19. **Issuance of Certificate of Registration and Professional Identification Card.** – The PRC, on recommendation of the Board, shall issue a certificate of registration and professional identification card to each person who passed the licensure examination for association executive and to those who are registered without examination under this Act. The PRC shall enter the name of the registered professional in the Roster of Philippine Association Executives.

The certificate of registration shall bear the signature of the chairperson of the PRC and the chairperson and members of the Board, stamped with official seals of the Board and PRC, indicating that the person named therein is entitled to the practice of the profession with all the

privileges appurtenant thereto. The said certificate of registration shall remain in full force and effect until suspended or revoked in accordance with this Act.

A professional identification card bearing the name and signature of the registrant, registration number, date of issuance, expiry date, duly signed by the chairperson of the PRC, shall likewise be issued to every registrant who has paid the prescribed fee.

SEC. 20. ***Oath of Profession.*** – All successful examinees qualified for registration and all qualified applicants for registration without examination shall be required to take an oath of profession before any PRC official, or member of the Board or any government official authorized to administer oaths, prior to entering into the practice of association management in the Philippines.

SEC. 21. ***Refusal to Issue Certificate of Registration and Professional Identification Card.*** – The Board shall not register any successful examinee nor any applicant for registration without examination if the person has been convicted by a court of competent jurisdiction of any criminal offense involving moral turpitude or has been found guilty of immoral and dishonorable conduct after investigation of the Board, or has been declared to be of unsound mind. The reason for the refusal shall be set forth in writing.

SEC. 22. ***Revocation and Suspension of Certificate of Registration and Professional Identification Card or Cancellation of Temporary/Special Permit.*** – The Board has the power, after due notice and hearing, to revoke or suspend the certificate of registration or cancel a temporary or special permit of association executive on any ground stated under Section 21 of this Act, or for any of the following grounds: unprofessional or dishonorable conduct in the practice of association management; fraud; deceit or falsification in obtaining a certificate of registration, professional identification card, or temporary/special permit; abetment of illegal practice by allowing illegal use of his/her certificate of registration, or professional identification card, or temporary/special permit; practice of profession during the period of suspension; or any violation of this Act, its implementing rules and regulations, the code of ethics or the code of professional standards for association executives, or Board policies. The respondent may appeal the Board's decision, order or resolution to the PRC within fifteen (15) days from receipt thereof.

SEC. 23. ***Reissuance of Revoked Certificate of Registration and Replacement of Lost Certificate of Registration and Professional Identification Card.*** – The Board, after two (2) years from the date of revocation of the certificate of registration may reissue a certificate upon proper application.

A new certificate of registration and professional identification card, a temporary or special permit, which has been lost, destroyed or mutilated, may be reissued after payment of the required fee prescribed by the Commission.

SEC. 24. ***Roster of Association Executives.*** – The Board, in coordination with the accredited and integrated national organization of association and association executives, shall maintain an up-to-date, complete and properly organized roster of members, including those who had been issued certificates of registration under this Act and those who shall qualify under this Act, and contain the following data;

1. Alphabetical list by surname of association executives with their addresses and license numbers;
2. Numerically arranged list of licensees, according to their license numbers; and
3. Such other lists which the Board may deem necessary.

Copies of the roster of association executives, which shall be submitted to the SEC, and to the accredited national organization of associations and association executives, shall be kept as permanent record.

ARTICLE IV PRACTICE OF ASSOCIATION MANAGEMENT

SEC. 25. ***Illegal Practice of Association Management.*** – A person who does not have a valid certificate of registration and professional identification card or a temporary or special permit from the PRC shall not practice or offer to practice association management in the Philippines or assume any position, which involve performing the function of an association executive as provided under Section 4 of this Act.

SEC. 26. ***Certificate of Registration/Professional Identification Card and Professional Tax Receipt.*** – The certificate of registration, professional identification card and professional tax receipt number of the association executive shall be reflected in any document issued or signed in connection with the practice of the profession.

SEC. 27. ***Reciprocity.*** – An association executive from another country shall be admitted for licensure examination, issued a certificate of registration and professional identification card and be entitled to the rights and privileges appurtenant to this Act, if the country of which the person is a citizen or subject of, accords Filipino association executives of said country the same treatment: *Provided*, That the requirements for certificate of registration in said country are substantially the same as the requirements under this Act: *Provided*, further, That the law of such country grants Filipino association executives the same privileges as the citizens of that country.

SEC. 28. ***Automatic Registration of Practicing Association Executives.*** – All practicing association executives at the time of the effectivity of this Act shall automatically be registered.

SEC. 29. ***Integrated and Accredited National Organization of Association Executives.*** – All registered association executives shall be integrated under a single organization recognized and accredited by the Board and approved by the PRC.

An association executive duly registered and licensed by the Board and the PRC shall automatically become a member of the integrated and accredited professional organization and shall receive the benefits and privileges appurtenant thereto upon payment of the required fees and dues. Membership in the integrated and accredited professional organization shall not be a bar to membership in any other association of association executives.

ARTICLE V FINAL PROVISIONS

SEC. 30. ***Penal Provisions.*** – Any person who practices or offers to practice any function of an association executive as provided for under Section 4 of this Act who is not registered and has not been issued by the PRC a certificate of registration and professional identification card, or a temporary license or permit, or who violates any of the provisions of this Act, or its implementing rules and regulations, shall, upon conviction, be penalized by a fine of not less than Thirty thousand pesos (P30,000.00), but not more than One hundred thousand pesos (P100,000.00), or imprisonment of not less than one (1) month nor more than three (3) years, or both at the discretion of the court.

SEC. 32. **Appropriations.** – The amount necessary for the initial implementation of this Act shall be charged against the current year's appropriations of the Professional Regulatory Commission. Thereafter, such amount as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 33. **Transitory Provision.** – The existing PRC Board shall continue to exercise the functions of the Professional Regulatory Board for Association Executives created under this Act, until such time as the new Board shall have been constituted pursuant to this Act.

SEC. 34. **Implementing Rules and Regulations.** – Within ninety (90) days from the effectivity of this Act, the Board shall, in consultation with the Professional Regulatory Commission, issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 35. **Separability Clause.** – All laws, decrees, executive orders, and other presidential issuance which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 36. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,