

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **4075**



Introduced by **Rep. ANGELO MARCOS BARBA**
2nd District, Ilocos Norte

EXPLANATORY NOTE

In an era shaped by rapid digital transformation, blockchain technology offers a secure, transparent, and tamper-proof system for managing records and transactions.

This bill aims to make government operations more transparent, accountable, and efficient by officially adopting blockchain technology and smart contracts. In a world driven by rapid digital transformation, blockchain offers a secure and tamper-proof way to manage records and transactions. This bill will provide a clear framework for government agencies to implement these technologies by granting them legal recognition, imposing safeguards for sensitive transactions, and requiring them to establish their own guidelines. By doing this, the Philippines can use blockchain to improve public service delivery.

Furthermore, by establishing a clear legal foundation, this legislation will foster a secure and predictable environment for both the government and the private sector to collaborate on blockchain-based solutions. This not only encourages innovation but also helps in building public trust in a new, decentralized system of governance and data management. The standardization and legal backing provided by the bill will be key in a large-scale, nationwide rollout, ensuring interoperability and security across various government agencies.

In light of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to be "AM Barba", written in a cursive style.

ANGELO MARCOS BARBA

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AN ACT
INSTITUTIONALIZING THE USE OF BLOCKCHAIN
TECHNOLOGY TO PROMOTE TRANSPARENCY,
ACCOUNTABILITY, AND EFFICIENCY IN GOVERNMENT
OPERATIONS AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. – This Act shall be known as the
“**Blockchain Technology for Government Efficiency Act.**”

SECTION 2. Definition of Terms. – As used in this Act:

- (a) “Blockchain” or “Distributed Ledger” refers to an electronic record created by the use of a decentralized method by multiple parties to verify and store a digital record of transactions which is secured by the use of a cryptographic hash of previous transaction information;
- (b) “Blockchain Technology” refers to a computer software or hardware or collections of computer software or hardware, or both, that utilize or enable a blockchain;
- (c) “Cryptographic hash” refers to a mathematical algorithm which performs a one-way conversion of input data into output data of a specified size to verify the integrity of the data;
- (d) “Electronic” refers to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;
- (e) “Electronic Record” refers to a record created, generated, sent, communicated, received, or stored by electronic means, including a

blockchain or a smart contract;

- (f) “Record” refers to information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form; and
- (g) “Smart contract” refers to a contract stored as an electronic record which is verified by the use of a blockchain.

SECTION 3. *Permitted Use of Blockchain.* –

- a. A smart contract, record, or signature may not be denied legal effect of enforceability solely because a blockchain was used to create, store, or verify the smart contract, record, or signature.
- b. In a proceeding, evidence of a smart contract, record, or signature must not be excluded solely because a blockchain was used to create, store, or verify the smart contract, record, or signature.
- c. If a law requires a record to be in writing, submission of a blockchain which electronically contains the record satisfies the law.
- d. If a law requires a signature, submission of a blockchain which electronically contains the signature or verifies the intent of a person to provide the signature satisfies the law.

The Department of Information and Communications Technology (DICT), together with the Department of Justice (DOJ), in consultation with relevant stakeholders, shall create and issue the implementing rules and regulations necessary to execute this Section.

SECTION 4. *Limitations to the use of blockchain.* –

- a. If parties have agreed to conduct a transaction by use of a blockchain and a law requires that a contract or other record relating to the transaction be in writing, the legal effect, validity, or enforceability of the contract or other record may be denied if the blockchain containing an electronic record of the transaction is not in a form that is capable of being retained and accurately reproduced for later reference by all parties or other persons who are entitled to retain the contract or other record.
- b. Except as otherwise provided in subsection (f) of this Section, if a law other than this Act requires a record to be posted or displayed in a

- certain manner, to be sent, communicated, or transmitted by a specific method, or to contain information that is formatted in a certain matter, the use of a blockchain to post, display, send, communicate, transmit, or store such a record does not satisfy the requirement of the other law.
- c. If a person inhibits the ability of another person to store or retrieve information contained in a blockchain, such information is not enforceable by the person who inhibited the storage or retrieval.
 - d. Regardless of whether a smart contract was used to establish the relationship between the parties to an agreement, a requirement that a notice or an acknowledgment or other response to a notice be in writing is not satisfied by providing or delivering the notice or recording an acknowledgment or other response to the notice by the use of a blockchain if the notice is a notice of:
 - (1) the cancellation or termination of service by a public utility;
 - (2) the default, acceleration, repossession, foreclosure, or eviction, or the right to cure, under a credit agreement secured by or a rental agreement for, a primary residence of a natural person;
 - (3) the cancellation or termination of a policy of health insurance, benefits received under a policy of health insurance, or benefits received under a policy of health insurance, excluding annuities; or
 - (4) the recall of a product, or material failure of a product, that risks endangering the health or safety of a person.
 - e. A requirement that a document be in writing is not satisfied by the use of a blockchain if the document is required to accompany any transportation or handling of hazardous materials, pesticides, or other toxic or dangerous materials;
 - f. The requirements of this Section may not be varied by agreement, except that:
 - (1) to the extent a law other than this Act requires that a contract or other record relating to a transaction be in writing, but permits that requirement to be varied by agreement, the provisions of subsection (a) concerning the denial of legal effect, validity, or enforceability of the contract or other record relating to the transaction may also be varied by agreement; and

(2) a requirement under a law other than this Act to send, communicate, or transmit a record by mail, may be varied by agreement to the extent permitted by other law.

The DICT, together with the DOJ, in consultation with relevant stakeholders, shall create and issue the implementing rules and regulations necessary to execute this Section.

SECTION 5. *Blockchain regulation in financial activities.* - The Bangko Sentral ng Pilipinas (BSP) shall have original and primary policymaking powers and regulatory oversight on the use of blockchain in financial transactions and activities.

The BSP shall review the potential application of blockchain technology to the provision of banking, and consider areas for potential adoption and any necessary regulatory changes in the Philippines.

The BSP shall also submit to Congress a report of its findings and recommendation.

SECTION 6. *Blockchain and financial technology promotion.* - The Department of Economy, Planning, and Development (DEPDev) shall incorporate into one or more of its economic development reports and support programs, events, and activities, the following topics:

- a. opportunities to promote blockchain technology and financial technology-related economic development in the private sector, including in the areas of banking, insurance, retail, and service businesses, and cryptocurrency;
- b. legal and regulatory mechanisms that enable and promote the adoption of blockchain technology and financial technology; and
- c. educational and workforce training opportunities in blockchain technology, financial technology, and related areas.

SECTION 7. *Use of blockchain technology in human development programs.* - The Philippine Institute for Development Studies (PIDS) shall conduct a study on the use of blockchain technology for more efficient delivery of government services, including social welfare programs and benefits.

The PIDS shall apprise Congress of its efforts to complete this study.

SECTION 8. *Restrictions on overregulation by local governments.* - A unit of local government shall not:

- a. impose any tax or fee on the use of a blockchain or smart contract by any person or entity;
- b. require any person or entity to obtain from the unit of local government any certificate, license, or permit to use a blockchain or smart contract; or
- c. impose any other requirement relating to the use of a blockchain or smart contract by any person or entity.

Nothing in this Section prohibits a local government unit from using a blockchain or smart contract in the performance of its powers or duties in a manner not inconsistent with the provisions of this Act.

SECTION 9. *Use of blockchain in the National ID System.* - The Philippine Statistics Authority (PSA) is authorized to conduct, or cause the conduct through another agency or organization, of a study on the use of blockchain in implementing Republic Act No. 11055 (R.A. No. 11055), otherwise known as the Philippine Identification Systems Act.

The PSA shall apprise Congress of its efforts to complete its study.

SECTION 10. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SECTION 11. *Repealing Clause.* - All laws, executive orders, rules, and regulations inconsistent with or contrary to the provisions of this Act are hereby repealed or modified accordingly.

SECTION 12. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the Philippines.

Approved,