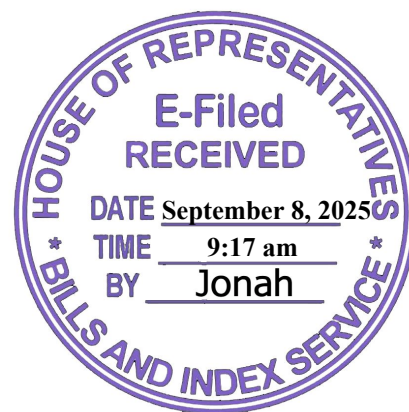


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4384



Introduced by Representatives Bryan B. Revilla, Lani Mercado-Revilla, and Ramon Jolo B. Revilla III

EXPLANATORY NOTE

Almost all, 99.51% to be precise, of all business enterprises operating in the country are classified MSMEs according to the 2020 List of Establishment of the Philippine Statistics Authority (PSA). MSMEs employ 63.19% of the country's workforce.

This bill seeks to encourage and enhance the development of MSMEs in the country by providing the following provisions:

1. Automatic approval of their business application;
2. National Government to allocate of at least 10% of all its procurement opportunities for goods and services to eligible MSMEs;
3. Providing 20% discount on shipping and delivery fees to duly registered MSMEs;
4. Reservation of free storage space to duly registered MSMEs, 1% of total available space in government offices and structures and 5% in private malls, supermarkets, shopping centers, among others, measuring at least 5,000 sqm.
5. Allocating at least 20% of private mall's totable rentable space and 20% discount on their rental rates.

By providing these relief measures to qualified MSMEs, the government is also ensuring their growth and continued employment of millions of Filipinos.

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


REP. BRYAN B. REVILLA
Representative, AGIMAT Party-list


REP. LANI MERCADO-REVILLA
Representative, 2nd District of Cavite


REP. RAMON JOLO B. REVILLA III
Representative, 1st District of Cavite

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **4384**

Introduced by Representatives Bryan B. Revilla, Lani Mercado-Revilla, and Ramon
Jolo B. Revilla III

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 House of Representatives of the Philippines in
Congress assembled:*

1 **SECTION 1.** Section 2 of Republic Act No. 6977, as amended, is hereby further
2 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
5 **SPUR** economic growth and therefore can help provide a self-sufficient
6 industrial foundation for the country, it is hereby declared the policy of
7 the State to promote, support, strengthen and encourage the growth and
8 development of MSMEs in all productive sectors of the economy
9 particularly rural/agri-based, **MANUFACTURING, FINANCE AND**
10 **SERVICES** enterprises. To this end,

11 the State shall recognize the specific needs of the MSMEs and shall
12 undertake to promote entrepreneurship, support entrepreneurs,
13 encourage the establishment of MSMEs and ensure their continuing
14 viability and growth and thereby attain countryside industrialization by:

15 "xxx."

16
17 **SECTION 2.** Section 4 of the same Act, as amended, is hereby further amended to
18 read as follows:

1 "SEC. 4. Eligibility for Government Assistance. - To qualify for
2 assistance, counseling, incentives and promotion under this Act,
3 businesses falling under the above definition must be:

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

8 **"THE APPLICATION OF AN MSME FOR ANY PERMIT AND LICENSE**
9 **FROM ANY LOCAL GOVERNMENT UNIT, INCLUDING A**
10 **BARANGAY, SHALL BE AUTOMATICALLY APPROVED**
11 **PROVISIONALLY, SUBJECT TO THE FINAL APPROVAL OF THE**
12 **APPLICATION AND THE ISSUANCE OF THE PERMIT OR LICENSE**
13 **APPLIED FOR.**

14 **"THE TOTAL COST FOR THE ISSUANCE OF ALL PERMITS,**
15 **LICENSES, CERTIFICATIONS, AND OTHER SIMILAR REQUIRED**
16 **DOCUMENTATION FOR THE CONDUCT OF BUSINESS FOR**
17 **REGISTERED MICRO ENTERPRISES SHALL NOT EXCEED FIVE**
18 **HUNDRED PESOS (P500.00). FOR REGISTERED SMALL**
19 **ENTERPRISES, THE TOTAL COST SHALL NOT EXCEED FIVE**
20 **THOUSAND PESOS (P5,000.00) FOR A PERIOD OF FIVE (5) YEARS.**

21 "b) one hundred percent (100%) owned, capitalized by Filipino citizens,
22 whether single proprietorship or partnership. If the enterprise is a juridical
23 entity, at least sixty percent (60%) of its capital or outstanding stocks
24 must be owned by Filipino citizens: "x x x.

25 "[Eligible MSMEs shall be entitled to a share of at least ten percent (10%)
26 of total procurement value of goods and services supplied to the
27 Government, its bureaus, offices and agencies annually.] **THE**
28 **NATIONAL GOVERNMENT, ITS BUREAUS, OFFICES AND**
29 **AGENCIES SHALL ALLOCATE AT LEAST TEN PERCENT (10%) OF**
30 **ALL ITS PROCUREMENT OPPORTUNITIES FOR GOODS AND**
31 **SERVICES TO ELIGIBLE MSMES IN ACCORDANCE WITH THE**
32 **PROVISIONS OF REPUBLIC ACT NO. 9184, OTHERWISE KNOWN**
33 **AS THE 'GOVERNMENT PROCUREMENT REFORM ACT, AND ITS**
34 **IMPLEMENTING RULES AND REGULATIONS.**

35 "The [Department of Budget and Management] **GOVERNMENT**
36 **PROCUREMENT POLICY BOARD (GPPB) shall FORMULATE**
37 **RULES FOR THE EFFECTIVE IMPLEMENTATION OF THIS**
38 **PROVISION AND** monitor the compliance of government agencies on
39 the required procurement for MSMEs and submit its report to the
40 MSME Council on a semestral basis and to the Congress of the
41 Philippines, through its appropriate committees on a yearly basis.

42 **"DULY REGISTERED MICRO AND SMALL ENTERPRISES SHALL**
43 **BE ENTITLED TO A DISCOUNT OF AT LEAST TWENTY PERCENT**
44 **(20%) ON SHIPPING AND DELIVERY FEES FOR THEIR PRODUCTS**

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

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

16
17 "PRIVATE MALLS, SUPERMARKETS, SHOPPING CENTERS,
18 COMMERCIAL SELLING ESTABLISHMENTS, STRUCTURES, OR
19 AREAS WITH A SELLING AREA, WHETHER PERMANENT OR
20 TEMPORARY, MEASURING AT LEAST FIVE THOUSAND SQUARE
21 METERS (5,000 SQM), INCLUDING COMMON ARFAS, BUT
22 EXCLUDING PARKING SPACES AND DRIVEWAYS, SHALL GIVE
23 FREE SPACE OR AREA EQUIVALENT TO ONE HALF OF ONE
24 PERCENT (0.5%) OF THE SAID SELLING AREA FOR EVERY FIVE
25 THOUSAND SQUARE METERS (5,000 SQM) OF SELLING AND
26 COMMON SPACE, TO ANY AUTHORIZED MSME STORE. AS USED
27 IN THIS ACT, "FREE SPACE" SHALL MEAN SPACE THAT MAY BE
28 USED FOR SELLING PURPOSES WITHOUT NEED FOR THE
29 PAYMENT OF RENT, GOODWILL FEES, ROYALTIES,
30 COMMISSION, PERCENTAGES ON SALES, NOR ANY OTHER
31 SIMILAR SCHEME.

32 "THE MSMED COUNCIL OF THE CONCERNED CITY,
33 MUNICIPALITY OR BARANGAY SHALL APPROVE THE MSME
34 STORE THAT WILL BE GIVEN FREE SPACE, UPON THE
35 RECOMMENDATION OF THE LOCAL OFFICE OF THE
36 DEPARTMENT OF TRADE AND INDUSTRY. THE FREE SPACE
37 ALLOCATED FOR THE MSME STORE SHALL BE GIVEN IN THE
38 FOLLOWING ORDER OF PREFERENCE:

- 39 1. ONE TOWN ONE PRODUCT (OTOP) STORE OR GO LOKAL!
40 STORE OF THE DEPARTMENT OF TRADE AND INDUSTRY;
41 2. MSME KUMUNIDARAN PRODUKTO AT RESONABLENG
42 SERBISYO STORE (OR "KUMPAARE STORE"); OR
43 3. A LOCAL MICRO OR SMALL ENTERPRISE STORE.

1
2 **"ONCE AN MSME STORE IS IN PLACE, REMOVAL OR**
3 **REPLACEMENT SHALL NOT BE ALLOWED EXCEPT FOR VALID**
4 **CAUSE AND AFTER DUE PROCESS.**

5 **"THE APPROVAL AND THE REMOVAL OF THE MSME STORE THAT**
6 **WILL BE GIVEN FREE SPACE SHALL BE REPORTED BY THE**
7 **MSMED COUNCIL OF THE CONCERNED CITY, MUNICIPALITY OR**
8 **BARANGAY TO THE CONGRESSIONAL OVERSIGHT COMMITTEE**
9 **ON MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT.**

10 **"PRIVATE MALLS SHALL ALSO ALLOCATE TWENTY PERCENT**
11 **(20%) OF THEIR TOTAL RENTABLE SPACE TO LOCAL MICRO AND**
12 **SMALL ENTERPRISES WHICH SHALL BE EXTENDED A TWENTY**
13 **PERCENT (20%)**

14 **DISCOUNT ON RENTAL RATES. PRIVATE MALLS SHALL NOT**
15 **CHARGE ROYALTY CHARGES, GOODWILL CHARGES,**
16 **COMMISSION CHARGES, PERCENTAGE OF SALES, AND OTHER**
17 **SIMILAR SCHEMES UPON THE MSMEs."**

18
19 **SECTION 3.** Section 5 of the same Act, as amended, is hereby further amended to
20 read as follows:

21 "SEC. 5. Guiding Principles. - To set the pace for MSME development,
22 the State shall be guided by the following principles:

23 "a) Minimal set of rules and simplification of procedures and
24 requirements. All government agencies having to do with **MICRO AND**
25 small enterprises shall pursue the principles of minimum regulation to
26 ensure stability of rules and to encourage entrepreneurial spirit among
27 the citizenry. The agencies shall see to it that procedural rules and
28 requirements, within their respective offices in coordination with other
29 agencies, are minimized in the act of registration, availment of financing
30 and accessing other government services and assistance.

31 "b) Role of the private sector. In order to hasten growth and expansion
32 of **MICRO**, small and medium enterprises, the private sector throughout
33 the country shall be encouraged to assist in the effective implementation
34 of this Act by participating in government programs for **MICRO**, small
35 and medium enterprises strictly in accordance with the law, and
36 consistent with the attainment of the purposes hereof. To encourage
37 private sector participation, the Council, in consultation with the
38 concerned sector, may recommend simplified procedure and localized
39 incentives to **MICRO AND** small enterprises. The Government shall
40 encourage the organization and establishment of **MICRO**, small and
41 medium enterprise industry associations at the local and regional levels
42 preferably unified under a national federation/association.

1 "c) Coordination of government efforts. Government efforts shall be
2 coordinated to achieve coherence in objectives. All appropriate offices,
3 particularly those under the Departments of Trade and Industry, Finance,
4 Budget and Management, Agriculture, Agrarian Reform, Environment
5 and Natural Resources, Labor and Employment,

6 Transportation [and Communications], **INFORMATION AND**
7 **COMMUNICATIONS TECHNOLOGY**, Public Works and Highways,
8 Science and Technology, Interior and Local Government, and Tourism
9 as well as the National Economic and Development Authority, Philippine
10 Information Agency, **SECURITIES AND EXCHANGE COMMISSION**
11 and the Bangko Sentral ng Pilipinas, through their national, regional and
12 provincial offices shall, to the best of their efforts and in coordination with
13 local government units, provide the necessary support and assistance to
14 MSMEs. **THE DEPARTMENT OF TRADE AND INDUSTRY SHALL BE**
15 **THE LEAD AGENCY THEREFOR.**

16 "xxx."

17 **SECTION 4.** Section 6 of the same Act, as amended, is hereby further amended to
18 read as follows:

19 "SEC. 6. Micro, Small and Medium Enterprises Development Plan
20 (MSMEDP). - The President **OF THE PHILIPPINES** shall approve a six-
21 year micro, small and medium enterprises development plan prepared
22 by the Department of Trade and Industry (DTI) which shall form part of
23 the [Medium Term] Philippine Development Plan ([MT]PDP). It shall be
24 formulated in consultation with the private sector, validated and updated
25 semestraly. Such plan shall include a component on a micro credit
26 financing scheme."

27
28 **SECTION 5.** Certification. - Section 7 of the same Act, as amended, is hereby further
29 amended to read as follows:

30 "SEC. 7. Micro, Small and Medium Enterprise Development (MSMED) Council.
31 - The existing Small and Medium Enterprise Development Council, which was
32 created by Republic Act No. 6977, as amended [by Republic Act No. 8289],
33 shall be strengthened to effectively spur the growth and development of
34 MSMEs throughout the country, and to carry out the policy declared in this Act
35 and shall now be known as the Micro, Small and Medium Enterprise
36 Development (MSMED) Council. The Council shall be attached to the
37 Department of Trade and Industry and shall be constituted within sixty (60)
38 days after the approval of this Act.

39 "The Council shall be the primary agency responsible for the promotion, growth
40 and development of MICRO, small and medium enterprises in the country by
41 way of facilitating and closely coordinating national efforts to promote the
42 viability and growth of MICRO, small and medium enterprises, including
43 assisting relevant agencies in the tapping of local and foreign funds for MICRO,
44 small and medium enterprise development, as well as promoting the use of

existing programs, as well as seeking ways to maximize the use of our labor resources."

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

"SEC. 7-A. Composition of the Micro, Small and Medium Enterprises Development (MSMED) Council. - The members of the Council shall be the following:

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

"(b) The Secretary of Agriculture;

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

"(D) **THE SECRETARY OF FINANCE;**

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

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

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

"[(g)] **(F)** The[Chairman]**PRESIDENT** of **THE** Small Business Corporation.

"A. Advisory Unit. -There shall be an Advisory Unit to the Council, which shall consist of the following:

"(a) The Secretary of Science and Technology;

"(b) The Governor of the Bangko Sentral ng Pilipinas;

"(C) THE COMMISSIONER OF THE SECURITIES AND EXCHANGE COMMISSION;

"[(c)] **(D)** The President of the Land Bank of the Philippines;

"[(d)] **(E)** The President of the Development Bank of the Philippines;

"[(e)] **(F)** The Director General of the National Economic and Development Authority;

"(G) THE EXECUTIVE DIRECTOR OF THE COOPERATIVE DEVELOPMENT AUTHORITY;

1 **"(H) A REPRESENTATIVE OF A NATIONAL ORGANIZATION**
2 **REPRESENTING AND DOMINATED BY MSMEs;**

3 **"[(f)] (I) One (1) representative from the labor sector, to be**
4 **nominated by accredited labor groups;**

5 **"[(g)] (J) A representative from the private banking sector to serve**
6 **[alternatively] ALTERNATELY between the [c] Chamber of [t] Thrift [b]**
7 **Banks, and the Rural Banker's Association of the Philippines (RBAP);**

8 **"[(h)] (K) A representative of the microfinance nongovernment**
9 **Organizations (NGOS), DESIGNATED BY THE MICROFINANCE NGO**
10 **REGULATORY COUNCIL;**

11 **"[(i)] (L) A representative of the University of the Philippines-**
12 **Institute for Small Scale Industries (UP-ISST); [and]**

13 **"[(j)] (M) The President of the Credit Information Corporation[.];**

14 **"(N) ONE (1) REPRESENTATIVE FROM THE WOMEN**
15 **SECTOR DESIGNATED BY THE PHILIPPINE COMMISSION ON**
16 **WOMEN;**

17 **"(O) ONE (1) REPRESENTATIVE FROM THE YOUTH SECTOR**
18 **DESIGNATED BY THE NATIONAL YOUTH COMMISSION; AND**

19 **"(P) A REPRESENTATIVE FROM NONSTOCK SAVINGS AND**
20 **LOAN ASSOCIATIONS DESIGNATED BY THE ALLIANCE OF NON-**
21 **STOCK 3 SAVINGS AND LOAN INSTITUTIONS, INC. (ANSLI).**

22 "xxx."

23 **SECTION 7.** Section 7-B of the same Act, as amended, is hereby further amended to
24 read 6 as follows: "SEC. 7-B. *Powers and Functions.* - A. The MSMED Council shall
25 have & the following powers, duties and functions:

26 "Xxx;

27 "d) To review the existing policies of government agencies that
28 would affect the growth and development of MSMEs and recommend
29 changes to the President and Congress through the Committee on
30 Economic Affairs of the Senate and the Committee on [Small Business
31 and Entrepreneurship] MICRO, SMALL AND MEDIUM ENTERPRISE
32 Development of the House of Representatives, whenever deemed
33 necessary. This shall include efforts to 16 simplify rules and regulations,
34 as well as review of the applicability and relevance of procedural and
35 documentary requirements in the registration, financing, and other
36 activities relevant to MSMEs the result shall be included in the annual
37 report to be submitted to Congress;

38 "xxx;

"h) To promote the productivity and viability of MSMEs IN **DTI'S TOP PRIORITY INDUSTRIES FOR DEVELOPMENT** by way of directing [and/Jor 23 assisting relevant government agencies and institutions at the national, 24 regional and provincial levels towards the:

"xxx;

"12) Through appropriate government agencies:

"xxx;

"f) Set-up new MSME **NEGOSYO** centers and revitalize already 29 established MSME **NEGOSYO** centers to provide MSMEs in the 30 regions easier access to services such as the following:

"xxx."

"B. ADDITIONAL FUNCTIONS OF THE MSMED COUNCIL. - AS 33 PROVIDED FOR IN SECTION 10 OF REPUBLIC ACT NO. 10644, 34 OTHERWISE KNOWN AS THE "GO NEGOSYO ACT", THE MSMED 35 COUNCIL SHALL HAVE THE FOLLOWING ADDITIONAL FUNCTIONS: "(A) COORDINATING AND OVERSIGHT BODY FOR THE MSME NEGOSYO CENTER. - THE MSMED COUNCIL, THROUGH THE DTI, SHALL ACT AS THE COORDINATING AND SUPERVISING BODY FOR ALL THE AGENCIES INVOLVED IN THE ESTABLISHMENT AND OPERATION OF THE MSME NEGOSYO CENTERS. FURTHER, THE MSMED COUNCIL SHALL MONITOR AND ASSESS THE PROGRESS OF THE MSME NEGOSYO CENTERS, WHICH SHALL BE INCLUDED IN ITS ANNUAL REPORT SUBMITTED TO THE CONGRESS;

"(B) PROVISION OF A COMPLIANCE GUIDE. - FOR EACH RULE OR GROUP OF RELATED RULES ISSUED BY ANY GOVERNMENT AGENCY FOR COMPLIANCE BY MSMES, THE COUNCIL SHALL PUBLISH COMPLIANCE GUIDELINES WHICH SHALL BE WRITTEN IN PLAIN LANGUAGE OR IN THE LOCAL DIALECT, IF NECESSARY. "THE COUNCIL SHALL PREPARE SEPARATE COMPLIANCE GUIDES COVERING GROUPS OR CLASSES OF SIMILARLY AFFECTED MSMES AND SHALL COOPERATE WITH INDUSTRY ASSOCIATIONS TO DEVELOP AND DISTRIBUTE SUCH COMPLIANCE GUIDES. THE PUBLICATION OF EACH COMPLIANCE GUIDE SHALL INCLUDE THE POSTING OF THE GUIDE IN A CONSPICUOUS LOCATION ON THE WEBSITE OF THE AGENCY, AND DISTRIBUTION OF THE GUIDE TO KNOWN INDUSTRY CONTACTS, SUCH AS SMALL ENTITIES, ASSOCIATIONS OR INDUSTRY LEADERS AFFECTED BY THE RULE. THE ISSUING GOVERNMENT AGENCY SHALL PUBLISH AND DISSEMINATE THE COMPLIANCE RULES WITHIN NINETY (90) DAYS FROM THE DATE OF ISSUANCE;

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

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

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

23
24 **SECTION 8.** A new subsection is hereby inserted after Section 7-B of the same Act,
25 as amended, and numbered as Section 7-C to read as follows:

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

33 **"THE LOCAL MSMED COUNCIL, IN THE CASE OF A CITY OR MUNICIPALITY,**
34 **SHALL BE COMPOSED OF THE CITY OR MUNICIPAL BUSINESS PERMIT AND**
35 **LICENSING OFFICER AS CHAIRPERSON, THE PRESIDENT OF THE**
36 **ASSOCIATION OF BARANGAY CAPTAINS, THE PRESIDENT OF THE**
37 **SANGGUNIANG KABATAAN FEDERATION, THE TOURISM OFFICER, AND THE**
38 **CITY OR MUNICIPAL AGRICULTURIST OR THE CITY PLANNING OFFICER.**

39 **"THE BARANGAY MSMED COUNCIL SHALL BE COMPOSED OF THE PUNONG**
40 **BARANGAY AS CHAIRPERSON, THE SANGGUNIANG KABATAAN**
41 **CHAIRPERSON, A REPRESENTATIVE OF THE LADIES BRIGADE OR LADIES'**
42 **SECTOR, A REPRESENTATIVE OF THE BARANGAY PUBLIC SAFETY OFFICE,**
43 **AND A REPRESENTATIVE OF THE SENIOR CITIZENS.**

1 **"TO ENSURE THEIR CONTINUED FINANCIAL VIABILITY, THE CITY, MUNICIPAL,**
2 **AND BARANGAY MSMED COUNCILS SHALL COORDINATE AND FORMULATE**
3 **MEASURES TO ENSURE OPERATIONAL. AND FINANCIAL VIABILITY WITHIN**
4 **THEIR TERRITORIAL JURISDICTION, TAKING INTO CONSIDERATION THE**
5 **RELEVANT FACTORS AFFECTING THE CAPACITIES OF THE MSMES."**

6
7 **SECTION 9.** Section 8 of the same Act, as amended, is hereby further amended to
8 read as follows:

9 "SEC. 8. Designation of the Bureau of Micro, Small and Medium
10 Enterprise Development as Council Secretariat. – xxx:

11 "1) to prepare, in coordination with local government units and/or
12 associations of local government officials, and recommend annual as
13 well as medium-term **MICRO**, small and medium enterprise
14 development plans for approval of the Council;

15 "Xxx;

16 "3) to assist the Council in coordinating and monitoring **MICRO**,
17 small and medium enterprise policies and programs and activities of all
18 government agencies with respect to **MICRO**, small and medium
19 enterprises;

20 "4) to prepare, collate and integrate all inputs to the Council's
21 yearly report on the status of **MICRO**, small and medium enterprises in
22 the country:

23 "xxx."

24 **SECTION 10.** Section 11 of the same Act, as amended, is hereby further amended to
25 read as follows:

26 "SEC. 11. Creation of **THE** Small Business [Guarantee and Finance]
27 Corporation. - There is hereby created a body corporate to be known as
28 the Small Business [Guarantee and Finance] Corporation, hereinafter
29 referred to as the [Small Business Corporation (SB Corporation)] **SB**
30 **CORPORATION**, which shall be charged with the primary responsibility
31 of implementing comprehensive policies and programs to assist MSMEs
32 in all areas, including but not limited to finance and information services,
33 training and marketing."

34
35 **SECTION 11.** Section 11-A of the same Act, as amended, is hereby further amended
36 to read as follows:

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

1 a) The Secretary of Trade and Industry, **WHO SHALL ACT AS**
2 **CHAIRPERSON OF THE BOARD UNTIL SUCH TIME THAT THE**
3 **PRESIDENT OF THE PHILIPPINES SHALL HAVE APPOINTED THE**
4 **CHAIRPERSON OF THE BOARD FROM AMONG ITS MEMBERS;**

5 b) The Secretary of Finance;

6 **"C) THE PRESIDENT OF THE GOVERNMENT SERVICE INSURANCE**
7 **SYSTEM (GSIS);**

8 **"D) THE PRESIDENT OF THE SOCIAL SECURITY SYSTEM (SSS);**

9 **"[c] E) A private sector representative to be appointed by the President**
10 **OF THE PHILIPPINES** upon the recommendation of the MSMED
11 Council;

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

15 **"[(e)] G)The president of the SB Corporation as ex-officio member and**
16 **to serve as vice chairman of the Board**

17 **"The President OF THE PHILIPPINES shall appoint the [chairman]**
18 **CHAIRPERSON of the Board from among its members.**

19 "All members of the Board so appointed, except for the ex-officio
20 members, shall serve for a term of three (3) years [without
21 reappointment.] **AND MAY BE REAPPOINTED TO ANOTHER TERM**
22 **UNLESS EARLIER REVOKED. IF THE TERM OF THE INCUMBENT**
23 **MEMBER HAS EXPIRED, THE MEMBER SHALL CONTINUE TO**
24 **FUNCTION IN A HOLDOVER CAPACITY UNTIL A REPLACEMENT**
25 **HAS BEEN APPOINTED AND QUALIFIED. [The] ANY person [so]**
26 **appointed to replace a member who has resigned, died, or been**
27 **removed for cause shall serve only for the unexpired portion of the term.**

28 "The Board of Directors shall have, among others, the following specific
29 powers and authorities:

30 "xxx; and

31 "f) [Notwithstanding the provisions of Republic Act No. 6758 and
32 Compensation Circular No. 10, Series of 1989 issued by the Department
33 of Budget and Management, the Board shall have the authority to
34 piProvide for the organizational structure, [and] staffing pattern [of SB
35 Corporation and to extend to the employees and personnel thereof
36 salaries, allowances and fringe benefits similar to those extended to and
37 currently enjoyed by employees and personnel of other government
38 financial institutions.] **AND COMPENSATION OF EMPLOYEES AND**
39 **PERSONNEL OF THE SB CORPORATION, FOR SUBMISSION TO**
40 **THE GOVERNANCE COMMISSION FOR GOCCs."**

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

"SEC. 11-B. Corporate Structure and Powers. - "A. The SB Corporation shall:

"xxx.

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

"a) Source and adopt development initiatives for globally competitive MSMES in finance and business technologies;

"b) [To] [e]Extend all forms of financial assistance, **EXCEPT GRANTS AND SUBSIDIES**, to eligible MSMEs[.], **AND NOT TO PRECLUDE RETAIL LENDING IN AREAS WHERE PRIVATE BANKS ARE NOT ABLE TO SERVE, SUBJECT TO CONSULTATION WITH PRIVATE BANKS.** SB Corporation may also engage in wholesale lending. The SB Corporation shall be given two (2) years from the effectivity of this Act to comply with this requirement;

"c) [Guarantee loans obtained by qualified MSMEs under such terms and conditions adopted by the SB Corporation Board of Directors;] **ESTABLISH AN ENTERPRISE REHABILITATION FUND FOR CALAMITY-STRICKEN MSMES NOT TO EXCEED FIVE HUNDRED MILLION PESOS (PS00,000,000.00) AS PART OF SB CORPORATION'S CAPITALIZATION BY THE NATIONAL GOVERNMENT;**

"xxx;

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

"g) Hold, own, purchase, acquire, sell, mortgage, dispose or otherwise invest or reinvest in stocks, bonds, treasury bills, debentures, securities and similar forms of indebtedness of the government, its agencies and instrumentalities or any government financial institution[.]; **AND**

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

1 **"THE SB CORPORATION SHALL BE EXEMPT FROM**
2 **SECURING PRIOR BSP AUTHORIZATION FOR ENGAGING IN**
3 **QUASI-BANKING ACTIVITIES AND SHALL NOT BE SUBJECT**
4 **TO BSP SUPERVISION AND REGULATION FOR SUCH**
5 **ACTIVITIES."**

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

8 **"SEC. 11-C. STRATEGIC MANAGEMENT OF THE SB CORPORATION. - THE**
9 **BOARD OF THE SB CORPORATION, THROUGH ITS CHAIRPERSON, SHALL BE**
10 **FULLY RESPONSIBLE AND ACCOUNTABLE FOR THE PERFORMANCE OF THE**
11 **CORPORATION'S MANDATE. TO ENSURE THIS, THE BOARD SHALL BE**
12 **CONSTITUTED AS A MANAGING BOARD, LED BY IT'S CHAIRPERSON, TO**
13 **CONCEPTUALIZE THE STRATEGIC PLANS AND POLICIES OF THE**
14 **CORPORATION.**

15 **"THE SB CORPORATION SHALL ADOPT A BALANCED SCORECARD**
16 **MANAGEMENT APPROACH, SUBJECT TO THE REVIEW AND APPROVAL OF**
17 **THE GOVERNANCE COMMISSION FOR GOCCS, TO ENABLE IT TO MANAGE**
18 **ITS FINANCIAL PERFORMANCE WHILE PURSUING ITS PUBLIC POLICY**
19 **OBJECTIVES OF SUPPORTING MICRO, SMALL AND MEDIUM ENTERPRISES**
20 **DEVELOPMENT."**

21 **SECTION 14.** Section 12 of the same Act, as amended, is hereby further amended to
22 read as follows:

23 "SEC. 12. *Capitalization and Funding of the SB Corporation.* - The SB Corporation
24 shall have an authorized capital stock of Ten billion pesos (P10,000,000,000.00). The
25 initial capital of One billion pesos (P1,000,000,000.00) shall be established from a pool
26 of funds to be contributed in the form of equity investments in common stock by the
27 Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP),
28 in the amount of Two hundred million pesos (P200,000,000.00) each. The Social
29 Security System (SSS) and the Government Service Insurance System (GSIS) shall
30 also set aside Two hundred million pesos (P200,000,000.00) each for the SB
31 Corporation. Authorized capital stock of the [s]Small [b]Business [c]Corporation shall
32 be divided into 80,000,000 common shares and 20,000,000 preferred shares with a
33 par value of One hundred pesos (P100.00) per share: Provided, That the common
34 shares which have been issued, including those issued against the assets of the KKK
35 Guaranty Fund consolidated under the [s]Small [b]Business [c]Corporation by virtue
36 of Executive Order No. 233, Series of 2000 and Executive Order No. 19, Series of
37 2001 and including those already subscribed, shall form part of the capitalization of
38 the corporation:

39 Provided, further, That holders of preferred shares issued under Republic Act No.
40 6977, as amended, shall have the option to convert the same into common shares.
41 Additional equity funding shall come from trust placements of excess and unused
42 funds of existing government agencies, bilateral and multilateral official development
43 assistance funds, subscriptions from government owned or controlled corporations
44 **AND THE NATIONAL GOVERNMENT THROUGH THE DEPARTMENT OF**
45 **BUDGET AND MANAGEMENT (DBM),** and investments of private financial

institutions and corporations: Provided, finally, That any investment from the private sector shall only be in the form of preferred shares.

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

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

"[SEC. 13. The SB Corporation shall be subject to the supervision and examination of the Bangko Sentral ng Pilipinas taking into consideration its developmental objectives.]"

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

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

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

"SEC. [15]**14.** Mandatory Allocation of Credit Resources to Micro, Small and Medium Enterprises. - For the period of **ANOTHER** ten (10) years from the date of the effectivity of this amendatory Act, all lending institutions [as defined under Bangko Sentral ng Pilipinas rules], whether public or private, shall set aside at least [eight percent (8%) for micro and small enterprises and at least two percent (2%) for medium enterprises] **TEN PERCENT (10%)** of their total loan portfolio based on their balance sheet as of the end of the previous quarter **FOR MICRO, SMALL AND MEDIUM ENTERPRISES**, and make it available for MSME credit as herein contemplated: **PROVIDED, THAT A MAXIMUM OF ONE PERCENT (1%) THEREOF SHALL BE THE ALLOCATION FOR MEDIUM ENTERPRISES.**

"Compliance of this provision shall be:

*a) actual extension of loans to eligible MSMEs; or

"xxx; or

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

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

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

"The MSMED Council shall set up the appropriate systems to monitor all loan applications of MSMEs in order to account for the absorptive capacity of the MSME sector. **EACH LENDING INSTITUTION SHALL DESIGNATE A CHIEF COMPLIANCE AND NONCOMPLIANCE WITH THE MANDATORY CREDIT ALLOCATION, FOR SUBMISSION TO THE BANGKO SENTRAL NG PILIPINAS IN THE CASE OF BANKS, AND THE SECURITIES AND EXCHANGE COMMISSION IN THE CASE OF NON-BANK FINANCIAL INTERMEDIARIES,** shall furnish to the MSMED Council on a quarterly basis comparative reports on the [bank's] **LENDING ENTITY'S** compliance [.] **AND** noncompliance [and penalties of] **WITH** the above provisions on the mandatory credit allocation for MSMEs [.] **AND SHALL SUBMIT AN ANNUAL REPORT, SIGNED BY AN OFFICER**

1 WITH THE RANK OF AT LEAST A MANAGING DIRECTOR, ON THE
2 AMOUNTS OF THE PENALTIES FOR NONCOMPLIANCE WITH THE
3 MANDATORY LENDING PROVISION OF THIS ACT.

4 "ALL BANKS SHALL PROVIDE ACCESS TO DEPOSIT
5 ACCOUNTS, SUCH AS SAVINGS, CHECKING AND DEBIT
6 ACCOUNTS, TO REGISTERED MSMEs FINANCIAL TECHNOLOGY
7 SHALL BE PROVIDED TO MSMEs TO ENSURE THEIR FINANCIAL
8 INCLUSION.

9 "ALL LENDERS SHALL REPORT CREDIT INFORMATION
10 AND TRANSACTIONS OF MSMEs TO A NATIONAL CREDIT
11 REGISTRY TO MONITOR PROPER COMPLIANCE AND EFFICIENT
12 IMPLEMENTATION.

13 "FOR EFFICIENT IMPLEMENTATION AND OPERATION,
14 COOPERATIVES EXCEPT COOPERATIVE BANKS AND
15 INSURANCE COOPERATIVES SHALL BE UNDER THE SOLE
16 SUPERVISION AND EXAMINATION OF THE COOPERATIVE
17 DEVELOPMENT AUTHORITY (CDA); ALL OTHER FINANCIAL
18 ENTITIES, CORPORATIONS AND FINANCIAL INTERMEDIARIES,
19 SUCH AS NON-GOVERNMENT ORGANIZATIONS, FINANCING
20 COMPANIES, NON-STOCK SAVINGS AND LOAN ASSOCIATIONS,
21 MICROFINANCE NON-GOVERNMENT ORGANIZATIONS, AND
22 LENDING INVESTORS SHALL BE UNDER THE SECURITIES AND
23 EXCHANGE COMMISSION (SEC); BANKS SHALL BE UNDER THE
24 BANGKO SENTRAL NG PILIPINAS (BSP); AND INSURANCE
25 COMPANIES SHALL BE UNDER THE INSURANCE COMMISSION
26 (IC). FOR CLARITY, COOPERATIVE BANKS SHALL BE UNDER THE
27 SUPERVISION AND EXAMINATION OF THE CDA AND BSP; WHILE
28 INSURANCE COOPERATIVES SHALL BE UNDER THE
29 SUPERVISION AND EXAMINATION OF THE CDA AND INSURANCE
30 COMMISSION (IC).

31 "Lending institutions which are not qualified to acquire or hold
32 lands of the public domain in the Philippines shall be permitted to bid and
33 take part in sales of mortgaged real property in case of judicial or extra-
34 judicial foreclosure, as well as avail of receivership, enforcement and
35 other proceedings, solely upon default of a borrower, and for a period
36 not exceeding five (5) years from actual possession: Provided, That in
37 no event shall title to the property be transferred to such lending
38 institution. If the lending institution is the winning bidder, it may, during
39 said five (5) year period, transfer its rights to a qualified Philippine
40 national, without prejudice to a borrower's rights under applicable laws."

41
42 **SECTION 18.** Sections 16 and 17 of the same Act, as amended, are hereby
43 renumbered as Sections 15 and 16, respectively, to read as follows:

44 "SEC. [16]15. Micro, Small, and Medium Enterprise Week. - xxx."

1 "SEC. [17]16. Presidential Awards for Outstanding MSME. - xxx."

2 **SECTION 19.** Section 18 of the same Act, as amended, is hereby renumbered as
3 Section 17, and further amended to read as follows:

4 "SEC. [18] 17. Congressional Oversight Committee. - To monitor and
5 oversee the implementation of this Act, there shall be a Congressional
6 Oversight Committee on Micro, Small and Medium Enterprise
7 Development (COC-MSMED) composed of the chairpersons of the
8 Senate Committee on Economic Affairs and the House Committee on
9 [Small Business and Entrepreneurship Development] **MICRO, SMALL
10 AND MEDIUM ENTERPRISE DEVELOPMENT** as chairperson and co-
11 chairperson, respectively; xxx."

12
13 **SECTION 20.** Section 19 of the same Act, as amended, is hereby renumbered as
14 Section 18, and further amended, to read as follows:

15 "SEC. [19] 18. Penal Clause. - The Bangko Sentral Ng Pilipinas **IN THE
16 CASE OF BANKS, AND THE SECURITIES AND EXCHANGE
17 COMMISSION IN THE CASE OF NON-BANK FINANCIAL
18 INTERMEDIARIES**, shall impose administrative sanctions and other
19 penalties on the lending institutions for non-compliance with **THE**
20 provisions of this Act [including a fine of not less than Five hundred
21 thousand pesos (P500,000.00)]. **THE MINIMUM AMOUNT FOR THE
22 PENALTY FOR NONCOMPLIANCE IS FIVE HUNDRED THOUSAND
23 PESOS (P500,000.00) AND THE MAXIMUM PENALTY IS FIVE
24 MILLION PESOS (P5,000,000.00), IN PROPORTION TO THE BANK'S
25 OR OTHER ENTITY'S LEVEL OF COMPLIANCE: PROVIDED, THAT
26 IN CASE OF FAILURE OF THE MANDATED ENTITIES TO COMPLY
27 WITH THE MANDATORY CREDIT ALLOCATION SET OUT IN
28 SECTION 14 OF THIS ACT, AN ADDITIONAL PENALTY
29 EQUIVALENT TO TWENTY PERCENT (20%) PER ANNUM OF THE
30 TOTAL AMOUNT OF NON-COMPLIANCE SHALL BE IMPOSED.**

31 "Penalties on noncompliance shall be directed to the development of the
32 MSME sector. Ninety percent (90%) of the penalties collected [should]
33 **SHALL** go to the [MSMED Council Fund] **"START-UP FUND" AS
34 PROVIDED UNDER REPUBLIC ACT NO. 10644, OTHERWISE
35 KNOWN AS THE "GO NEGOSYO ACT"**, while the remaining ten
36 percent (10%) [should] **SHALL** be [given] **REMITTED** to the **BSP, THE
37 SECURITIES AND EXCHANGE COMMISSION, OR THE
38 APPROPRIATE AGENCY THAT EXERCISES REGULATORY
39 JURISDICTION OVER SUCH LENDING ENTITY**, to cover for
40 administrative expenses.

41 **"THE MSMED COUNCIL SHALL SUBMIT TO THE CONGRESS OF
42 THE PHILIPPINES AN ANNUAL REPORT ON THE STATUS OF THE
43 PENALTIES REMITTED AND HOW THE SAME WERE USED OR ARE
44 BEING USED IN RELATION TO THE IMPLEMENTATION OF
45 SERVICES TO MSMES IN THE AREAS OF CAPACITY BUILDING,**

1 **TECHNOLOGY INFORMATION, INFORMATION COLLECTION AND**
2 **DISSEMINATION, AND OTHER INTERVENTIONS FOR MSME**
3 **DEVELOPMENT, GROWTH AND SUSTAINABILITY.”**

4
5 **SECTION 21.** A new section, numbered Section 19, is hereby inserted after re-
6 numbered Section 18 of the same Act, as amended, to read as follows:

7 **"SEC. 19. OTHER VIOLATIONS. - EXCEPT FOR SECURITIES COVERED**
8 **UNDER THE SECURITIES REGULATIONS CODE OR REPUBLIC ACT NO.**
9 **8799, ENTITIES SHALL SECURE THE NECESSARY APPROVAL OF THE**
10 **SECURITIES AND EXCHANGE COMMISSION PRIOR TO RECEIVING**
11 **INVESTMENTS AS WELL AS GIFTS, ITEMS OR OTHER COMMODITIES,**
12 **EITHER IN THE FORM OF CASH OR ITS EQUIVALENT CASH VALUE IN**
13 **CONSIDERATION OF RETURN OF PROFIT, BENEFIT, OR BLESSINGS**
14 **COMING FROM MORE THAN TWENTY (20) INDIVIDUALS, OR SUFFER**
15 **THE PENALTY OF THIRTY (30) TO ONE HUNDRED EIGHTY (180) DAYS**
16 **IMPRISONMENT, OR A FINE OF NOT LESS THAN TEN THOUSAND**
17 **PESOS (P10,000.00) BUT NOT EXCEEDING ONE HUNDRED THOUSAND**
18 **PESOS (P100,000.00) OR BOTH, AT THE DISCRETION OF THE COURT.**

19 **"ANY PERSON, WHETHER NATURAL OR JURIDICAL, WHO FAILS TO**
20 **ACQUIRE THE APPROVAL OF THE FOOD AND DRUGS AUTHORITY**
21 **(FDA) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) FOR**
22 **SELLING, MARKETING, AND DISTRIBUTING PRODUCTS AND SERVICES**
23 **THAT ARE REGULATED BY THE FDA SHALL SUFFER THE PENALTY OF**
24 **THIRTY (30) DAYS TO ONE HUNDRED EIGHTY (180) DAYS**
25 **IMPRISONMENT, OR A FINE OF NOT LESS THAN TEN THOUSAND**
26 **PESOS (P10,000.00) BUT NOT EXCEEDING ONE HUNDRED THOUSAND**
27 **PESOS (P100,000.00) OR BOTH, AT THE DISCRETION OF THE COURT.”**

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

37
38 **SECTION 23.** Separability Clause. - The provisions of this Act are hereby declared to
39 be separable. If any provision of this Act shall be held unconstitutional, the remainder
40 of this Act not otherwise affected shall remain in full force and effect.

41
42 **SECTION 24.** Repealing Clause. -Section 22 of Republic Act No. 8367 is hereby
43 repealed. laws, decrees, proclamations, issuances, or ordinances that are contrary to
44 or All inconsistent with the provisions of this act are hereby amended, repealed or
45 modified accordingly.
46

- 1 **SECTION 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.
- 3 *Approved,*