

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

EIGHTEENTH CONGRESS

First Regular Session

House Bill No. 4413



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

This bill seeks to strengthen and modernize the Warehouse Receipts Law of 1912, as amended otherwise known as "Act No. 2137". The existing law prescribed a relatively simple way by which farmers and other workers from the agricultural sector can obtain credit by storing their goods in a warehouse and trading or encumbering the warehouse receipt. It also (1) prescribed the rights and duties of a warehouseman, (2) regulated the relationship between the warehouseman and the depositor of goods or the holder of a warehouse receipt for the goods, (3) made the title to, and right of possession over, the property stored in a warehouse more easily convertible, and (4) protected those who, in good faith and for value, acquired warehouse receipts by negotiation.

It is high time that we update and improve Act 2137 so it can be attuned to the needs of our Agricultural Sector. We need to take advantage of modern technological advances that could be used to establish a system that is more secure, transparent, reliable and promotes ease of doing business.

This bill proposes to establish a central electronic Registry for all Warehouse Receipts, to be made readily available online, which shall be eventually integrated with other existing Registries. Thus, a party can simply deposit his goods and products in the Warehouse – assured that his goods shall be taken care of – in exchange for an Electronic Warehouse Receipt which s/he can easily trade, barter, or sell in order to obtain the necessary credit. With the use of a reliable and secure central electronic Registry, banks and other financial institutions will not be reluctant to accept these Warehouse Receipts in exchange for loans as they can easily check the veracity of the Warehouse Receipts, as well as the presence and quality of the corresponding goods and products in the Warehouse.

The proposed Revised Warehouse Receipts Law of the Philippines will enable the agricultural sector to "convert" goods and products into credit in a faster and simpler way, promote economic activity by increasing access, particularly for entities engaged in agricultural businesses such as farming, to least cost credit by establishing a simplified, unified, and modern framework for the storage of goods in warehouses and the subsequent trading of interests therein.

The strong support of the Members of Congress is earnestly sought for the approval of this measure.

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**AN ACT
PROVIDING FOR THE REVISED WAREHOUSE RECEIPTS LAW OF THE PHILIPPINES**

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

CHAPTER 1 – GENERAL PROVISIONS

1 **SECTION 1. Title.** – This Act shall be known as the “Revised Warehouse Receipts Law of
2 the Philippines”.

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

7 **SEC. 3. Definition of Terms.** – In this Act, unless the context or subject matter
8 otherwise requires:

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

1 (5) "Good Faith" means when a thing is done honestly, whether it be done negligently
2 or not.

3 (6) "Holder" of a receipt means a person who has both constructive possession of such
4 receipt and a right of property therein.

5 (7) "Order" means and order by indorsement on the receipt.

6 (8) "Owner" does not include mortgagee.

7 (9) "Person" includes both natural and juridical persons.

8 (10) "Purchase" includes to take as a mortgagee or as a pledgee.

9 (11) "Receipt" means an Electronic Warehouse Receipt.

10 (12) "Registry" refers to the Electronic Warehouse Receipts Registry.

11 (13) "Release Order" means a written instrument issued by the Owner of a Receipt
12 directing a Warehouse Operator to release his goods to a specific person.

13 (14) "Value" is any consideration sufficient to support a simple contract. An antecedent
14 or pre-existing obligation, whether for money or not, constitutes value where a
15 Receipt is taken either in satisfaction thereof or as security therefor.

16 (15) "Warehouse" a place that houses goods intended to be used for trading or financing
17 within the territory of The Philippines operated and maintained by a Warehouse
18 Operator.

19 (16) "Warehouse Operator" means a person lawfully engaged in the business of housing
20 goods intended to be used for trading or financing and duly authorized under this
21 Act.

22 (17) "Writing" for the purpose of this Act includes electronic records.

24 **SEC. 4. Persons who may issue Receipts.** – Warehouse Receipts may only be issued by a

25 Duly Authorized Warehouse Operator.

27 **SEC. 5. Form of Receipts.** – Every Warehouse Receipt must contain:

28 (1) The location of the warehouse where the goods are stored;

- 1
- 2 (2) The date of the issue of the receipt;
- 3 (3) The consecutive number of the receipt;
- 4 (4) A statement whether the goods received will be delivered to the bearer, to a
5 specified person or to a specified person or his order;
- 6 (5) The rate of storage charges;
- 7 (6) A description of the goods or of the packages containing them;
- 8 (7) The signature of the Warehouse Operator which may be made by his authorized
9 agent;
- 10 (8) If the receipt is issued for goods of which the Warehouse Operator is owner, either
11 solely or jointly or in common with others, the fact of such ownership; and
- 12 (9) A statement of the amount of advances made and of liabilities incurred for which
13 the Warehouse Operator claims a lien. If the precise amount of such advances made
14 or of such liabilities incurred is, at the time of the issue of, unknown to the
15 Warehouse Operator or to his agent who issues it, a statement of the fact that
16 advances have been made or liabilities incurred and the purpose thereof is
17 sufficient.

18

19 A Warehouse Operator shall be liable to any person injured thereby for all damages

20 caused by the omission from a Warehouse Receipt of any of the terms herein required.

21

22 **SEC. 6. Permissible Insertions.** – A Warehouse Operator may insert in a receipt issued by

23 him any other terms and conditions provided that such terms and conditions shall not:

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

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

4

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

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

10

11 **SEC. 9. Failure to mark "non-negotiable".** – A non-negotiable receipt shall have plainly
12 placed upon its face by the Warehouse Operator issuing it "non-negotiable," or "not
13 negotiable." In case of the Warehouse Operator's failure so to do, a holder of the receipt who
14 purchased it for value supposing it to be negotiable, may, at his option, treat such receipt as
15 imposing upon the Warehouse Operator the same liabilities he would have incurred had the
16 receipt been negotiable.

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

19

20 **II — ELECTRONIC WAREHOUSE RECEIPTS REGISTRY**

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

27

1 **SEC. 10. Local Sub-Registry.** – Local Sub-Registry. In addition to the Registry created and
2 maintained by the SEC, all Warehouses must establish and maintain a sub-Registry specifically
3 for goods deposited therein. Failure of a Warehouse to keep a sub-Registry in the Warehouse,
4 as well as any fraud committed thereon, shall be grounds for the revocation of a Warehouse's
5 accreditation.

6

7 SEC. 11. *Transferability of Receipts.* — Transferability of Receipts. All Warehouse
8 Receipts, regardless of what is stated upon their face, are transferable at the option of the
9 Holder."

III — OBLIGATIONS AND RIGHTS OF WAREHOUSE OPERATORS UPON THEIR RECEIPTS

13 **SEC. 12. Obligation of a Warehouse Operator to Deliver.** – A Warehouse Operator, in
14 the absence of some lawful excuse provided by this Act, is bound to deliver the goods upon a
15 demand made either by the holder of a receipt for the goods or by the depositor; if such
16 demand is accompanied with:

- 17 (1) An offer to satisfy the Warehouse Operator's lien, if applicable;

18 (2) A written offer to surrender control of the Receipt and perform all actions necessary

19 to surrender said control;

20 (3) A readiness and willingness to sign, when the goods are delivered, an

21 acknowledgment that they have been delivered, if such signature is requested by

22 the Warehouse Operator.

23 In case the Warehouse Operator refuses or fails to deliver the goods in compliance with
24 a demand by the holder or depositor so accompanied, the burden shall be upon the Warehouse
25 Operator to establish the existence of a lawful excuse for such refusal.

26

27 SEC. 13. *Justification of Warehouse Operator in Delivering.* – A warehouseman is
28 justified in delivering the goods, subject to the provisions of the three following sections, to one
29 who is:

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

10

11 **SEC. 14. *Warehouse Operator's Liability for Misdelivery.*** – Where a Warehouse
12 Operator delivers the goods to one who is not in fact lawfully entitled to the possession of
13 them, the Warehouse Operator shall be liable as for conversion to all having a right of property
14 or possession in the goods if he delivered the goods otherwise than as authorized by
15 subdivisions (b) and (c) of the preceding section, and though he delivered the goods as
16 authorized by said subdivisions, he shall be so liable, if prior to such delivery he had either:

17 (1) Been requested, by or on behalf of the person lawfully entitled to a right of property
18 or possession in the goods, not to make such delivery; or

19 (2) Had information that the delivery about to be made was to one not lawfully entitled
20 to the possession of the goods.

21

22 **SEC. 15. *Negotiable receipt must be cancelled when goods delivered.*** – Except as
23 otherwise provided in this Act, where a Warehouse Operator delivers goods for which he had
24 issued a negotiable receipt, the negotiation of which would transfer the right to the possession
25 of the goods, and fails to take up and cancel the receipt, he shall be liable to any entity who
26 purchases for value in good faith such receipt, for failure to deliver the goods to him, whether
27 such purchaser acquired title to the receipt before or after the delivery of the goods by the
28 Warehouse Operator.

1 **SEC. 16. Negotiable Receipts must be Cancelled or Marked when part of Goods**

2 **Delivered.** – Except as otherwise provided in this Act, where a Warehouse Operator delivers
3 part of the goods for which he had issued a negotiable receipt and fails to either amend or
4 cancel such receipt to reflect the partial delivery, he shall be liable to anyone who purchases for
5 value in good faith such receipt, for failure to deliver all the goods specified in the receipt,
6 whether such purchaser acquired title to the receipt before or after the delivery of any portion
7 of the goods by the Warehouse Operator.

8

9 **SEC. 17. Altered Receipts.** – The alteration of a receipt shall not excuse the Warehouse
10 Operator who issued it from any liability if such alteration was:

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

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

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

21

22 **SEC. 18. Warehouse Operator cannot set Title in Himself.** – No title or right to the
23 possession of the goods, on the part of the Warehouse Operator, unless such title or right is
24 derived directly or indirectly from a transfer made by the depositor at the time of or
25 subsequent to the deposit for storage, or from the Warehouse Operator's lien, shall excuse the
26 Warehouse Operator from liability for refusing to deliver the goods according to the terms of
27 the receipt.

28

1 **SEC. 19. *Interpleader of Adverse Claimants.*** – If more than one person claims the title

2 or possession of the goods, the Warehouse Operator may, either as a defense to an action
3 brought against him for non-delivery of the goods or as an original suit, whichever is
4 appropriate, require all known claimants to interplead.

5

6 **SEC. 20. *Warehouse Operator has Reasonable Time to Determine Validity of Claims.*** –

7 If someone other than the depositor or person claiming under him has a claim to the title or
8 possession of goods, and the Warehouse Operator has information of such claim, the
9 Warehouse Operator shall be excused from liability for refusing to deliver the goods, either to
10 the depositor or person claiming under him or to the adverse claimant until the Warehouse
11 Operator has had a reasonable time to ascertain the validity of the adverse claim or to bring
12 legal proceedings to compel claimants to interplead.

13

14 **SEC. 21. *Adverse Title is No Defense Except as Provided in this Act.*** – Except as provided

15 in this Act, no right or title of a third person shall be a defense to an action brought by the
16 depositor or person claiming under him against the Warehouse Operator for failure to deliver
17 the goods according to the terms of the receipt.

18

19 **SEC. 22. *Liability for Non-Existence or Mispresentation of Goods.*** – A Warehouse

20 Operator shall be liable to the holder of a receipt for damages caused by the non-existence of
21 the goods or by the failure of the goods to correspond with the description thereof in the
22 receipt at the time of its issue. If, however, the goods are described in a receipt merely by a
23 statement of marks or labels upon them or upon packages containing them or by a statement
24 that the goods are said to be goods of a certain kind or that the packages containing the goods
25 are said to contain goods of a certain kind or by words of like purport, such statements, if true,
26 shall not make liable the Warehouse Operator issuing the receipt, although the goods are not
27 of the kind which the marks or labels upon them indicate or of the kind they were said to be by
28 the depositor.

1 **SEC. 23. Liability for Care of Goods.** – A Warehouse Operator shall be liable for any loss

2 or injury to the goods caused by his failure to exercise such care in regard to them as
3 reasonably careful owner of similar goods would exercise, but he shall not be liable, in the
4 absence of an agreement to the contrary, for any loss or injury to the goods which could not
5 have been avoided by the exercise of such care.

6

7 **SEC. 24. Goods must be kept separate.** – Except as provided in the following section, a

8 Warehouse Operator shall keep the goods so far separate from goods of other depositors and
9 from other goods of the same depositor for which a separate receipt has been issued, as to
10 permit at all times the identification and redelivery of the goods deposited.

11

12 **SEC. 25. Fungible Goods may be commingled if Warehouse Operator Authorized.** – If

13 authorized by agreement or by custom, a Warehouse Operator may mingle fungible goods with
14 other goods of the same kind and grade. In such case, the various depositors of the mingled
15 goods shall own the entire mass in common and each depositor shall be entitled to such
16 portion thereof as the amount deposited by him bears to the whole.

17

18 **SEC. 26. Liability of Warehouse Operator to Depositors of commingled goods.** – The

19 Warehouse Operator shall be severally liable to each depositor for the care and redelivery of
20 his share of such mass to the same extent and under the same circumstances as if the goods
21 had been kept separate.

22

23 **SEC. 27. Attachment or Levy upon goods for which a Negotiable Receipt has been**

24 **issued.** – If goods are delivered to a Warehouse Operator by the owner or by a person whose
25 act in conveying the title to them to a purchaser in good faith for value would bind the owner,
26 and a negotiable receipt is issued for them, they cannot thereafter, while in the possession of
27 the Warehouse Operator, be attached by garnishment or otherwise, or be levied upon under an
28 execution unless the receipt be first surrendered to the Warehouse Operator or its negotiation

1 enjoined. The Warehouse Operator shall in no case be compelled to deliver up the actual
2 possession of the goods until the receipt is surrendered to him or impounded by the court.

3

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

9

10 **SEC. 29. What Claims are included in the Warehouse Operator's Lien.** – Subject to the
11 provisions of this Act, a Warehouse Operator shall have a lien on goods deposited or on the
12 proceeds thereof in his hands, for all lawful charges for storage and preservation of the goods;
13 also for all lawful claims for money advanced, interest, insurance, transportation, labor,
14 weighing, coopering and other charges and expenses in relation to such goods, also for all
15 reasonable charges and expenses for notice, and advertisements of sale, and for sale of the
16 goods where default had been made in satisfying the Warehouse Operator's lien.

17

18 **SEC. 30. Against What Property the Warehouse Operator's Lien may be enforced.** –
19 Subject to the provisions of this Act, a Warehouse Operator's lien may be enforced:
20 (1) Against all goods, whenever deposited, belonging to the person who is liable as
21 debtor for the claims in regard to which the lien is asserted; and
22 (2) Against all goods belonging to others which have been deposited at any time by the
23 person who is liable as debtor for the claims in regard to which the lien is asserted if
24 such person had been so entrusted with the possession of goods that a pledge of the
25 same by him at the time of the deposit to one who took the goods in good faith for
26 value would have been valid.

27

1 **SEC. 31. How Warehouse Operator's Lien may be lost.** – A Warehouse Operator loses

2 his lien upon goods:

3 (1) By surrendering possession thereof; or

4 (2) By refusing to deliver the goods when a demand is made with which he is bound to
5 comply under the provisions of this Act.

6

7 **SEC. 32. Negotiable Receipts must state charges for which the lien is claimed.** – If a

8 negotiable receipt is issued for goods, the Warehouse Operator shall have no lien thereon
9 except for charges for storage of goods subsequent to the date of the receipt unless the receipt
10 expressly enumerated other charges for which a lien is claimed. In such case, there shall be a
11 lien for the charges enumerated so far as they are within the terms of section twenty-seven
12 although the amount of the charges so enumerated is not stated in the receipt.

13

14 **SEC. 33. Warehouse Operator need not deliver until lien is satisfied.** – A Warehouse

15 Operator having a lien valid against the person demanding the goods may refuse to deliver the
16 goods to him until the lien is satisfied.

17

18 **SEC. 34. Warehouse Operator's lien does not preclude other remedies.** – Whether a

19 Warehouse Operator has or has not a lien upon the goods, he is entitled to all remedies
20 allowed by law to a creditor against a debtor for the collection from the depositor of all charges
21 and advances which the depositor has expressly or impliedly contracted with the
22 warehouseman to pay.

23

24 **SEC. 35. Satisfaction of lien by sale.** – A Warehouse Operator's lien for a claim which

25 has become due may be satisfied as follows:

26 (1) An itemized statement of the warehouseman's claim, showing the sum due at the
27 time of the notice and the date or dates when it becomes due,

28 (2) A brief description of the goods against which the lien exists,

1 (3) A demand that the amount of the claim as stated in the notice of such further claim
2 as shall accrue, shall be paid on or before a day mentioned, not less than ten days
3 from the delivery of the notice if it is personally delivered, or from the time when
4 the notice shall reach its destination, according to the due course of post, if the
5 notice is sent by mail, and

6 (4) A statement that unless the claim is paid within the time specified, the goods will be
7 advertised for sale and sold by auction at a specified time and place.

8

9 In accordance with the terms of a notice so given, a sale of the goods by auction may be
10 had to satisfy any valid claim of the Warehouse Operator for which he has a lien on the
11 goods. The sale shall be had in the place where the lien was acquired, or, if such place is
12 manifestly unsuitable for the purpose of the claim specified in the notice to the depositor has
13 elapsed, and advertisement of the sale, describing the goods to be sold, and stating the name
14 of the owner or person on whose account the goods are held, and the time and place of the
15 sale, shall be published once a week for two consecutive weeks in a newspaper published in the
16 place where such sale is to be held. The sale shall not be held less than fifteen days from the
17 time of the first publication. If there is no newspaper published in such place, the
18 advertisement shall be posted at least ten days before such sale in not less than six conspicuous
19 places therein.

20

21 From the proceeds of such sale, the Warehouse Operator shall satisfy his lien including
22 the reasonable charges of notice, advertisement and sale. The balance, if any, of such proceeds
23 shall be held by the Warehouse Operator and delivered on demand to the person to whom he
24 would have been bound to deliver or justified in delivering goods.

25 At any time before the goods are so sold, any person claiming a right of property or
26 possession therein may pay the Warehouse Operator the amount necessary to satisfy his lien
27 and to pay the reasonable expenses and liabilities incurred in serving notices and advertising
28 and preparing for the sale up to the time of such payment. The Warehouse Operator shall

1 deliver the goods to the person making payment if he is a person entitled, under the provision
2 of this Act, to the possession of the goods on payment of charges thereon. Otherwise, the
3 Warehouse Operator shall retain the possession of the goods according to the terms of the
4 original contract of deposit.

5

6 **SEC. 36. *Perishable and Hazardous Goods.*** – If goods are of a perishable nature, or by
7 keeping will deteriorate greatly in value, or, by their order, leakage, inflammability, or explosive
8 nature, will be liable to injure other property , the warehouseman may give such notice to the
9 owner or to the person in whose names the goods are stored, as is reasonable and possible
10 under the circumstances, to satisfy the lien upon such goods and to remove them from the
11 warehouse and in the event of the failure of such person to satisfy the lien and to receive the
12 goods within the time so specified, the Warehouse Operator may sell the goods at public or
13 private sale without advertising. If the Warehouse Operator, after a reasonable effort, is
14 unable to sell such goods, he may dispose of them in any lawful manner and shall incur no
15 liability by reason thereof.

16

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

19

20 **SEC. 37. *Other methods of enforcing lien.*** – The remedy for enforcing a lien herein
21 provided does not preclude any other remedies allowed by law for the enforcement of a lien
22 against personal property nor bar the right to recover so much of the Warehouse Operator's
23 claim as shall not be paid by the proceeds of the sale of the property.

24

25 **SEC. 38. *Effect of Sale.*** – After goods have been lawfully sold to satisfy a Warehouse
26 Operator's lien, or have been lawfully sold or disposed of because of their perishable or
27 hazardous nature, the Warehouse Operator shall not thereafter be liable for failure to deliver

1 the goods to the depositor or owner of the goods or to a holder of the receipt given for the
2 goods when they were deposited, even if such receipt be negotiable.

3

4 **IV — WAREHOUSE ACCREDITATION COUNCIL**

5 **SEC. 39. Establishment of the Warehousing Accreditation Council.** — There is hereby
6 established an accrediting body for Warehouse Operators and Warehouses to be known as the
7 Warehousing Accreditation Council, herein referred to as the "Council". The Council shall be
8 composed of: four (4) permanent members and three (3) members who are experts on
9 Warehousing.

10 The permanent members of the Council shall be composed of the following:

- 11 (1) The Chairman of the SEC or his/her designated representative;
- 12 (2) The Secretary of the Department of Trade and Industry (DTI) or his/her designated
13 representative;
- 14 (3) The Secretary of the Department of Finance (DOF) or his/her designated
15 representative; and
- 16 (4) The Secretary of the Department of Agriculture (DA) or his/her designated
17 representative.

18 The Chairman of the SEC shall be the Chairperson and the Secretary of the Department
19 of Agriculture shall be the Vice-Chairperson of the Council.

20

21 The three (3) members who are Warehousing experts shall be chosen by at least
22 majority of the permanent members of the Council from a list of nominees coming from the
23 Warehousing Industry prepared by the SEC. They shall serve for a term of one (1) year and shall
24 not be disqualified from being re-appointed by the permanent members of the Council.

25

26 All members of the Council are entitled to one (1) vote each in the conduct of its
27 business.

1 The Council shall be assisted by a secretariat to be lodged in the SEC, which shall
2 coordinate the activities involved in the accreditation process. (n)

3

4 **SEC. 40. Functions and Responsibilities of the Warehousing Accreditation Council.** – As
5 the accrediting entity, the Council shall have the following functions and responsibilities:

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

27

1 SEC. 41. *Warehousing Experts.* – The Council is authorized to create rules and
2 regulations in order to determine the persons who would qualify as Warehousing Experts. The
3 Warehousing Experts must be persons knowledgeable, and with actual experience, in operating
4 and maintaining Warehouses in accordance with globally accepted best practices in
5 warehousing.

6

7 **SEC. 42. Accreditation of Warehouse Operators.** – All Warehouse Operators issuing
8 Warehouse Receipts to be used for purposes other than mere storage and facilitation of
9 logistics are hereby required to obtain accreditation with the Council. The Council is hereby
10 ordered and authorized to create rules and regulations to facilitate the Accreditation of
11 Warehouse Operators. All Warehouse Operators who are not Accredited with the Council are
12 prohibited from issuing Warehouse Receipts.

13

14 **SEC. 43. Screening Process for Warehouse Operators.** – To ensure the credibility and
15 integrity of the Warehouse Operators, the Council is hereby authorized to create a screening
16 process for Warehouse Operators which may include the adoption of written examinations. The
17 Council may coordinate with other governmental bodies in order to create a viable screening
18 process for Warehouse Operators.

19

20 **SEC. 44. *Warehouse Operator's Bond.*** – Prior to the operation of the Warehouse, a
21 Warehouse Operator must post a bond to answer for any liabilities he may have in the
22 operation of the Warehouse during the effectivity of his accreditation. The Council is hereby
23 ordered and authorized to come up with rules and regulations concerning the Warehouse
24 Operator's bond.

25

V — NEGOTIATION AND TRANSFER OF RECEIPTS

27

28 be negotiated by the indorsement of the person to whose order the goods are, by the terms of

1 the receipt, deliverable. Such indorsement may be in blank, to bearer or to a specified
2 person. If indorsed to a specified person, it may be again negotiated by the indorsement of
3 such person in blank, to bearer or to another specified person. Subsequent negotiation may be
4 made in like manner.

5

6 **SEC. 46. Transfer of Receipt.** – A receipt may be transferred by the holder to a purchaser
7 or donee.

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

10

11 **SEC. 47. Who may negotiate a Receipt.** – A negotiable receipt may be negotiated:

12 (1) By the owner thereof; or
13 (2) By any person to whom the constructive possession of the receipt has been
14 entrusted by the owner, if, by the terms of the receipt, the Warehouse Operator
15 undertakes to deliver the goods to the order of the person to whom the constructive
16 possession of the receipt has been entrusted.

17

18 **SEC. 48. Rights of person to whom a Receipt has been negotiated.** – A person to whom
19 a negotiable receipt has been duly negotiated acquires thereby:

20 (1) Such title to the goods as the person negotiating the receipt to him had or had
21 ability to convey to a purchaser in good faith for value, and also such title to the
22 goods as the depositor or person to whose order the goods were to be delivered by
23 the terms of the receipt had or had ability to convey to a purchaser in good faith for
24 value; and

25

26 (2) The direct obligation of the Warehouse Operator to hold possession of the goods for
27 him according to the terms of the receipt as fully as if the Warehouse Operator and
28 contracted directly with him.

1 **SEC. 49. Rights of person to whom receipt has been transferred.** – A person to whom a

2 receipt has been transferred but not negotiated acquires thereby, as against the transferor, the
3 title of the goods subject to the terms of any agreement with the transferor.

4 If the receipt is non-negotiable, such person also acquires the right to notify the
5 Warehouse Operator of the transfer to him of such receipt and thereby to acquire the direct
6 obligation of the Warehouse Operator to hold possession of the goods for him according to the
7 terms of the receipt.

8 Prior to the notification of the Warehouse Operator by the transferor or transferee of a
9 non-negotiable receipt, the title of the transferee to the goods and the right to acquire the
10 obligation of the Warehouse Operator may be defeated by the levy of an attachment or
11 execution upon the goods by a creditor of the transferor or by a notification to the Warehouse
12 Operator by the transferor or a subsequent purchaser from the transferor of a subsequent sale
13 of the goods by the transferor.

14

15 **SEC. 50. Transfer of Negotiable Receipt without Indorsement.** – Where a negotiable
16 receipt is transferred for value and the indorsement of the transferor is essential for
17 negotiation, the transferee acquires a right against the transferor to compel him to indorse the
18 receipt unless a contrary intention appears. The negotiation shall take effect as of the time
19 when the indorsement is actually made.

20

21 **SEC. 51. Warranties of a sale of Receipt.** – A person who, for value, negotiates or
22 transfers a receipt by indorsement or delivery, including one who assigns for value a claim
23 secured by a receipt, unless a contrary intention appears, warrants:

24 (1) That the receipt is genuine;
25 (2) That he has a legal right to negotiate or transfer it;
26 (3) That he has knowledge of no fact which would impair the validity or worth of the
27 receipt; and

(4) That he has a right to transfer the title to the goods and that the goods are merchantable or fit for a particular purpose whenever such warranties would have been implied, if the contract of the parties had been to transfer without a receipt of the goods represented thereby.

SEC. 52. Indorser not Guarantor. – The indorsement of a receipt shall not make the indorser liable for any failure on the part of the warehouseman or previous indorsers of the instrument to fulfill their respective obligations.

SEC. 53. No Warranty implied from accepting payment of a debt. – A mortgagee, or holder for security of a receipt who, in good faith, demands or receives payment of debt for which such receipt is security, whether from a party to a draft drawn for such debt or from any other person, shall not, by so doing, be deemed to represent or to warrant the soundness of such receipt or the quantity or quality of the goods therein described.

SEC. 54. When negotiation not impaired by fraud, mistake, or duress. – The validity of
negotiation of a receipt is not impaired by the fact that such negotiation was a breach of
on the part of the person making the negotiation or by the fact that the owner of the
it was induced by fraud, mistake or duress or to entrust the constructive possession of the
it to such person, if the person to whom the receipt was negotiated or a person to whom
ceipt was subsequently negotiated paid value therefor, without notice of the breach of
or fraud, mistake or duress.

SEC. 55. Subsequent negotiation. – Where a person having sold, mortgaged, or pledged
which are in warehouse and for which a negotiable receipt has been issued, or having
mortgaged, or pledged the negotiable receipt representing such goods, continues in
constructive possession of the negotiable receipt, the subsequent negotiation thereof by the
person under any sale or other disposition thereof to any person receiving the same in good

1 faith, for value and without notice of the previous sale, mortgage or pledge, shall have the
2 same effect as if the first purchaser of the goods or receipt had expressly authorized the
3 subsequent negotiation.

4

5 SEC. 56. *Negotiation defeats vendor's lien.* – Where a negotiable receipt has been
6 issued for goods, no seller's lien or right of stoppage in transitu shall defeat the rights of any
7 purchaser for value in good faith to whom such receipt has been negotiated, whether such
8 negotiation be prior or subsequent to the notification to the Warehouse Operator who issued
9 such receipt of the seller's claim to a lien or right of stoppage in transitu. Nor shall the
10 Warehouse Operator be obliged to deliver or justified in delivering the goods to an unpaid
11 seller unless the receipt is first surrendered for cancellation.

12

VI – CRIMINAL OFFENSES

14 **SEC. 57. *Issuance of Receipt for Goods not Received.*** – A Warehouse Operator or his
15 agent, or an officer or staff of any Warehouse Operator who issues or aids in the issuance of a
16 Warehouse Receipt knowing that the goods mentioned therein are not actually in his custody
17 shall be punished by imprisonment of ten (10) years, or a fine equal to triple the value of the
18 goods involved, or both, at the discretion of the Court. If the Warehouse Operator himself is
19 liable, his accreditation shall likewise be revoked.

20

21 **SEC. 58. Issuance of Receipt containing False Statement.** – A Warehouse Operator, or
22 any officer, agent or servant of a Warehouse Operator who fraudulently issues or aids in
23 fraudulent issuance of a Warehouse Receipt for goods knowing that it contains any false
24 statement, shall be punished by imprisonment of ten (10) years, or a fine equal to triple the
25 value of the goods involved, or both, at the discretion of the Court. If the Warehouse Operator
26 himself is liable, his accreditation shall likewise be revoked.

27

1 **SEC. 59. Creation of fraudulent duplicate receipt.** – A Warehouse Operator, or any

2 officer, agent, or employee of a Warehouse Operator who issues or aids in issuing a second

3 electronic Warehouse Receipt for goods knowing that there is an existing prior electronic

4 Warehouse Receipt for the same goods or any part of them shall be punished by imprisonment

5 of ten (10) years, or a fine equal to triple the value of the goods involved, or both, at the

6 discretion of the Court. If the Warehouse Operator himself is liable, his accreditation shall

7 likewise be revoked. This provision shall not be applicable if the issuance of a subsequent

8 Warehouse Receipt was made on the basis of an Order issued by a Court of competent

9 jurisdiction.

10

11 **SEC. 60. Issue for Warehouse Operator's goods or receipts which do not state that fact.**

12 – Where goods are deposited with or held by a Warehouse Operator of which he is owner,

13 either solely or jointly or in common with others, such Warehouse Operator, or any of his

14 officers, agents, or servants who, knowing this ownership, issues or aids in issuing a negotiable

15 receipt for such goods which does not state such ownership, shall be punished by

16 imprisonment of ten (10) years, or a fine equal to triple the value of the goods involved, or

17 both, at the discretion of the Court. If the Warehouse Operator himself is liable, his

18 accreditation shall likewise be revoked.

19

20 **SEC. 61. Delivery of goods without obtaining negotiable receipt.** – A Warehouse

21 Operator, or any officer, agent, or servant of a Warehouse Operator, who delivers goods out of

22 the possession of such Warehouse Operator, knowing that a negotiable receipt the negotiation

23 of which would transfer the right to the possession of such goods is outstanding and

24 uncanceled, without obtaining the constructive possession of such receipt at or before the time

25 of such delivery, shall, except as provided in this Act, be punished by imprisonment of ten (10)

26 years, or a fine equal to triple the value of the goods involved, or both, at the discretion of the

27 Court. If the Warehouse Operator himself is liable, his accreditation shall likewise be revoked.

28

SEC. 62. Negotiation of receipt for mortgaged goods. – Any person who deposits goods to which he has no title, or upon which there is a lien or mortgage, and who takes for such goods a negotiable receipt which he afterwards negotiates for value with intent to deceive and without disclosing his want of title or the existence of the lien or mortgage, shall be punished by imprisonment of ten (10) years, or a fine equal to triple the value of the goods involved, or both, at the discretion of the Court. If the Warehouse Operator himself is liable, his accreditation shall likewise be revoked.

8

9 **SEC. 63. Unlawful Release of Goods covered by Warehouse Receipt.** — A Warehouse
10 Operator, or any officer, agent, or employee of a Warehouse Operator, who releases without
11 any legal basis any goods covered by an electronic Warehouse Receipt shall be punished by
12 imprisonment of ten (10) years, or a fine equal to triple the value of the goods involved, or
13 both, at the discretion of the Court. If the Warehouse Operator himself is liable, his
14 accreditation shall likewise be revoked.

15

VII — FINAL PROVISIONS

17 SEC. 64. Role of the Securities and Exchange Commission ("SEC") and Coordination

18 with Other Agencies. — The SEC shall be the primary regulatory body in charge of all matters

19 related to Warehouse Receipts. While the SEC may consult with other regulatory bodies, as well

20 as other organizations representative of a particular sector, the SEC shall, at all times, be the

21 lead agency in ensuring the successful implementation of this Act except as otherwise provided

22 in this Act.

23

24 **SEC. 65. Inter-Connected Registry Information.** — Where feasible, the SEC is ordered
25 and authorized to engage in concerted activity with other government agencies for the linking
26 of the Registry provided under this Act with other Registries in order to be able to come up with
27 an inter-connected Registry.

28

1 **SEC. 66. *Public Information.*** — All entries in the Registry of electronic Warehouse
2 Receipts shall be available to the public. Likewise, the list of accredited Warehouse Operators,
3 as well as the list of Warehouse Operators whose accreditation have been revoked, shall be
4 available to the public. The SEC and the Council are both ordered and authorized to create rules
5 and regulations to facilitate the orderly and expedient access to such information by the public,
6 in accordance with existing standards under Philippine law.

7

8 **SEC. 67. *Dispute Resolution.*** — Except in cases specifically placed under the jurisdiction
9 of the SEC under this Act, as well as cases where the electronic Warehouse Receipt includes a
10 valid Arbitration Clause, all actions arising from this Act shall fall under the jurisdiction of the
11 Regional Trial Courts.

12

13 **SEC. 68. *Transition Period.*** — All existing Warehouse Operators must be compliant with
14 the provisions of this Act relating to Accreditation within three years from the effectivity of this
15 Act. All physical Warehouse Receipts must be converted to electronic Warehouse Receipts
16 within three years of the opening of the system of Registry for Warehouse Receipts to be made
17 by the SEC.

18

19 **SEC. 69. *Appropriations.*** — Appropriations – The amount necessary to carry out the
20 initial implementation of this Act shall be included in the General Appropriations Act.

21

22 **SEC. 70. *Implementing Rules and Regulations.*** — Within ninety (90) days after the
23 effectivity of this Act, the SEC, DTI, DOF, and DA shall jointly promulgate rules and regulations
24 for the implementation of this Act.

25

26 **SEC. 71. *Cases not provided for in this Act.*** — Any case not provided for in this Act shall
27 be governed by the provisions of existing legislation, or in default thereof, by the established
28 rules of commerce.

1 **SEC. 72. Application of this Act.** — The provisions of this Act do not apply to receipts
2 made and delivered prior to the taking effect hereof.
3

4 **SEC. 73. Time when Act takes effect.** — This Act shall take effect fifteen (15) days after
5 its publication in the Official Gazette of the Philippines or in at least two (2) newspapers of
6 general circulation.
7

8 *Approved,*
9