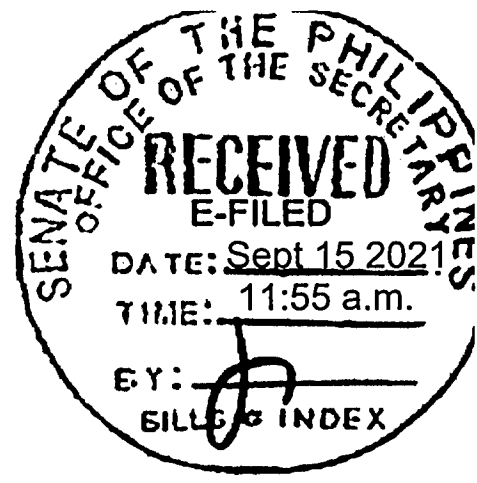


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE

S. No. 2400

Introduced by SENATOR LEILA M. DE LIMA

**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)”**

EXPLANATORY NOTE

Micro, Small and Medium Enterprises (MSMEs) are one of the major contributors in the Philippine economy based on the Gross Domestic Product (GDP) in 2019.¹ However, MSMEs are very vulnerable to external shocks in the economy¹. This has been witnessed and proven in the wake of the COVID-19 pandemic. The health crisis severely affected MSMEs as it took a huge toll on their revenues due to economic uncertainties. The lack of industry-specific laws and policies contribute to much of the challenges they have to endure. With the industry lacking the support that they need, they are left alone to battle it out.

Even before the pandemic struck, MSMEs were already facing constraints in the following key areas: financial access; business environment; productivity and efficiency; and access to the markets, especially in the local markets. A sector consisting of ordinary Filipinos who are all thriving in their innovative trade, who should be given not only attention but assistance, are instead expected to cope on their own. These constraints faced by the MSMEs are a hindrance in achieving growth and development in their sector. Which in turn prevents the overall economic growth and performance of the Philippines. What could be the key to an economic

¹ Department of Trade and Industry. (2019). 2019 MSME statistics.
<https://www.dti.gov.ph/resources/msme-statistics/>

boom that the country is in dire need of, is crippled by the lack of government support.

MSMEs are highly regarded as a critical force in driving the Philippine economy towards development due to its ability to generate employment and spur economic development in rural and far-flung areas, among others. Based on the report of United Nations Development Programme (UNDP) Philippines, MSMEs employ approximately 63% of the workforce in the Philippines, accounting for 99.5% of all business establishments.² In terms of MSMEs' exports contribution, MSMEs account for 25% of the country's total exports revenue and an estimate of 60% of all exporters in the country belong to the MSME sector.³ Likewise, MSMEs are responsible for 40% of the Philippine Gross Domestic Product (GDP). They are indeed the backbone of Asian economies, especially in the Philippines, and considered as its driving force to economic development according to the Asian Development Bank (ADB).⁴ In spite of their key role in the Philippine economy, MSMEs remain stagnant in terms of growth and development as they receive inadequate government support and operate especially in times of economic uncertainty.

When the COVID-19 pandemic hit the country, the Philippines' GDP fell to 16.9 percent in the second quarter of 2020 and a year-on-year decline of 9.5% as the economy experienced its worst contraction since World War II due to the lockdown measures imposed to contain the contagious virus.⁵ Consequently, MSMEs struggled with cash flow issues and ongoing expenses, resulting in income losses. A September 2020 survey of 285 MSMEs conducted by the Philippine Disaster Resilience Foundation (PDRF) and UNDP revealed that 80% of MSMEs reported a reduction in their average monthly income prior to the pandemic. Meanwhile, 20% of the

² UNDP Philippines (2020). MSME Sector is key to COVID-19 Inclusive Recovery for PH. Retrieved from

<https://www.ph.undp.org/content/philippines/en/home/presscenter/pressreleases/202-/msme-sector-is-key-to-covid-19-inclusive-recovery-for-ph.html>

³ Ronquillo, A. (2021, July 23). The importance of MSMEs in the Philippines.

<https://www.manilatimes.net/2021/07/23/supplements/the-importance-of-msmes-in-the-philippines/1808048>

⁴ Asian Development Bank Institute (2021) COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises Under the Lockdown: Evidence from A Rapid Survey in the Philippines. Retrieved from <https://www.adb.org/sites/default/files/publication/677321/adbi-wp1216.pdf>

⁵ Rivas, R. (2021, March 15). In charts: Philippine economy, a year in lockdown. Retrieved from <https://www.rappler.com/business/charts-philippine-economy-year-in-covid-19-lockdown-2021>

respondents tried to retain employees with full pay despite income losses. Their cashflow was so severely affected that 25% of them began to lay off employees.⁶

The pandemic has been an additional impediment to MSME growth and development in the Philippines alongside the struggle to face the lingering non-financial (cost of getting electricity, heavy regulation, high tax rates, and corruption) and financial barriers (access to finance) of MSMEs in the country. This unexpected turn of events had increased the need among MSMEs for further financial assistance and other support programs from the government.

In this regard, now is not the time to shirk our obligation to come to the aid of Filipinos who belong to this important sector who are now at the brink of closures and breakdowns. We must step up so that we can give to MSMEs genuine public service government assistance centered on social justice. It is essential for the government to grant MSMEs the necessary support in times of uncertainties and adopt meaningful steps to protect and promote MSMEs, now more than ever.

This bill aims to boost entrepreneurship by strengthening and improving MSMEs' financing programs, as well as providing additional benefits to registered MSMEs to encourage them to register.

This bill addresses the need for more effective policies that do not solely cover financial support but also provide support and benefits for equally important aspects of MSME developments, such as training and information services. It also encourages private enterprises to provide incentives to investments and create an economic atmosphere of assistance and collaboration.

Enactment of this measure would signify the government's recognition of the importance of MSMEs in the Philippines' efforts to recover from the effects of the pandemic. Thus, it is critical that the government continue to promote and assist MSMEs during and after the pandemic through policy approaches and program planning so that MSMEs can take advantage of available solutions to achieve their objectives. This bill is a counterpart of House Bill No. 9178.⁷

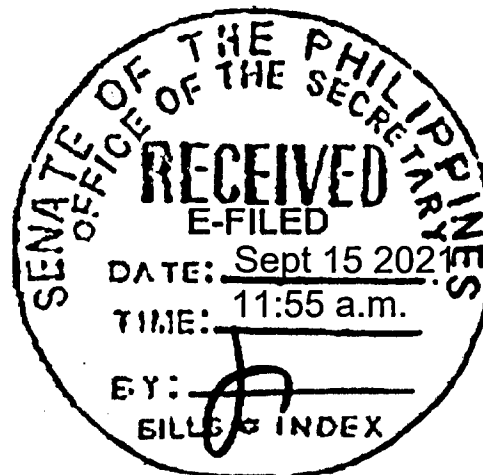
⁶ UNDP Philippines (2020). MSME Sector is key to COVID-19 Inclusive Recovery for PH. Retrieved from <https://www.ph.undp.org/content/philippines/en/home/presscenter/pressreleases/202-/msme-sector-is-key-to-covid-19-inclusive-recovery-for-ph.html>

⁷ Filed on Third Regular Session of the 18th Congress by Cong. Limkaichong et al.

In view of the foregoing, the urgent passage of this bill is sought.


LEILA M. DE LIMA

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
S. No. 2400

Introduced by **SENATOR LEILA M. DE LIMA**

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

15 x x x."

16 Sec. 2. Section 4 of Republic Act No. 6977, as amended, is hereby further

1 amended to read as follows:

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

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

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

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

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

29 x x x.

30 ~~[Eligible MSMEs shall be entitled to a share of at least ten~~
31 ~~percent (10%) of total procurement value of goods and services~~
32 ~~supplied to the Government, its bureaus, offices and agencies~~
33 ~~annually.]~~ **THE NATIONAL GOVERNMENT, ITS BUREAUS,**
34 **OFFICES AND AGENCIES SHALL ALLOCATE AT LEAST TEN**

1 **PERCENT (10%) OF ALL ITS PROCUREMENT**
2 **OPPORTUNITIES FOR GOODS AND SERVICES TO**
3 **ELIGIBLE MSMEs IN ACCORDANCE WITH THE**
4 **PROVISIONS OF REPUBLIC ACT NO. 9184, OTHERWISE**
5 **KNOWN AS THE 'GOVERNMENT PROCUREMENT REFORM**
6 **ACT', AND ITS IMPLEMENTING RULES AND**
7 **REGULATIONS.**

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

16 **DULY REGISTERED MICRO AND SMALL**
17 **ENTERPRISES SHALL BE ENTITLED TO A DISCOUNT OF**
18 **AT LEAST TWENTY PERCENT (20%) ON SHIPPING AND**
19 **DELIVERY FEES FOR THEIR PRODUCTS AND RAW**
20 **MATERIALS, AS WELL AS FOR MAILING, FREIGHT AND**
21 **OTHER SIMILAR SERVICES PROVIDED BY EITHER**
22 **PUBLIC OR PRIVATE COURIERS.**

23 **GOVERNMENT BUILDINGS, STRUCTURES AND OPEN**
24 **AREAS, INCLUDING PUBLIC MARKETS, WHETHER WET**
25 **OR DRY, AIRPORTS, SEA PORTS, FISH PORTS, PARKS,**
26 **ZOOS, CONVENTION CENTERS, ENTERTAINMENT**
27 **CENTERS, TOURISM CENTERS, SCHOOLS, SCHOOL**
28 **CAMPUSES, AND OTHER SIMILAR STRUCTURES OR**
29 **AREAS SUITABLE FOR SELLING OR MARKETING,**
30 **WHETHER PERMANENT OR TEMPORARY, THAT CAN BE**
31 **USED AS SELLING AREAS, SHALL GIVE AN AUTHORIZED**
32 **MSME STORE FREE SPACE MEASURING AT LEAST ONE**
33 **PERCENT (1%) OF THE TOTAL SPACE AVAILABLE**
34 **THEREIN.**

1 PRIVATE MALLS, SUPERMARKETS, SHOPPING
2 CENTERS, COMMERCIAL SELLING ESTABLISHMENTS,
3 STRUCTURES, OR AREAS WITH A SELLING AREA,
4 WHETHER PERMANENT OR TEMPORARY, MEASURING AT
5 LEAST FIVE THOUSAND SQUARE METERS (5,000 SQM),
6 INCLUDING COMMON AREAS, BUT EXCLUDING PARKING
7 SPACES AND DRIVEWAYS, SHALL GIVE FREE SPACE OR
8 AREA EQUIVALENT TO ONE HALF OF ONE PERCENT
9 (0.5%) OF THE SAID SELLING AREA FOR EVERY FIVE
10 THOUSAND SQUARE METERS (5,000 SQM) OF SELLING
11 AND COMMON SPACE, TO ANY AUTHORIZED MSME
12 STORE. AS USED IN THIS ACT, "FREE SPACE" SHALL
13 MEAN SPACE THAT MAY BE USED FOR SELLING
14 PURPOSES WITHOUT NEED FOR THE PAYMENT OF RENT,
15 GOODWILL FEES, ROYALTIES, COMMISSION,
16 PERCENTAGES ON SALES, NOR ANY OTHER SIMILAR
17 SCHEME.

18 THE MSMED COUNCIL OF THE CONCERNED CITY,
19 MUNICIPALITY OR BARANGAY SHALL APPROVE THE
20 MSME STORE THAT WILL BE GIVEN FREE SPACE, UPON
21 THE RECOMMENDATION OF THE LOCAL OFFICE OF THE
22 DEPARTMENT OF TRADE AND INDUSTRY. THE FREE
23 SPACE ALLOCATED FOR THE MSME STORE SHALL BE
24 GIVEN IN THE FOLLOWING ORDER OF PREFERENCE:

25 1. ONE TOWN ONE PRODUCT (OTOP) STORE OR GO
26 LOKAL! STORE OF THE DEPARTMENT OF TRADE
27 AND INDUSTRY;

28 2. MSME KUMUNIDARAN PRODUKTO AT
29 RESONABLENG SERBISYO STORE (OR "KUMPARE
30 STORE"); OR

31 3. A LOCAL MICRO OR SMALL ENTERPRISE STORE.

32 ONCE AN MSME STORE IS IN PLACE, REMOVAL OR
33 REPLACEMENT SHALL NOT BE ALLOWED EXCEPT FOR

1 **VALID CAUSE AND AFTER DUE PROCESS.**

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

8 **PRIVATE MALLS SHALL ALSO ALLOCATE TWENTY**
9 **PERCENT (20%) OF THEIR TOTAL RENTABLE SPACE TO**
10 **LOCAL MICRO AND SMALL ENTERPRISES WHICH SHALL**
11 **BE EXTENDED A TWENTY PERCENT (20%) DISCOUNT ON**
12 **RENTAL RATES. PRIVATE MALLS SHALL NOT CHARGE**
13 **ROYALTY CHARGES, GOODWILL CHARGES, COMMISSION**
14 **CHARGES, PERCENTAGE OF SALES, AND OTHER SIMILAR**
15 **SCHEMES UPON THE MSMEs.”**

16 Sec. 3. Section 5 of Republic Act No. 6977, as amended, is hereby further
17 amended to read as follows:

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

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

28 b) *Role of the private sector.* In order to hasten growth and
29 expansion of **MICRO**, small and medium enterprises, the private
30 sector throughout the country shall be encouraged to assist in the
31 effective implementation of this Act by participating in government
32 programs for **MICRO**, small and medium enterprises strictly in
33 accordance with the law, and consistent with the attainment of the

1 purposes hereof. To encourage private sector participation, the
2 Council, in consultation with the concerned sector, may recommend
3 simplified procedure and localized incentives to **MICRO AND** small
4 enterprises. The Government shall encourage the organization and
5 establishment of **MICRO**, small and medium enterprise industry
6 associations at the local and regional levels preferably unified under a
7 national federation/association.

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

24 x x x.”

25 Sec. 4. Section 6 of Republic Act No. 6977, as amended, is hereby further
26 amended to read as follows:

27 “SEC. 6. *Micro, Small and Medium Enterprises Development*
28 *Plan (MSMEDP)*. – The President **OF THE PHILIPPINES** shall
29 approve a six-year micro, small and medium enterprises development
30 plan prepared by the Department of Trade and Industry (DTI) which
31 shall form part of the [~~Medium-Term~~] Philippine Development Plan
32 ([~~MF~~]PDP). It shall be formulated in consultation with the private
33 sector, validated and updated semestally. Such plan shall include a

1 component on a micro credit financing scheme.”

2 Sec. 5. Section 7 of Republic Act No. 6977, as amended, is hereby further
3 amended to read as follows:

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

14 The Council shall be the primary agency responsible for the
15 promotion, growth and development of **MICRO**, small and medium
16 enterprises in the country by way of facilitating and closely
17 coordinating national efforts to promote the viability and growth of
18 **MICRO**, small and medium enterprises, including assisting relevant
19 agencies in the tapping of local and foreign funds for **MICRO**, small
20 and medium enterprise development, as well as promoting the use of
21 existing programs, as well as seeking ways to maximize the use of our
22 labor resources.”

23 Sec. 6. Section 7-A of Republic Act No. 6977, as amended, is hereby further
24 amended to read as follows:

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

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

29 (b) The Secretary of Agriculture;

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

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

32 [~~d~~] **(E)** Three (3) representatives from the MSME sector, [~~to~~

1 represent Luzon, Visayas and Mindanao, with at least one (1)
2 representative from the microenterprise sector] **TO BE**
3 **DESIGNATED BY A NATIONAL ORGANIZATION**
4 **REPRESENTING AND DOMINATED BY MSMEs; AND**

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

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

9 [~~g~~] **(F) The [Chairman] PRESIDENT of THE Small Business**
10 **Corporation. A. Advisory Unit. –There shall be an Advisory Unit**
11 **to the Council, which shall consist of the following:**

12 (a) The Secretary of Science and Technology;

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

14 **(C) THE COMMISSIONER OF THE SECURITIES AND**
15 **EXCHANGE COMMISSION;**

16 [~~e~~] **(D) The President of the Land Bank of the Philippines;**

17 [~~d~~] **(E) The President of the Development Bank of the**
18 **Philippines;**

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

21 **(G) THE EXECUTIVE DIRECTOR OF THE**
22 **COOPERATIVE DEVELOPMENT AUTHORITY;**

23 **(H) A REPRESENTATIVE OF A NATIONAL**
24 **ORGANIZATION REPRESENTING AND DOMINATED BY**
25 **MSMEs;**

26 [~~f~~] **(I) One (1) representative from the labor sector, to be**
27 **nominated by accredited labor groups;**

28 [~~g~~] **(J) A representative from the private banking sector to**
29 **serve [alternatively] ALTERNATELY between the [e]Chamber of**
30 **[f]Thrift [b]Banks, and the Rural Banker's Association of the**
31 **Philippines (RBAP);**

32 [~~h~~] **(K) A representative of the microfinance nongovernment**
33 **organizations (NGOs), DESIGNATED BY THE MICROFINANCE**
34 **NGO REGULATORY COUNCIL;**

1 **DTI'S TOP PRIORITY INDUSTRIES FOR DEVELOPMENT** by
2 way of directing [~~and/~~]or assisting relevant government agencies and
3 institutions at the national, regional and provincial levels towards the:

4 x x x;

5 12) Through appropriate government agencies:

6 x x x;

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

10 x x x.

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

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

26 (B) **PROVISION OF A COMPLIANCE GUIDE. – FOR**
27 **EACH RULE OR GROUP OF RELATED RULES ISSUED BY**
28 **ANY GOVERNMENT AGENCY FOR COMPLIANCE BY**
29 **MSMES, THE COUNCIL SHALL PUBLISH COMPLIANCE**
30 **GUIDELINES WHICH SHALL BE WRITTEN IN PLAIN**
31 **LANGUAGE OR IN THE LOCAL DIALECT, IF NECESSARY.**

32 **THE COUNCIL SHALL PREPARE SEPARATE**
33 **COMPLIANCE GUIDES COVERING GROUPS OR CLASSES**
34 **OF SIMILARLY AFFECTED MSMES AND SHALL**

1 COOPERATE WITH INDUSTRY ASSOCIATIONS TO
2 DEVELOP AND DISTRIBUTE SUCH COMPLIANCE GUIDES.
3 THE PUBLICATION OF EACH COMPLIANCE GUIDE SHALL
4 INCLUDE THE POSTING OF THE GUIDE IN A
5 CONSPICUOUS LOCATION ON THE WEBSITE OF THE
6 AGENCY, AND DISTRIBUTION OF THE GUIDE TO KNOWN
7 INDUSTRY CONTACTS, SUCH AS SMALL ENTITIES,
8 ASSOCIATIONS OR INDUSTRY LEADERS AFFECTED BY
9 THE RULE. THE ISSUING GOVERNMENT AGENCY SHALL
10 PUBLISH AND DISSEMINATE THE COMPLIANCE RULES
11 WITHIN NINETY (90) DAYS FROM THE DATE OF
12 ISSUANCE;

13 (C) CONDUCT OF RESEARCH ON WOMEN
14 ENTREPRENEURSHIP. – THE COUNCIL SHALL CONDUCT
15 RESEARCH TO SUPPORT WOMEN ENTREPRENEURSHIP
16 INCLUDING ENTREPRENEURIAL BEHAVIOR, BARRIERS,
17 PARTICIPATION AND CESSATION RATES,
18 DISCRIMINATORY PRACTICES AND CONTRIBUTION TO
19 THE NATIONAL ECONOMY AND GROWTH;

20 (D) POLICY FORMULATION ON WOMEN
21 ENTREPRENEURSHIP. – THE COUNCIL SHALL PROVIDE
22 POLICY DIRECTION TOWARDS RECOGNIZING WOMEN'S
23 PROPENSITY AND TALENT IN ENTREPRENEURSHIP AS
24 WELL AS ESTABLISH LINKAGES THAT WILL ENABLE
25 MORE OPPORTUNITIES FOR WOMEN TO ENGAGE IN
26 ENTREPRENEURSHIP; AND

27 (E) DEVELOPMENT OF ENTREPRENEURIAL
28 EDUCATION AND TRAINING. – THE MSMED COUNCIL
29 SHALL DEVELOP, IN COORDINATION WITH THE
30 DEPARTMENT OF EDUCATION, TECHNICAL EDUCATION
31 AND SKILLS DEVELOPMENT AUTHORITY, AND
32 COMMISSION ON HIGHER EDUCATION, A COURSE
33 CURRICULUM OR TRAINING PROGRAM IN
34 ENTREPRENEURSHIP THAT WILL PROMOTE

1 **ENTREPRENEURIAL CULTURE AND COMPETENCE.**
2 **ENTREPRENEURSHIP SHALL BE INTEGRATED IN THE**
3 **CURRICULUM OF EDUCATIONAL AND TRAINING**
4 **INSTITUTIONS IN ALL LEVELS.**

5 Sec. 8. A new subsection is hereby inserted after Section 7-B of Republic Act
6 No. 6977, as amended, and numbered as Section 7-C to read as follows:

7 **“SEC. 7-C. CITY, MUNICIPALITY, AND BARANGAY**
8 **MSMED COUNCIL. - THERE SHALL BE CREATED A MSMED**
9 **COUNCIL IN EVERY LOCAL GOVERNMENT UNIT WHICH**
10 **SHALL HAVE THE AUTHORITY TO PROPOSE POLICIES**
11 **THAT ARE GEARED TO ASSIST MSMEs IN THE AREAS OF**
12 **PRODUCTIVITY ENHANCEMENT, MARKETING,**
13 **ACHIEVING SUSTAINABILITY BY EXTENDING CREDIT TO**
14 **CUSTOMERS, AND IMPLEMENTING EFFICIENT LOAN**
15 **COLLECTION SYSTEMS, AMONG OTHER STRATEGIES.**

16 **THE LOCAL MSMED COUNCIL, IN THE CASE OF A**
17 **CITY OR MUNICIPALITY, SHALL BE COMPOSED OF THE**
18 **CITY OR MUNICIPAL BUSINESS PERMIT AND LICENSING**
19 **OFFICER AS CHAIRPERSON, THE PRESIDENT OF THE**
20 **ASSOCIATION OF BARANGAY CAPTAINS, THE PRESIDENT**
21 **OF THE SANGGUNIANG KABATAAN FEDERATION, THE**
22 **TOURISM OFFICER, AND THE CITY OR MUNICIPAL**
23 **AGRICULTURIST OR THE CITY PLANNING OFFICER.**

24 **THE BARANGAY MSMED COUNCIL SHALL BE**
25 **COMPOSED OF THE PUNONG BARANGAY AS**
26 **CHAIRPERSON, THE SANGGUNIANG KABATAAN**
27 **CHAIRPERSON, A REPRESENTATIVE OF THE LADIES’**
28 **BRIGADE OR LADIES’ SECTOR, A REPRESENTATIVE OF**
29 **THE BARANGAY PUBLIC SAFETY OFFICE, AND A**
30 **REPRESENTATIVE OF THE SENIOR CITIZENS.**

31 **TO ENSURE THEIR CONTINUED FINANCIAL**
32 **VIABILITY, THE CITY, MUNICIPAL, AND BARANGAY**
33 **MSMED COUNCILS SHALL COORDINATE AND**

1 Sec. 11. Section 11-A of Republic Act No. 6977, as amended, is hereby further
2 amended to read as follows:

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

7 a) The Secretary of Trade and Industry, **WHO SHALL ACT AS**
8 **CHAIRPERSON OF THE BOARD UNTIL SUCH TIME THAT**
9 **THE PRESIDENT OF THE PHILIPPINES SHALL HAVE**
10 **APPOINTED THE CHAIRPERSON OF THE BOARD FROM**
11 **AMONG ITS MEMBERS;**

12 b) The Secretary of Finance;

13 **C) THE PRESIDENT OF THE GOVERNMENT SERVICE**
14 **INSURANCE SYSTEM (GSIS);**

15 **D) THE PRESIDENT OF THE SOCIAL SECURITY**
16 **SYSTEM (SSS);**

17 [e] E) A private sector representative to be appointed by the
18 President **OF THE PHILIPPINES** upon the recommendation of the
19 MSMED Council;

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

24 [e]G)The president of the SB Corporation as ex-officio member
25 and to serve as vice chairman of the Board.

26 The President **OF THE PHILIPPINES** shall appoint the
27 [~~chairman~~] **CHAIRPERSON** of the Board from among its members.

28 All members of the Board so appointed, except for the ex-officio
29 members, shall serve for a term of three (3) years [~~without~~
30 ~~reappointment.~~] **AND MAY BE REAPPOINTED TO ANOTHER**
31 **TERM UNLESS EARLIER REVOKED. IF THE TERM OF THE**
32 **INCUMBENT MEMBER HAS EXPIRED, THE MEMBER**
33 **SHALL CONTINUE TO FUNCTION IN A HOLDOVER**

1 THROUGH ITS CHAIRPERSON, SHALL BE FULLY
2 RESPONSIBLE AND ACCOUNTABLE FOR THE
3 PERFORMANCE OF THE CORPORATION'S MANDATE. TO
4 ENSURE THIS, THE BOARD SHALL BE CONSTITUTED AS A
5 MANAGING BOARD, LED BY ITS CHAIRPERSON, TO
6 CONCEPTUALIZE THE STRATEGIC PLANS AND POLICIES
7 OF THE CORPORATION.

8 THE SB CORPORATION SHALL ADOPT A BALANCED
9 SCORECARD MANAGEMENT APPROACH, SUBJECT TO THE
10 REVIEW AND APPROVAL OF THE GOVERNANCE
11 COMMISSION FOR GOCCs, TO ENABLE IT TO MANAGE ITS
12 FINANCIAL PERFORMANCE WHILE PURSUING ITS
13 PUBLIC POLICY OBJECTIVES OF SUPPORTING MICRO,
14 SMALL AND MEDIUM ENTERPRISES DEVELOPMENT."

15 Sec. 14. Section 12 of Republic Act No. 6977, as amended, is hereby further
16 amended to read as follows:

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

1 and Executive Order No. 19, Series of 2001 and including those already
2 subscribed, shall form part of the capitalization of the corporation:
3 Provided, further, That holders of preferred shares issued under
4 Republic Act No. 6977, as amended, shall have the option to convert
5 the same into common shares. Additional equity funding shall come
6 from trust placements of excess and unused funds of existing
7 government agencies, bilateral and multilateral official development
8 assistance funds, subscriptions from government owned or controlled
9 corporations **AND THE NATIONAL GOVERNMENT THROUGH**
10 **THE DEPARTMENT OF BUDGET AND MANAGEMENT**
11 **(DBM)**, and investments of private financial institutions and
12 corporations: *Provided, finally*, That any investment from the private
13 sector shall only be in the form of preferred shares.

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

20 Sec. 15. Section 13 of Republic Act No. 6977, as amended, is hereby deleted.

21 Sec. 16. Section 14 of Republic Act No. 6977, as amended, is hereby
22 renumbered as Section 13, and further amended to read as follows:

23 “SEC. ~~[14]~~**13. Venture Capital and Micro Finance Trust Fund. –**
24 The SB Corporation may set aside an amount of money to encourage
25 the setting up of a venture capital and micro finance trust fund for the
26 purpose of promoting **AVAILABLE** business opportunities [available]
27 to **THE MSME** sector. The Venture Capital Fund shall be used mainly
28 for venture capital finance especially in technology-oriented industries.
29 The micro finance trust fund shall be used to provide collateral-free
30 fixed and working capital loans to micro and small enterprises run by
31 those emerging out of poverty. **THE INITIAL AMOUNT OF AT**
32 **LEAST TEN PERCENT (10%) OF THE EQUITY**

1 CONTRIBUTION OF THE NATIONAL GOVERNMENT TO
2 THE CAPITALIZATION OF THE SMALL BUSINESS
3 CORPORATION, NOT TO EXCEED FIVE HUNDRED
4 MILLION PESOS (P500,000,000.00), SHALL BE
5 APPROPRIATED TO FUND THE VENTURE CAPITAL AND
6 MICRO FINANCE TRUST FUND.”

7 Sec. 17. Section 15 of Republic Act No. 6977, as amended, is hereby
8 renumbered as Section 14, and further amended to read as follows:

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

22 Compliance of this provision shall be:

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

24 x x x; or

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

30 **(G) EXTENSION OF LOANS TO MSME VALUE CHAIN**
31 **ACTORS WHO ALLOW MSMEs TO PARTICIPATE IN**
32 **ORGANIZED OR FORMAL VALUE CHAINS. VALUE CHAIN**
33 **ACTORS INCLUDE, AMONG OTHERS, TRADERS,**

1 SUPPLIERS, PROCESSORS, AGGREGATORS WHO
2 CONDUCT LINKED SEQUENCE OF VALUE ADDING
3 ACTIVITIES INVOLVED IN BRINGING A PRODUCT TO
4 FINAL CONSUMERS.

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

25 The MSMED Council shall set up the appropriate systems to
26 monitor all loan applications of MSMEs in order to account for the
27 absorptive capacity of the MSME sector. **EACH LENDING**
28 **INSTITUTION SHALL DESIGNATE A CHIEF COMPLIANCE**
29 **OFFICER WHO WILL PREPARE AND SIGN THE REPORT ON**
30 **COMPLIANCE AND NON-COMPLIANCE WITH THE**
31 **MANDATORY CREDIT ALLOCATION, FOR SUBMISSION TO**
32 **THE BANGKO SENTRAL NG PILIPINAS IN THE CASE OF**
33 **BANKS, AND THE SECURITIES AND EXCHANGE**
34 **COMMISSION IN THE CASE OF NON-BANK FINANCIAL**

1 INTERMEDIARIES. The Bangko Sentral ng Pilipinas IN THE
2 CASE OF BANKS, AND THE SECURITIES AND EXCHANGE
3 COMMISSION IN THE CASE OF NON-BANK FINANCIAL
4 INTERMEDIARIES, shall furnish to the MSMED Council on a
5 quarterly basis comprehensive reports on the [~~bank's~~] LENDING
6 ENTITY'S compliance[;]AND noncompliance [~~and penalties of~~]
7 WITH the above provisions on the mandatory credit allocation for
8 MSMEs[-], AND SHALL SUBMIT AN ANNUAL REPORT,
9 SIGNED BY AN OFFICER WITH THE RANK OF AT LEAST A
10 MANAGING DIRECTOR, ON THE AMOUNTS OF THE
11 PENALTIES FOR NON-COMPLIANCE WITH THE
12 MANDATORY LENDING PROVISION OF THIS ACT.

13 ALL BANKS SHALL PROVIDE ACCESS TO DEPOSIT
14 ACCOUNTS, SUCH AS SAVINGS, CHECKING AND DEBIT
15 ACCOUNTS, TO REGISTERED MSMEs. FINANCIAL
16 TECHNOLOGY SHALL BE PROVIDED TO MSMEs TO
17 ENSURE THEIR FINANCIAL INCLUSION.

18 ALL LENDERS SHALL REPORT CREDIT
19 INFORMATION AND TRANSACTIONS OF MSMEs TO A
20 NATIONAL CREDIT REGISTRY TO MONITOR PROPER
21 COMPLIANCE AND EFFICIENT IMPLEMENTATION.

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

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

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

19 Sec. 18. Sections 16 and 17 of Republic Act No. 6977, as amended, are hereby
20 renumbered as Sections 15 and 16, respectively, to read as follows:

21 "SEC. [~~16~~]**15. Micro, Small, and Medium Enterprise Week. –**

22 x x x."

23 "SEC. [~~17~~]**16. Presidential Awards for Outstanding MSME.**

24 x x x."

25 Sec. 19. Section 18 of Republic Act No. 6977, as amended, is hereby
26 renumbered as Section 17, and further amended to read as follows:

27 "SEC. [~~18~~]**17. Congressional Oversight Committee. – To**
28 monitor and oversee the implementation of this Act, there shall be a
29 Congressional Oversight Committee on Micro, Small and Medium
30 Enterprise Development (COC-MSMED) composed of the chairpersons
31 of the Senate Committee on Economic Affairs and the House
32 Committee on [~~Small Business and Entrepreneurship Development~~]

1 **MICRO, SMALL AND MEDIUM ENTERPRISE**
2 **DEVELOPMENT** as chairperson and co-chairperson, respectively;
3 xxx.”

4 Sec. 20. Section 19 of Republic Act No. 6977, as amended, is hereby
5 renumbered as Section 18, and further amended, to read as follows:

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

24 Penalties on noncompliance shall be directed to the
25 development of the MSME sector. Ninety percent (90%) of the
26 penalties collected [should] **SHALL** go to the [~~MSMED-Council Fund~~]
27 **“START-UP FUND” AS PROVIDED UNDER REPUBLIC ACT**
28 **NO. 10644, OTHERWISE KNOWN AS THE “GO NEGOSYO**
29 **ACT”**, while the remaining ten percent (10%) [should] **SHALL** be
30 [given] **REMITTED** to the **BSP, THE SECURITIES AND**
31 **EXCHANGE COMMISSION, OR THE APPROPRIATE**
32 **AGENCY THAT EXERCISES REGULATORY JURISDICTION**
33 **OVER SUCH LENDING ENTITY,** to cover for administrative

1 expenses.

2 THE MSMED COUNCIL SHALL SUBMIT TO THE
3 CONGRESS OF THE PHILIPPINES AN ANNUAL REPORT ON
4 THE STATUS OF THE PENALTIES REMITTED AND HOW
5 THE SAME WERE USED OR ARE BEING USED IN
6 RELATION TO THE IMPLEMENTATION OF SERVICES TO
7 MSMEs IN THE AREAS OF CAPACITY BUILDING,
8 TECHNOLOGY INFORMATION, INFORMATION
9 COLLECTION AND DISSEMINATION, AND OTHER
10 INTERVENTIONS FOR MSME DEVELOPMENT, GROWTH
11 AND SUSTAINABILITY.”

12 Sec. 21. A new section, numbered Section 19, is hereby inserted after re-
13 numbered Section 18 of Republic Act No. 6977, as amended, to read as follows:

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

30 “ANY PERSON, WHETHER NATURAL OR JURIDICAL,
31 WHO FAILS TO ACQUIRE THE APPROVAL OF THE FOOD
32 AND DRUGS AUTHORITY (FDA) AND THE DEPARTMENT
33 OF TRADE AND INDUSTRY (DTI) FOR SELLING,

1 **MARKETING, AND DISTRIBUTING PRODUCTS AND**
2 **SERVICES THAT ARE REGULATED BY THE FDA SHALL**
3 **SUFFER THE PENALTY OF THIRTY (30) DAYS TO ONE**
4 **HUNDRED EIGHTY (180) DAYS IMPRISONMENT, OR A**
5 **FINE OF NOT LESS THAN TEN THOUSAND PESOS**
6 **(P10,000.00) BUT NOT EXCEEDING ONE HUNDRED**
7 **THOUSAND PESOS (P100,000.00) OR BOTH, AT THE**
8 **DISCRETION OF THE COURT.”**

9 *Sec. 22. Implementing Rules and Regulations (IRR).* – The Department of
10 Trade and Industry, through the Bureau of Micro, Small and Medium Enterprise
11 Development and in consultation with the Bangko Sentral ng Pilipinas in the case of
12 banks, and the Securities and Exchange Commission in the case of non-bank
13 financial intermediaries, and other concerned government agencies, non-
14 government organizations and private sector agencies involved in the promotion of
15 MSMEs, shall formulate the rules and regulations (IRR) necessary to implement the
16 provisions of this Act within ninety (90) days from the approval of this Act: *Provided,*
17 That the IRR shall be reviewed yearly: *Provided, further,* That the IRR shall be
18 approved by the MSMED Council.

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

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

Approved,