

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila
Third Regular Session**



House Bill No. 10826

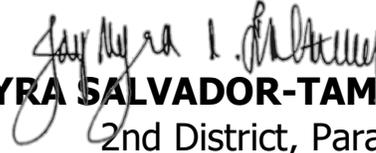
Introduced by **REPRESENTATIVE JOY MYRA SALVADOR-TAMBUNTING**

EXPLANATORY NOTE

The Foreign Investment Act of 1991 has been enacted to liberalize foreign participation in the economic industry in the country. It contains Negative Lists A and B which contain the enumerated industries with limited allowable foreign participation in equity. Furthermore, based on its implementing rules and regulations, SEC or BTRCP, whichever is applicable, is in-charge of ensuring compliance with the equity requirements under the act. However, the possibility of overlapping and conflicting supervisory powers with other sector-specific regulatory agencies in monitoring compliance with the equity requirements was not then foreseen causing instability in the affected nationalized industries and going against the very purpose of institutionalizing a liberalized and systematized entry of foreign investments.

This bill seeks to introduce a provision that mandates the SEC or BTRCP to exercise exclusive authority in determining the nationality of corporation and equity compliance provided under the Constitution and the law. Furthermore, this provision would also warrant that the findings of the said two agencies will be binding and conclusive as to other agencies. Also, this bill seeks to amend Section 12 of Republic Act No. 7042 as amended by Republic Act No. 8179 to mandate the SEC and the sector-specific regulatory agencies to coordinate whenever issues of nationality and equity compliance will arise.

On behalf of the people of Parañaque City's Second District, and for the common good of the Filipino people, the approval of the said measure is earnestly sought.



REP. JOY MYRA SALVADOR-TAMBUNTING
2nd District, Parañaque City

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Introduced by **REPRESENTATIVE JOY MYRA SALVADOR-**
TAMBUNTING

**AN ACT FURTHER AMENDING REPUBLIC ACT NO. 7042 AS
AMENDED BY REPUBLIC ACT NO. 8179 OR AN ACT TO PROMOTE
FOREIGN INVESTMENTS, PRESCRIBING THE PROCEDURES FOR
REGISTERING ENTERPRISES DOING BUSINESS IN THE
PHILIPPINES, AND FOR OTHER PURPOSES**

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

SECTION 1. The Foreign Investment Act is further amended by inserting a new section designated as Section 12 to read as follows:

"Sec. 12 Monitoring of compliance with Equity participation requirements. –
The SEC or BTRCP, as applicable, shall exercise exclusive authority in monitoring the equity compliance provided in this act. The findings and recommendations of the SEC or BTRCP, shall be binding and conclusive to other regulatory agencies exercising concurrent supervisory powers over a specific nationalized industry.

SECTION 2. Section 12, of Republic Act No. 7042 as amended by Republic Act No. 8179, is hereby renumbered as Section 13, and amended to read as follows:

“Section 13. *Consistent Government Action* - No agency, instrumentality or political subdivision of the Government shall take any action in conflict with, or which will nullify the provisions of this Act, or any certificate or authority granted hereunder. Sector-specific regulatory agencies, shall coordinate with the SEC or BTRCP to address possible circumvention of the requirements provided under this act. The SEC or BTRCP, are also in-charge to inform and coordinate with other regulatory agencies as regards equity compliance of entities engaged in nationalized industries under the latter’s concurrent supervisory powers.”

SECTION 3. *Separability Clause* - If any part or section of this Act is declared unconstitutional for any reason whatsoever, such declaration shall not in any way affect the other parts or sections of this Act.

SECTION 5. *Repealing Clause* – All other laws or parts of laws inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 6. *Effectivity* – This Act take effect from fifteen (15) days after approval and publication in two (2) newspapers of general circulation in the Philippines.