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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS

First Regular Session

House Bill No. **6398**



Introduced by Representatives FERDINAND MARTIN G. ROMUALDEZ, MANUEL JOSE "MANNIX" M. DALIPE, FERDINAND ALEXANDER A. MARCOS, STELLA LUZ A. QUIMBO, YEDDA MARIE K. ROMUALDEZ, JUDE A. ACIDRE

AN ACT ESTABLISHING THE MAHARLIKA INVESTMENT FUND, PROVIDING FOR THE MANAGEMENT, INVESTMENT, AND USE OF THE PROCEEDS OF THE FUND, APPROPRIATING FUNDS THEREOF AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Agenda for Prosperity of the Administration of President Ferdinand Romualdez Marcos, Jr. seeks to fulfill the objectives of its Medium-Term Fiscal Framework and 8-Point Socioeconomic Agenda, which Congress adopted, in order to see the Philippine economy soar to greater heights in spite of external shocks.

The Agenda includes achieving single digit poverty levels and upper middle-income status for Filipinos by hitting 6.5 to 8 percent real gross domestic product (GDP) growth annually between 2023 and 2028.

To achieve these economic goals, it is essential to pursue the Administration's priority development plans and projects, improve investment opportunities, promote productivity-enhancing investments, and ensure that the Philippines becomes an investment destination.

With these objectives in mind, this bill seeks to establish the Maharlika Investments Fund (MIF), a Sovereign Wealth Fund (SWF) that will provide for the management, investment, and use of the proceeds of the fund.

Sovereign Wealth Funds are state-owned investment funds typically financed by a country's surplus revenues or reserves. Governments invest these funds in an array of both real and financial assets to stabilize national budgets, create savings for their citizens, or promote economic development.

1 The MIF would give Government Financial Institutions (GFIs), including the Government Service
2 Insurance System (GSIS), the Social Security System (SSS), the Land Bank of the Philippines
3 (LBP), and the Development Bank of the Philippines (DBP), the opportunity to ensure their
4 respective funds' optimal asset allocation as well as ensure that resources are efficiently channeled
5 to investments that will provide the most value not only to the participating GFIs, but also to the
6 country.

8 SWFs can also successfully be used as a tool of national strategy, as evidenced by the successful
9 performance of Singapore's SWFs, such as the GIC Private Limited, which provide the financial
10 means for Singapore to manage its foreign reserves, defend itself and protect its sovereignty
11 without compromising its domestic program, and augment its land-limited economic space with
12 global investments.

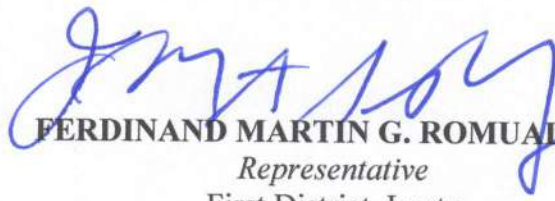
14 SWFs can also be used to attract direct investments, as what the Indonesia Investment Authority
15 (INA) did. By attracting foreign co-investors to capitalize the fund rather than rely on commodity
16 revenues, the INA has been very successful in bringing in much-needed investments in
17 infrastructure and emerging industries, ultimately spurring growth in Indonesia, such as
18 investments in transportation, including airports, supply chains, logistics, digital infrastructure, the
19 green economy, healthcare services, the financial sector, technology, and tourism.

21 To ensure transparency and accountability, the MIF will adhere to the Santiago Principles, i.e., the
22 24 Generally Accepted Principles and Practices (GAPP) agreed to in October 2008 in Santiago,
23 Chile, in a collaborative global effort among countries with SWFs, investment recipient countries
24 and international organizations, to observe, among other things: that the SWF will comply with all
25 applicable regulatory and disclosure requirements in the countries in which SWFs invest; and that
26 the SWF will have in place a transparent and sound governance structure that provides adequate
27 operational controls, risk management, and accountability, among other commitments.


29 There are now almost 50 countries around the world with a Sovereign Wealth Fund. In Asia alone,
30 the nations that currently have SWFs are Singapore, China, Hong Kong, South Korea, Malaysia,
31 Indonesia, Taiwan, Vietnam and East Timor.

33 As the Philippines secures its place not only as the Rising Star of Asia but as a real economic
34 leader in the Asia Pacific, the creation of the MIF becomes imperative.

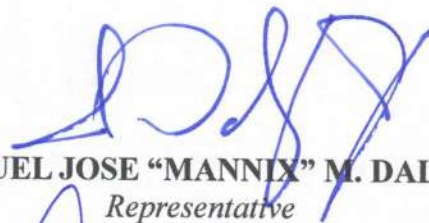
36 In view of the foregoing, the immediate approval of this bill to create the Maharlika Wealth Fund
37 is urgently sought.




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

NINETEENTH CONGRESS
First Regular Session

House Bill No. 6398

Introduced by Representatives **FERDINAND MARTIN G. ROMUALDEZ, MANUEL JOSE “MANNIX” M. DALIPE, FERDINAND ALEXANDER A. MARCOS, STELLA LUZ A. QUIMBO, YEDDA MARIE K. ROMUALDEZ, JUDE A. ACIDRE**

AN ACT
ESTABLISHING THE MAHARLIKA INVESTMENTS FUND, PROVIDING FOR THE
MANAGEMENT, INVESTMENT, AND USE OF THE PROCEEDS OF THE FUND,
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. Title. – This Act shall be known as the “**MAHARLIKA INVESTMENTS FUND ACT.**”

Section 2. Declaration of Policy. – It is the policy of the State to create jobs, promote trade and investments, strengthen connectivity, expand infrastructure, achieve energy and food security. The State recognizes the vital role of various investments in financial assets in promoting economic growth, accelerating job creation, and improving the welfare of Filipinos. The State acknowledges the need to preserve and optimize the use of government financial assets, and promote intergenerational management thereof for macroeconomic stability.

Towards this end, the State shall establish an independent Maharlika Investments Fund by investing national funds, and coordinating and strengthening the investment activities of the country’s top-performing Government Financial Institutions (GFIs) to promote economic growth and social development.

ARTICLE I
Definition of Terms

Section 3. Definition of Terms. – The terms used in this Act shall be understood as follows:

- a) **Maharlika Investments Fund (MIF)** refers to the fund created under this Act;

- 1
2 b) **Maharlika Investments Corporation (MIC)** refers to the government-owned and
3 controlled corporation (GOCC) created under this Act which shall be responsible for
4 the overall governance and management of the MIF;
5
6 c) **Founding GFIs** refers to the GFIs which shall invest equity to start up the MIF;
7
8 d) **Board of Directors (Board)** refers to the governing body of the MIC;
9
10 e) **Independent Member** refers to a member of the Board of Directors coming from the
11 private sector with proven probity, competence and experience in finance, economics,
12 investments, business management, or law;
13
14 f) **GSIS** refers to the Government Service Insurance System;
15
16 g) **SSS** refers to the Social Security System;
17
18 h) **LBP** refers to the Land Bank of the Philippines;
19
20 i) **DBP** refers to the Development Bank of the Philippines;
21
22 j) **Advisory Body** refers to the body established under this Act which shall provide
23 guidance, counsel and advice to the Board of Directors of the MIC;
24
25 k) **DOF** refers to the Department of Finance;
26
27 l) **NEDA** refers to the National Economic and Development Authority;
28
29 m) **DBM** refers to the Department of Budget and Management;
30
31 n) **Funding Sources** refers to the initial investment required of the Founding GFIs and
32 the National Government to start up the MIF; and
33
34 o) **“Santiago” Principles** refers to the twenty-four (24) Generally Accepted Principles
35 and Practices (GAPP) voluntarily endorsed by the International Forum of Sovereign
36 Wealth Funds (IFSWF) members. The GAPP for Sovereign Wealth Funds (SWFs) are
37 designed as guidelines that assign best practices for the operations of SWFs. They are
38 the rules followed by SWF that promote stability in the global financial system, set
39 proper controls on investment risks, and implement sound governance structure.
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42 **ARTICLE II**
43 **Maharlika Investments Fund**
44

45 *Section 4. Establishment of the Maharlika Investments Fund.* — There is hereby created a
46 Maharlika Investments Fund (MIF), an independent fund, that adheres to the principles of good

governance, transparency, and accountability. The Fund shall be sourced from the investible funds of the country's top-performing GFIs and from contribution of the National Government. It shall be used to invest on a strategic and commercial basis in a manner designed to promote fiscal stability for economic development, and strengthen the top-performing GFIs through additional investment platforms that will help attain the National Government's priority plans.

The funds invested by the GFIs shall be exempt from any regulatory restrictions, if invested solely to the MIF.

Section 5. Ownership of the Maharlika Investments Fund. - The legal ownership of the MIF shall pertain to the Fund investors in proportion to their shareholdings. The Fund investors are the Founding GFIs, the National Government, and other fund contributors authorized in this Act. The Board of Directors, through the Chairperson of the Board and Chief Executive Officer, shall submit periodic reports to the National Government, through the President of the Philippines.

Section 6. Objectives of the Maharlika Investments Fund. — The objective of MIF is to generate consistent and stable investment returns with appropriate risk limits to preserve and enhance long-term value of the Fund, obtain the best absolute return and achievable financial gains on its investments, and to satisfy the requirements of liquidity, safety/security, and yield in order to ensure profitability. In pooling the investible funds from the GFIs and channeling them to diversified financial assets and development projects, the MIC's activities shall contribute to a prudent and transparent management of the government resources.

ARTICLE III Maharlika Investments Corporation

Section 7. Establishment of the Maharlika Investments Corporation — There is hereby created the Maharlika Investments Corporation (MIC), an independent corporate body, that shall act as a vehicle for the purpose of mobilizing and utilizing the MIF for investments in transactions that will enable the Fund to reap returns on investments (ROIs) while contributing to the overall goal of reinvigorating job creation and poverty reduction by steering the economy back to its high-growth path. The MIC shall govern and manage the Fund in accordance with the objectives and purposes set forth in this Act, and it shall adhere to internationally-accepted standards, such as the "Santiago" Principles.

Section 8. Functions of the Maharlika Investments Corporation. — In carrying out its objectives and functions, the MIC shall:

- a) Establish a diversified portfolio of investments in the local and global financial markets and in other assets that promote the objectives of the Fund;
- b) Manage and invest the initial and future contributions to the Fund in accordance with this Act;

- c) Accept and manage investment mandates whose investment purpose is to increase income for development goals;
- d) Develop and foster skills in finance, economics, risk mitigation, good governance and other related areas, consistent with the capacity and capabilities build-up of human resources in the industry; and
- e) Implement international best practices in investing and managing assets in accordance with the “Santiago” Principles for SWFs or similar principles as may be adopted by the Board.

Section 9. Funding Sources. — Each of the founding GFIs shall invest equity to start up the Fund with an initial investment of Two Hundred Fifty Billion Pesos (PhP250 Billion), with breakdown as follows:

- (i) GSIS : One hundred Twenty-Five Billion Pesos (PhP125 Billion);
- (ii) SSS : Fifty Billion Pesos (PhP50 Billion);
- (iii) LBP : Fifty Billion Pesos (PhP50 Billion); and
- (iv) DBP : Twenty-Five Billion Pesos (PhP25 Billion).

Each founding GFI may be allowed to subsequently increase its respective investments above its equity contribution.

In addition, the National Government shall initially contribute the amount of Twenty-Five Billion Pesos (PhP25 Billion) to the Fund, and, on an annual basis, may contribute additional funds subject to availability of funds for the purpose.

Subsequent annual contributions to the Fund shall be provided as follows:

- (i) Bangko Sentral ng Pilipinas: foreign currency (FCY) equivalent of 10% of the remittances from the Overseas Filipino Workers (OFWs); 10% coming from the annual contribution of the Business Processing Outsourcing (BPO) sector;
- (ii) Philippine Amusement and Gaming Corporation (PAGCOR): 10% from its gaming proceeds;
- (iii) General Appropriations Act or Supplemental Appropriations; and
- (iv) Other sources (*e.g.*, special assessments on natural resources, public borrowings, and the like).

Section 10. Administrative and Operational Expenses of the Maharlika Investments Corporation. — The Board of Directors of the MIC is authorized to disburse from the Fund such amounts as may be necessary for administrative and operating expenses, the total of which shall not exceed ten percent (10%) of the gross revenue of the immediately preceding year.

1 For the initial operations of the MIC, the Board of Directors is authorized to disburse for its
2 administrative and operating expenses at a total amount not exceeding ten percent (10%) of its
3 initial capitalization.
4

5 6 **ARTICLE IV** 7 **Investments** 8

9 ***Section 11. Allowable Investments.*** — Subject to strict compliance with Investment and Risk
10 Management Guidelines, the Board of Directors of the MIC shall authorize the following
11 investments:
12

- 13 a) Cash, foreign currencies, metals, and other tradeable commodities;
- 14 b) Fixed income instruments issued by sovereigns, quasi-sovereigns and supranationals;
- 15 c) Domestic and foreign corporate bonds;
- 16 d) Listed or unlisted equities, whether common, preferred, or hybrids;
- 17 e) Financial derivatives;
- 18 f) Islamic investments, such as Sukuk bonds;
- 19 g) Joint Ventures or Co-Investments;
- 20 h) Mutual and Exchange-traded Funds;
- 21 i) Commercial real estate and infrastructure projects; and
- 22 j) Other investments as may be approved by the Board.

23 Investments in real estate, infrastructure and other development projects, whether alone or in
24 partnership with other corporate entities shall be limited to National Economic Development
25 Authority Board - approved major capital projects to ensure that these are in line with the socio-
26 economic development program of the government.
27

28 Subject to the rules and regulations to be promulgated by the MIC Board, the advice of the
29 Advisory Body shall be sought by the same Board in case of transactions, such as but not limited
30 to, investments and spending that will affect: (1) the Balance of Payments; and (2) monetary
31 aggregates, like those which impact domestic liquidity and reserve money.
32

33 ***Section 12. Investment Policy.*** The Board of Directors shall formulate written policies in relation
34 to the following matters:
35

- 36 a) Directions on the acceptable balance between risk and return of the overall portfolio;

- b) Investment policies, mandates, strategies, and guidelines on financing infrastructure projects and other investments;
- c) Risk management for the investments;
- d) Standards for assessing the investment performance;
- e) Matters relating to international best practices for institutional investments;
- f) Matters specific to rules and regulations where investments are domiciled;
- g) Procedural framework and cooperation among investors, including fund commitments, co-investments, voting requirements, exit mechanisms, and other matters pertaining to the pooling of funds and the management thereof;
- h) Matters relating to the procedure for assessing, deploying, and liquidating investments; and
- i) All other matters needed to be discussed to guarantee compliance with the objectives of the Maharlika Investments.

The Board of Directors shall ensure that policies formulated are consistent with the objectives of the Fund, and the same shall be subject to periodic review.

Section 13. Limitations and Safeguards on the Maharlika Investments Fund. — The management of the MIF shall be subject to a set of investment policies, guidelines, and risk limits, as approved by the Board of Directors, upon due consideration of the recommendations of the Advisory Body. Investment and risk strategies of the MIF shall be in line with the policies and objectives hereunder stated to ensure the long-term viability of the Fund.

Section 14. Fees and Charges on the Establishment of the Maharlika Investments Fund. — Third party fees and all charges incurred in connection with the establishment and management of the MIF, such as, but not limited to, custody fees, transaction fees, clearing fees, and management fees payable to external fund managers, shall be charged against the MIF.

ARTICLE V

Governance

Section 15. Board of Directors. — The MIC shall be governed by a Board of Directors, which shall be composed of nine (9) members, as follows:

- a) Six (6) members from the founding GFIs, membership seats allocated in proportion to their investments;
- b) Two (2) Independent Directors; and

1 c) The Secretary of Finance as the official representative from the National Government;

2
3 The official representatives of the founding GFIs shall be their respective Presidents, and the
4 additional representatives, if warranted on the basis of their proportional investments, shall be
5 chosen by the Advisory Body from the senior management of the GFI concerned.
6

7 The Independent Members shall be chosen by the Advisory Body from the private sector. The
8 Advisory Body shall ensure that the selected Members of the Board are with proven probity,
9 competence, expertise and experience in finance, economics, investments, business management,
10 or law, and are highly capable to contribute to the attainment of the objectives and purposes of the
11 MIC and MIF.
12

13 The specific roles of the Members of the Board shall be as follows:

14
15 (i) Chairperson and Chief Executive Officer who shall be the representative of the GFI with
16 the biggest fund investment;

17
18 (ii) Six (6) Regular Members; and
19

20 (iii) Two (2) Independent Members.
21

22 Additional Members may be admitted upon the decision of the Board pursuant to the parameters
23 and voting requirements set under the Investment and Risk Management Guidelines to be issued
24 by the Board.
25

26 The specific guidelines on this Section, including the rules on termination of membership in the
27 Board, shall be provided in the implementing rules and regulations (IRR) of this Act.
28

29 **Section 16. Term of Office of the Board of Directors.** - The term of office of the Board of
30 Directors shall be staggered in order to ensure continuity of governance of the MIF, as follows:
31

32 (i) Chairperson and Chief Executive Officer - Seven (7) years;

33 (ii) Three (3) Regular Members - Five (5) years;

34 (iii) Three (3) Regular Members - Three (3) years; and

35 (iv) Two (2) Independent Directors - One (1) year.
36

37 The specific guidelines on this Section shall be provided in the IRR of this Act.
38

39 **Section 17. Powers and Functions of the Board of Directors.** — The primary function of the
40 Board of Directors is to govern and manage the MIF, its assets, and investments in accordance
41 with this Act. The specific functions of the Board of Directors shall include the following:
42

43 a) To direct the management and operations, and administration of the MIF;

44 b) To approve and implement the Investment and Risk Management Guidelines and such
45 other investment policies, guidelines, and parameters to effectively carry out the
46 purposes of this Act;

- c) To set minimum criteria and targets for investments;
- d) To oversee the investment processes which may include asset allocation, portfolio construction, monitoring, and risk management;
- e) To approve the issuance of debt and debt-like instruments;
- f) To develop strategies (short-, medium-, and long-term) appropriate for investments;
- g) To regularly meet and consult with the Advisory Body;
- h) To engage and/or appoint an International Advisory Consultant/Council whose main responsibility is to advise the Board of Directors on its development strategy and investment business, equip executives and management with insights on geopolitical and macro-economic issues, international financial market conditions, and global investment trends;
- i) To engage external fund managers and investment advisors, as may be necessary, to manage the MIF;
- j) To exclusively determine the organizational structure, staffing pattern, and number of personnel of the MIC, define their duties and responsibilities, and fix their compensation and other emoluments, including bonuses and the performance bonus authorized under Section 22 of this Act, notwithstanding any provisions of law, rules and regulations, issuances, to the contrary;
- k) To exclusively prescribe a system for performance standards and evaluation for officials and employees of MIC;
- l) To exclusively set the criteria and procedures for termination of employment of officials and employees for:
 - i. Gross violation of the provisions in this Act or investment policies and guidelines set by the Board of Directors;
 - ii. Commission of acts inimical to the MIF or the Republic of the Philippines, such as any loss suffered by the Fund caused by negligence, willful misconduct, fraud, or actions in breach of any Investment Agreement; and/or
 - iii. Failure to meet performance standards set by the Board of Directors.
- m) To appoint officials and employees as may be necessary to assist the Board of Directors in carrying out its functions;
- n) To submit regular reports on investment performance to the Advisory Body and to the President of the Republic of the Philippines;
- o) To review and confirm the MIC/MIF financial statements;
- p) Act as Trustee of the MIF and such other assets as may be assigned to it and direct how its assets are managed; and
- q) To perform other functions, duties and responsibilities necessary, related and incidental to the performance of the above-mentioned powers and functions.

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2 **Section 18. Quorum and Meetings of the Board.** — The Board of Directors shall meet at least
3 once every month from the effectivity of this Act. It may hold special meetings to consider urgent
4 matters upon call of the Chairperson and Chief Executive Officer or upon initiative of at least two
5 (2) members of the Board of Directors.
6

7 In order to constitute a quorum in Board meetings, a majority of the total membership of the Board,
8 or at least five (5) members, shall be present. The approval by a majority of all members of the
9 Board, or at least five (5) members, shall be required to constitute a decision of the Board.
10

11 The Board of Directors shall maintain and preserve a complete record of the proceedings and
12 deliberations of the Board of Directors, including the tapes and transcripts of the stenographic
13 notes, either in the original form or in microfilm. The meetings of the Board of Directors may be
14 conducted through modern technologies such as, but not limited to, teleconferencing and
15 videoconferencing.
16

17 **Section 19. Compensation of the Chairperson and Members of the Board of Directors.** — The
18 Chairperson and Chief Executive Officer and the Members of the Board of Directors shall be
19 entitled to honoraria and/or other reasonable allowances, and/or per diem for each meeting actually
20 attended, and shall be reimbursed for actual and reasonable expenses incurred in the performance
21 of their duties and functions. The rate of the honoraria shall be fixed at a sum commensurate to the
22 importance and responsibility attached to the position.
23

24 The salary of the Independent Members of the Board of Directors from the private sector shall be
25 fixed based on the rules set under Section 27 of this Act.
26

27 **Section 20. Advisory Body.** — An Advisory Body shall be composed of the Secretary of Finance,
28 Secretary of the DBM, the Director General of NEDA/Socioeconomic Planning Secretary, and the
29 Treasurer of the Philippines.
30

31 **Section 21. Powers and Functions of the Advisory Body.** The Advisory Body shall exercise the
32 following powers and functions:
33

- 34 a) Advise and assist the Board of Directors in the formulation of the general policies
35 related to investment and risk management, and other matters as may be necessary to
36 carry out the provisions and purposes of this Act;
37
38 b) Advise and provide guidance on issues pertaining or related to the plans and projects
39 of the MIF; and
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41 c) Perform other functions, duties and responsibilities, as it may deem necessary.
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43 The Advisory Body shall not take part in the management or control of the MIF.
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ARTICLE VI
Rewards, Incentives and Termination

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Section 22. Rewards and Incentives. – The Board of Directors, officials, employees and staff of the MIC shall be entitled to honoraria, performance bonus, or any similar performance-based compensation as may be determined by the Board, based on their sound judgment, taking into consideration, among others, the performance of the Fund, the performance of the individual employee or officer, and industry standards and practices.

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Section 23. Effect of Separation. - Notwithstanding the separation of an official or employee from MIC, the provision of Section 22 shall apply to the performance bonus that said officer or employee is entitled to receive on account of actual performance by the separated official or employee during the period covered by the performance bonus.

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ARTICLE VII
Exemptions and Privileges

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Section 24. Exemptions from the GOCC Governance Act of 2011. —The President of the Republic of the Philippines recognizes the strict requirements set for the GFIs forming the MIF in that they have higher standards of knowledge and expertise in the fields of finance, economics, risk, and governance, and that there is a need for flexibility to operate, function, employ and retain employees to ensure the successful implementation of the goals of the MIF. In this regard, the GFIs which form part of the MIF shall have the option to be exempted from the coverage and all of the provisions of Republic Act No. 10149 or the “GOCC Governance Act of 2011.”

Section 25. Tax Exemptions. – Notwithstanding any laws to the contrary, the MIF and MIC, whether as a direct taxpayer, collecting or remitting agent, all of its funds, assets, properties, including all accruals thereto, all revenues, income or investment earnings therefrom, as well as accruals thereto, transactions, as well as all supplies, equipment, papers or documents shall be exempt from any and all forms and kinds of direct or indirect taxes, including output and input Value Added Taxes (VAT) and Documentary Stamp Taxes (DST), assessments, fees, charges, customs or import duty or duties imposed by the national or local government and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process, whatsoever, either before or after receipt by the person or persons entitled thereto.

These exemptions shall continue unless expressly, specifically, and categorically revoked or repealed, and any tax assessment imposed against the MIF and MIC as of the approval of this Act or subsequent thereto shall be null and void and considered paid and cancelled.

No tax measure of whatever nature enacted shall apply to the MIF and MIC, unless it expressly and categorically revokes the declared policy of the State in this Act and this Section granting tax-exemption to the MIF and MIC. Consequently, all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are hereby deemed repealed, superseded, and rendered ineffective and without legal force and effect.

1 The exemptions provided herein shall not be affected or derogated by subsequent laws to the
2 contrary unless this Section is expressly, specifically, and categorically revoked or repealed by law
3 and a provision is enacted to substitute or replace the exemption herein referred, as an essential
4 factor to maintain and/or protect the solvency of the fund, notwithstanding and independently of
5 the guarantee of the National Government to secure such solvency or liability.

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7 Transactions of and with the MIF and MIC are likewise exempt from the documentary stamp tax
8 (DST).

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10 ***Section 26. Exemptions from the Government Procurement Reform Act and Competition Law.***
11 Notwithstanding any law or rules, regulations or other issuances to the contrary, the MIF
12 Investments' transactions shall be exempt from the provisions of Republic Act No. 9184, otherwise
13 known as the "Government Procurement Reform Act," and Republic Act No. 10667, otherwise
14 known as the "Philippine Competition Act," and their respective IRRs.

15
16 ***Section 27. Exemption from the Civil Service Law and Salary Standardization Act.*** - The officers
17 and employees of the MIC shall be exempt from Civil Service laws, rules and regulations. Further,
18 they shall be exempt from the provisions of Republic Act No. 6758, otherwise known as the
19 "Salary Standardization Act", and succeeding laws on salary standardization.

20
21 Notwithstanding any law or rules, regulations, or other issuances to the contrary, the compensation
22 of the officers and key personnel of the MIC shall be set based on an objective classification
23 consistent with international standards for compensating investment management professionals
24 managing global assets, taking into consideration the importance and responsibilities attached to
25 the respective positions.

26
27 ***Section 28. Designation and Secondment.*** - The MIC may enlist the assistance of the GFIs
28 composing the Corporation in achieving the objectives under this Act. This includes the
29 designation or secondment of their respective personnel to the MIC, as may be necessary.

30
31 The designation of the respective GFIs' personnel to the MIC involves the imposition of additional
32 and/or higher duties to be performed by said personnel for the MIC which is temporary and can be
33 terminated anytime at the pleasure of the appointing officer/authority. Designated personnel shall
34 continue to receive their salaries, benefits, and emoluments from their respective offices or
35 agencies.

36
37 The secondment of the GFIs' personnel to the MIC involves the movement of said personnel from
38 their mother agencies and offices to the MIC, which is temporary in nature, which may or may not
39 require the issuance of an appointment, and which may or may not involve increase in
40 compensation and benefits. Seconded personnel shall receive, in lieu of their respective
41 compensation from their respective agencies or offices, the salaries, emoluments and all other
42 benefits which their positions are entitled to receive from the MIC.

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45 **ARTICLE VIII**
46 **Distribution of Net Profits**

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2 *Section 29. Distribution of the Net Profits of the Maharlika Investments Corporation.* — The
3 MIC shall be exempt from Republic Act No. 7656, otherwise known as the “Dividends Law of
4 1994.” The Board of Directors shall have the discretion on how much shall be distributed as profits
5 for each of the GFIs and how much thereof shall be carried to its surplus.
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8 **ARTICLE IX**
9 **Financial Reporting Framework and Audit of Records**
10

11 *Section 30. Financial Reporting Framework.* — The financial statements and reports shall be
12 prepared, upon the advice of the Advisory Body, in accordance with pertinent provisions of this
13 Act and its IRR, and international financial reporting standards and principles.
14

15 *Section 31. Engagement of an Internal Auditor.* — The Board shall appoint an auditor, who shall
16 provide written interim financial and management reports as requested by the Advisory Body.
17

18 *Section 32. Engagement of an External Auditor.* — The Board shall engage, for each accounting
19 period or as soon as practicable after the commencement of the relevant accounting period, an
20 internationally recognized auditing firm to be the External Auditor of the Fund and to audit its
21 financial statements.
22

23 The External Auditor shall:

- 24
25 a. Be engaged for a term of three (3) years;
26
27 b. Be eligible for re-engagement; and
28
29 c. Hold office on such terms and conditions as are determined by the Board of
30 Directors.
31

32 *Section 33. Audit by the Commission on Audit.* — The books and accounts of the MIC shall be
33 subject to the examination and audit of the Commission on Audit pursuant to Article IX of the
34 1987 Philippine Constitution. All financial transactions shall be governed by the applicable
35 government laws, rules, and regulations.
36

37
38 **ARTICLE X**
39 **Reports and Records**
40

41 *Section 34. Reporting to the President of the Philippines* - The MIF investment activities shall be
42 reported to the President not later than seven (7) days after each quarter. The MIC shall prepare its
43 financial statements and submit copies thereof to the President, for information, not later than
44 seven (7) days after each month.
45

1 **Section 35. Provision for Access Rights and Retention Period of Records.** — The records on the
2 MIC pertaining to its investment activities shall be secured and maintained pursuant to the rules
3 of the National Archives of the Philippines. Access to the records shall be upon approval of the
4 Board of Directors or by express provision of the law.
5

6
7 **ARTICLE XI**
8 **Miscellaneous Provisions**
9

10 **Section 36. Appropriations.** — The amount of Twenty-Five Billion Pesos (PhP25 Billion) is hereby
11 appropriated to cover the initial contribution of the National Government to the MIF, to be sourced
12 from funds actually available as certified by the National Treasurer. Thereafter, such sums as may
13 be necessary for the additional contributions of the National Government to the MIF shall be
14 included in the annual General Appropriations Act or supplemental appropriations, as the case
15 may be, subject to the budget preparation process, and authorization by Congress.
16

17 **Section 37. Implementing Rules and Regulations.** — Within ninety (90) days from the effectivity
18 of this Act, the Board of Directors shall promulgate the necessary rules and regulations for the
19 implementation of this Act.
20

21 **Section 38. Separability Clause.** — If any provisions of this Act are declared invalid or
22 unconstitutional, the remaining parts or provisions not affected shall remain valid.
23

24 **Section 39. Repealing Clause.** — All acts, executive orders, administrative orders, proclamations,
25 rules and regulations or parts thereof inconsistent with any of the provisions of this Act, are hereby
26 expressly repealed or modified accordingly.
27

28 **Section 40. Effectivity.** — This Act shall take effect immediately upon its publication in the Official
29 Gazette or in a newspaper of general circulation in the Philippines.
30

31 *Approved,*