



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session



COMMITTEE REPORT NO. 524

Submitted by the Defeat COVID-19 *Ad Hoc* Committee on SEP 24 2020.

Re: House Bill No. 7749 ;

Recommending its approval, in substitution of House Bill No. 6795.

Sponsors: Reps. Cayetano (A.P.), Romualdez (F.) and Cua

Mr. Speaker:

The Defeat COVID-19 *Ad Hoc* Committee to which was referred House Bill No. 6795 introduced by Rep. Cua, entitled:

**AN ACT
PROVIDING FOR GOVERNMENT FINANCIAL INSTITUTIONS
UNIFIED INITIATIVES TO DISTRESSED ENTERPRISES FOR
ECONOMIC RECOVERY (GUIDE)**

has considered the same and recommends the approval of House Bill No. 7749, entitled:

**AN ACT
PROVIDING FOR GOVERNMENT FINANCIAL INSTITUTIONS
UNIFIED INITIATIVES TO DISTRESSED ENTERPRISES FOR
ECONOMIC RECOVERY (GUIDE)**

in substitution of House Bill No. 6795, with Reps. Cua, Tiangco, Lusotan, Panotes, Padiernos, Mendoza (R.), Lacson, Gonzales (A.), Maceda, Haresco, Campos and Romualdo as authors thereof.

Respectfully submitted.

A handwritten signature in black ink, appearing to read 'F. Romualdez', written in a cursive style.

FERDINAND MARTIN G. ROMUALDEZ
Co-Chairperson
Defeat COVID-19 *Ad Hoc* Committee

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY



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

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7749
(As of February 03, 2021)

Introduced by Representatives Cua, Tiangco, Lusotan, Panotes, Padiernos, Mendoza,
R., Lacson, Gonzales, A., Maceda, Haresco, Campos, Villafuerte, Velasco, Villanueva, E.,
Rivera, D., Loyola, Del Mar, Villarica and Legarda

AN ACT
PROVIDING FOR GOVERNMENT FINANCIAL INSTITUTIONS
UNIFIED INITIATIVES TO DISTRESSED ENTERPRISES FOR ECONOMIC RECOVERY
(GUIDE)

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

1 Section 1. *Title.* – This Act shall be known as the “Government Financial Institutions (GFIs)
2 Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act.”

3
4 Sec. 2. *Declaration of Policy.* – The substantial disruption of the economy due to the community
5 quarantine measures restricted the operation of numerous businesses.
6

7 The State recognizes the role of these businesses composed of micro, small and medium
8 enterprises (MSMEs) and strategically important companies in providing employment to the Filipino
9 people and in supporting the Philippine economy. Thus, it is essential that these enterprises are given
10 necessary access to credit and financial assistance. It is hereby declared the policy of the State to protect
11 employment and assist distressed enterprises in order to reinvigorate the economy.
12

13 Sec. 3. *Definition of Terms.* – As used in this Act:

14
15 (a) *Agribusiness value chain* refers to a set of actors/players, such as farmers, fisherfolk,
16 traders, suppliers, processors, and aggregators, who make up the linked sequence of value-
17 adding activities undergone by an agricultural product when converted from raw material
18 to the final form it is presented to the consumers;
19

20 (b) *Micro, Small and Medium Enterprise (MSME)* refers to any business activity or enterprise
21 engaged in industry, agribusiness and/or services, whether single proprietorship,
22 cooperative, partnership or corporation whose total assets, inclusive of those arising from
23 loans but exclusive of the land on which the particular business entity’s office, plant and
24 equipment are situated, must have value falling under the following categories:
25

26	micro	:	not more than PhP3,000,000
27	small	:	PhP3,000,001 – PhP15,000,000

1 medium : PhP15,000,001 – PhP100,000,000

2
3 (c) *Senior executive officers* refer to top management officials exercising responsible and
4 critical roles, as may be described further in the rules and regulations to be issued to
5 implement this Act.

6
7 (d) *Strategically Important Companies or SICs* shall have the meaning ascribed in Section
8 9(b) of this Act.

9
10 **CHAPTER 1 Development Bank of the Philippines**

11
12 Sec. 4. *Loan Assistance Program of the Development Bank of the Philippines (DBP)*. — The
13 DBP shall expand its loan program for qualified MSMEs affected by the COVID-19 pandemic under
14 this Act and MSMEs covered under Republic Act No. 11494 or “the Bayanihan to Recover as One Act”:
15 *Provided*, That such loans shall be granted in accordance with the rules and regulations to be issued to
16 implement this Act and the following guidelines:

17
18 (a) Eligible MSMEs under this Act should be engaged in infrastructure, service
19 industry, and/or manufacturing business; and

20
21 (b) The loans granted hereunder should comply with the applicable prudential
22 standards and regulations of the BSP.

23
24 The DBP shall likewise extend loans to local government units (LGUs) subject to existing rules
25 and regulations.

26
27 Sec. 5. *DBP Rediscounting and other Programs*. — Subject to applicable prudential standards
28 and regulations of the *Bangko Sentral ng Pilipinas* (BSP), the DBP may rediscount loans and other
29 credit accommodations to enterprises enumerated in Section 4(a) of this Act, granted by BSP-
30 supervised financial institutions (BSFIs), the Small Business Corporation (SBC), and those granted
31 pursuant to credit programs of the Department of Agriculture-Agricultural Credit Policy Council (DA-
32 ACPC) to MSMEs affected by the COVID-19 pandemic engaged in infrastructure, service industry,
33 and/or manufacturing business.

34
35 The DBP may undertake other similar activities as may be provided under the rules and
36 regulations to be issued to implement this Act.

37
38 Sec. 6. *Increase in DBP’s Authorized Capital Stock*. — Section 7 of Executive Order No. 81,
39 as amended by Republic Act No. 8523, otherwise known as “*The 1986 Revised Charter of The*
40 *Development Bank of The Philippines*”, as amended, is hereby further amended to read as follows:

41
42 “Section 7. *Authorized Capital Stock-Par Value*. The capital stock of the Bank shall be
43 [~~Thirty five billion pesos (P35,000,000,000.00)~~] **ONE HUNDRED BILLION**
44 **PESOS (PHP100,000,000,000.00)** to be divided into [~~Three hundred fifty million~~
45 (~~350,000,000~~)] **ONE BILLION (1,000,000,000)** common shares with par value of
46 One hundred pesos (PhP100.00) per share, which shall be fully subscribed by
47 the ~~n~~National ~~g~~Government: [~~Upon the effectivity of this Charter, the~~
48 ~~National Government shall initially subscribe to One hundred twenty five million~~
49 (~~125,000,000~~) ~~common shares of stock worth Twelve billion five hundred million~~
50 ~~pesos (P12,500,000,000.00), Five billion pesos (P5,000,000,000.00) of which shall~~
51 ~~be deemed paid for by the government and the balance shall be paid for by the~~
52 ~~government out of the stock dividends to be declared by the Bank from its~~

1 ~~unappropriated retained earnings: Provided, That the dividends due the national~~
2 ~~government pursuant to Republic Act No. 7656 shall first be paid.]~~ **PROVIDED,**
3 **THAT THE PRESIDENT OF THE PHILIPPINES MAY APPROVE THE**
4 **INCREASE IN THE CAPITALIZATION OF THE BANK, UPON THE**
5 **RECOMMENDATION OF THE BOARD AND THE CONCURRENCE OF**
6 **THE SECRETARY OF FINANCE, UP TO SUCH AN AMOUNT AS MAY BE**
7 **NECESSARY TO ATTAIN THE OBJECTIVES OF THIS CHARTER.”**
8

9 **CHAPTER 2 Land Bank of the Philippines**

10
11 *Sec. 7. Loan Assistance Program of the Land Bank of the Philippines (LandBank).* — The
12 LandBank shall expand its loan program for qualified MSMEs affected by the COVID-19 pandemic
13 under this Act and those covered under Republic Act No. 11494 or “the Bayanihan to Recover as One
14 Act”: *Provided,* That such loans shall be granted in accordance with the rules and regulations that shall
15 be issued to implement this Act and the following guidelines:
16

- 17 (a) Eligible MSMEs under this Act should be engaged in activities in the agribusiness value
18 chain; and
19
20 (b) The loans granted hereunder should comply with the applicable prudential standards and
21 regulations of the BSP.
22

23 The LandBank shall likewise extend loans to LGUs subject to existing rules and regulations.
24

25 *Sec. 8. LandBank Rediscounting and other Programs.* — Subject to applicable prudential
26 standards and regulations of the BSP, the LandBank may rediscount loans to eligible MSMEs engaged
27 in activities in the agribusiness value chain granted by BSFIs, the SBC, and those granted pursuant to
28 credit programs of the DA-ACPC to MSMEs affected by the COVID-19 pandemic.
29

30 The LandBank may undertake other similar activities for purposes of this Act as may be
31 provided under the implementing rules and regulations to be issued.
32

33 **CHAPTER 3 Special Holding Company**

34
35 *Sec. 9. Creation of Investment Vehicle.* — To ensure that Strategically Important Companies
36 (SICs) remain solvent, the LandBank and DBP are hereby authorized to invest in, or enter into a joint
37 venture agreement to incorporate a special holding company (the “SHC”) that is a stock corporation to
38 be organized under Republic Act No. 11232, otherwise known as “The Revised Corporation Code of
39 the Philippines,” within six (6) months beginning from the date of effectivity of the rules and regulations
40 of this Act, or effectivity of applicable revenue regulations, whichever comes later. The establishment,
41 administration, and operation of the SHC shall be governed by the following principles:
42

- 43 (a) The purpose of the SHC is to rehabilitate SIC affected by the COVID-19 pandemic which
44 are experiencing temporary solvency issues;
45
46 (b) SICs are investee companies that are nationally significant, or those with high economic
47 returns or high employment potential, and which are engaged in any of the following
48 “strategically important industries or sectors,” such as, but not limited to, agriculture,
49 construction, education, food industry, healthcare, infrastructure, low-cost and socialized
50 housing, manufacturing, power and energy, product distributor/retailer, services, tourism
51 and hospitality, transportation and logistics, water and sanitation, and other industries to be
52 identified in the rules and regulations issued to implement this Act: *Provided,* That a SIC

1 must be able to demonstrate upstream and downstream linkages to other firms and/or
2 industries, substantial employment to the community, and exhibit high degree of process
3 efficiency, cost efficiency, product quality, and environmental soundness: *Provided,*
4 *further,* That a SIC can show proof of temporary solvency problems due to the pandemic,
5 financial soundness prior to the pandemic, and credible and sound financial rehabilitation
6 plan.
7

8 (c) Equity participation in the SHC may be offered to, and held by, qualified private sector
9 investors, including multilateral companies and lending institutions, as may be determined
10 by the LandBank and DBP: *Provided,* That majority ownership of the total outstanding
11 capital stock in the SHC shall be held by the LandBank and DBP until such time that they
12 have recovered or will be able to recover their investment in the SHC;
13

14 (d) The LandBank and the DBP shall dispose of their stockholdings in the SHC to qualified
15 private sector investors as they may determine. The LandBank and DBP shall provide equal
16 opportunity for equity participation in the SHC to all qualified investors, including
17 multilateral companies and lending institutions. When private shareholdings in the SHC
18 reaches fifty percent (50%) of the total outstanding capital stock, the stockholders thereof
19 shall cause the adoption and registration with the Securities and Exchange Commission
20 (SEC) of the company's amended articles of incorporation within three (3) months from
21 such transfer of ownership;
22

23 (e) The SHC, as a government-owned or controlled corporation (GOCC), and the investments
24 of DBP and LandBank therein, shall be subject to the power of the Commission on Audit
25 (COA) to audit and examine GOCCs and the investments of government in corporations:
26 *Provided,* That the audit of the SHC by the COA shall not preclude the SHC from engaging
27 the services of a private auditing firm when equity participation in the SHC is offered to
28 qualified private investors: *Provided,* further, That even if the services of the latter are
29 availed of, the audit report of the COA shall serve as the report for purposes of compliance
30 with audit requirements as required of a GOCC under applicable law;
31

32 (f) The SHC shall devise mechanisms that shall protect the government's investment, such as
33 issuing a special class or series of shares, or entering into shareholders' or voting share
34 agreements for the purpose as provided in the rules and regulations issued to implement
35 this Act.
36

37 **Sec. 10. Powers of the Investment Vehicle.** — The SHC shall have the powers granted to a stock
38 corporation under Republic Act No. 11232. Furthermore, the power of the SHC to invest shall be subject
39 to the following investment guidelines:
40

41 (a) To avoid undue risk concentration from excessive exposures, the investment of the SHC in
42 an investee company and the total investment in companies belonging to the same industry
43 or sector shall be subject to a ceiling in relation to its net income or capital as prescribed
44 under the implementing rules and regulations;
45

46 (b) The SHC can only invest in corporations engaged in strategically important industries or
47 sectors that are experiencing temporary solvency issues because of the COVID-19
48 pandemic, such as those with considerable impact on the economy;
49

50 (c) Such investment shall be in the form of (i) limited equity participation by subscription or
51 acquisition of shares, (ii) execution of convertible loans or purchase of convertible bonds;
52 and/or (iii) investment in such other securities as may be issued by the investee
53 corporations, acceptable to the DBP and LandBank; and

1
2 (d) The investee company is eligible based on the requirements in this Section and in Section
3 13 of this Act.
4

5 Sec. 11. *Board of Directors of the SHC* – The powers and authority of the SHC shall be vested
6 in, and exercised by a Board of Directors, hereinafter referred to as the “Board,” composed of nine (9)
7 members, as follows:
8

- 9 (a) The Secretary of Finance, as *ex-officio* Chairperson;
10 (b) The President of the LandBank;
11 (c) The President of DBP;
12 (d) The President or Chief Executive Officer of the SHC;
13 (e) Two (2) independent Directors;
14 (f) Three (3) directors who shall be appointed by the LandBank, DBP, and the private equity
15 investor(s), if any, in proportion to the voting shares held in the SHC
16

17 The members of the Board shall elect from among themselves the Vice Chairperson. The *ex-*
18 *officio* members of the Board may designate their respective representatives who shall exercise the
19 powers of a director.
20

21 Once the private shareholdings in the SHC reaches fifty percent (50%) of the total outstanding
22 capital stock, subject to the proviso of Chapter 3, Section 9(c) of this Act, the company shall cease to
23 be a GOCC, the *ex-officio* directors will cease to be members of the Board, and the membership of the
24 Board shall be based on the election of the directors by the voting shares held by the shareholders,
25 pursuant to the provisions of Republic Act No. 11232.
26

27 The Board shall provide for an organization and staff of officers and employees of the SHC and
28 fix their remunerations and other emoluments. All positions in the SHC shall be governed by the
29 compensation, position classification system, and qualification standards approved by the Board based
30 on a job analysis of actual duties and responsibilities. The compensation plan shall be comparable with
31 the prevailing compensation plans in the private sector and shall be subject to periodic reviews once
32 every two (2) years, without prejudice to early merit or increases based on the SHC’s productivity and
33 profitability. The SHC, being a GOCC, shall therefore be exempt from existing laws and the rules and
34 regulations on compensation, position classification, and qualification standards in the government
35 service.
36

37 Sec. 12. *Responsibility of the Board and the Employees of the SHC* — The Board shall set
38 appropriate standards and corporate governance for the investee companies that the SHC will invest in.
39 The Board shall likewise institute mechanisms to oversee that such standards are followed by the
40 investee company.
41

42 The general rule and the exception therefrom on the liability of public officers as provided in
43 Sections 38 and 39 of Chapter 9, Book 1 of the Revised Administrative Code of 1987 shall apply to the
44 members of the Board and other personnel of the SHC Unless the actions or omissions of the SHC,
45 members of the Board and its other personnel are finally adjudged to be in wilful violation of this Act,
46 performed in evident bad faith or with gross negligence, they shall be held free and harmless to the
47 fullest extent permitted by law from any liability, and they shall be indemnified for any and all liabilities,
48 losses, claims, demands, damages, deficiencies, costs and expenses of whatsoever kind and nature that
49 may arise in connection with the exercise of their powers and performance of their duties and functions.
50

51 Sec. 13. *Requirements for the Investee Company.* — To be eligible, the investee company must
52 not be a party to any pending tax-related cases in court for tax collection or tax evasion, must not be a

1 debtor in any bankruptcy proceeding prior to the enhanced community quarantine period, and must not
2 be insolvent and is capable of being rehabilitated as determined by the SHC
3

4 The agreement between the SHC and the investee company must contain the following
5 minimum conditions:
6

- 7 (a) The investee company must not reduce the number of employees beyond the percentage
8 prescribed by the SHC;
- 9 (b) The investee company shall not, without prior authority from the SHC, be allowed to issue
10 stock dividends and repurchases during the term of the investment;
- 11 (c) The investee company shall not issue cash dividends during the term of the investment;
- 12 (d) The investee company must not increase the salaries, benefits and other forms of
13 remuneration of its senior executive officers and members of its board;
- 14 (e) The investee company shall not provide or grant senior executive officers and members of
15 its Board separation pay or retirement pay: *Provided*, That any amount received by the
16 senior executive officers and members of the board which is in violation of the foregoing
17 shall be returned;
- 18 (f) The investee company shall not incur irregular, unnecessary, excessive, extravagant or
19 unconscionable expenditures such as entertainment, events, office/facility renovations,
20 aviation/transportation services and other activities;
- 21 (g) The ownership of the SHC in the investee company shall not be diluted and a provision
22 protecting the value of the shares of the SHC from market transactions such as stock splits,
23 mergers and other forms of reorganization and recapitalization shall be included in the
24 agreement; and
- 25 (h) The investment in the investee company shall be time-bound with a definite exit
26 mechanism.
27

28 *Provided, further*, That additional conditions and provisions may be imposed by the SHC to
29 ensure that the investment will be properly utilized and ensure the successful rehabilitation of the
30 investee company.
31

32 **CHAPTER 4 Incentives and Exemption Privileges of the DBP, LandBank, and the SHC** 33

34 Sec. 14. *Tax Exemptions and Fee Privileges.* – Any existing law to the contrary notwithstanding,
35 the following shall be exempt from documentary stamp tax, capital gains tax, creditable withholding
36 income tax, value-added tax, gross receipts tax, and such other taxes that may be imposed under
37 Republic Act No. 8424, or the “National Internal Revenue Code of 1997,” as amended, whichever is
38 applicable pursuant to the regulations to be issued by the Department of Finance (DOF), upon the
39 recommendation of the Bureau of Internal Revenue (BIR):
40

- 41 (a) Loan assistance program, rediscounting and other programs of the DBP and LandBank
42 under Chapters 1 and 2 of this Act, respectively, including dation in payment (*dacion en*
43 *pago*) by the borrower or by a third party in favor of the DBP and the LandBank; and
44
- 45 (b) Transactions of the SHC as to its:
46
 - 47 (i) subscription or acquisition of shares;
 - 48 (ii) execution of convertible loans or purchase of convertible bonds;
 - 49 (iii) investment in such other securities as may be issued by the investee corporations,
50 acceptable to DBP and LandBank; and
 - 51 (iv) acquisitions of assets of an investee company.
52

1 Transfer of properties in the abovementioned transactions shall also be subject to the following,
2 in lieu of the applicable fees:

- 3
- 4 (a) Fifty percent (50%) of the applicable mortgage registration and transfer fees on the transfer
5 of real estate mortgage and security interest to and from DBP, LandBank, or the SHC, as
6 imposed in accordance with the existing circulars of the Land Registration Authority
7 (LRA);
- 8
- 9 (b) Fifty percent (50%) of the filing fees for any foreclosure initiated by the DBP and LandBank
10 in relation to loan assistance and rediscounting programs as prescribed by the Rules of
11 Court; and
- 12
- 13 (c) Fifty percent (50%) of the land registration fees prescribed under the existing circulars of
14 the LRA.
- 15

16 The tax exemptions and fee privileges in this Section cannot be enjoyed by any person not a
17 party to the above transactions except in cases of subsequent transfers by the DBP, LandBank, or the
18 SHC to a third party of rediscounted loans and other credit accommodations, properties, shares and other
19 assets, acquired pursuant to the said transactions.

20

21 The incentives enumerated herein may be availed of for a period of three (3) years from the date
22 of effectivity of the applicable implementing rules and regulations or of the applicable revenue
23 regulations, whichever comes later: *Provided*, That the tax exemption and fee privileges of subsequent
24 transfers may be availed of for a period of three (3) years from the date of acquisition by the DBP,
25 LandBank, or the SHC; *Provided, further*, That the Secretary of Finance may extend such period by a
26 maximum of three (3) years: *Provided, finally*, That once the SHC ceases to be a GOCC, its tax
27 exemptions and fee privileges under this clause shall be automatically revoked.

28

29

30 *Sec. 15. Emergency Procurement under the Government Procurement Reform Act.* — In order
31 to ensure the expeditious implementation of their mandates under this Act, procurement activities
32 undertaken by the LandBank, DBP, and the SHC in light of the COVID-19 pandemic and pursuant to
33 their mandate and functions as defined in this Act, shall adopt the rules under Negotiated Procurement
34 under Emergency Cases under Section 53(b) of Republic Act No. 9184, or the “Government
35 Procurement Reform Act” for a period of three (3) years from the effectivity of the implementing rules
36 and regulations to be issued under Chapter 5, Section 20 of this Act.

37

38 *Sec. 16. Other Exemptions of the SHC* — The SHC shall be exempt from the provisions of
39 Republic Act No. 10149, or the “GOCC Governance Act of 2011.”

40

41 Further, transactions by the SHC shall be exempt from the provisions of Republic Act No.
42 10667, or the “Philippine Competition Act” for a period of three (3) years from its incorporation:
43 *Provided*, That this exemption shall only apply to acquisitions of assets of an investee company by the
44 SHC pursuant to its powers under this Act.

45

46 Any provision of law to the contrary notwithstanding, the disposal of assets of an investee
47 company by the SHC pursuant to their mandate and functions, as well as the disposal of shares, assets,
48 or investments by LandBank or DBP, or both, in the SHC, shall be exempt from the provisions of laws
49 and regulations on government disposal of assets.

50

51 *Sec. 17. Prohibition Against Injunction.* - No court, other than the Court of Appeals and the
52 Supreme Court, shall issue any temporary restraining order, preliminary injunction, preliminary

1 mandatory injunction, status quo order, stay order, commencement order, or any other issuance of
2 injunctive relief against the sale or acquisitions of assets of an investee company by the SHC, or the
3 disposal of assets of an investee company by the SHC, including judicial or extrajudicial foreclosure
4 sales or execution sales.

5 6 **CHAPTER 5 Miscellaneous Provisions** 7

8 **Sec. 18. Ratios, Ceilings, and Limitations.** — For purposes of this Act, the Monetary Board may
9 exempt DBP and LandBank from such ratios, ceilings and limitations, provided under Republic Act No.
10 8791 or the “The General Banking Law of 2000,” for a period as may be determined by the Monetary
11 Board, subject to conditions as may be prescribed by the Monetary Board such as, but not limited to,
12 the adoption of appropriate risk management measures to mitigate risks that may arise from the
13 implementation of this law.

14
15 **Sec. 19. Appropriations.** — The amount of Ten Billion Pesos (PhP10,000,000,000.00) is hereby
16 appropriated out of any funds actually available in the National Treasury of the Philippines not otherwise
17 appropriated, as certified by the National Treasurer, to fund the following:

18
19 (a) The amount of Two Billion Five Hundred Million Pesos (PhP2,500,000,000.00) for the
20 implementation of Chapters 1 and 3 of this Act: *Provided*, That this amount shall be applied as additional
21 paid-up capital of the DBP, for the purposes of lending under the loan assistance program to qualified
22 MSMEs, its rediscounting and other programs, and the creation of the SHC: *Provided, further*, That
23 DBP can also utilize funds appropriated under Section 10 of Republic Act No. 11494 or “the Bayanihan
24 to Recover as One Act” for the implementation of Chapter 1 of this Act; *Provided, finally*, That the total
25 amount of PhP2,500,000,000.00 can be fully utilized, if required, for the equity infusion in the SHC;
26 and
27

28 (b) The amount of Seven Billion Five Hundred Million Pesos (PhP7,500,000,000.00) for the
29 implementation of Chapters 2 and 3 of this Act: *Provided*, That this amount shall be applied as additional
30 paid-up capital of LandBank, for the purposes of lending under the loan assistance program to qualified
31 MSMEs, rediscounting and other programs of LandBank, and the creation of the SHC: *Provided, further*,
32 That LBP can also utilize funds appropriated under Section 10 of Republic Act No. 11494 or “the
33 Bayanihan to Recover as One Act” for the implementation of Chapter 2 of this Act; *Provided, finally*,
34 That the total amount of PhP7,500,000,000.00 can be fully utilized, if required, for the equity infusion
35 in the SHC;
36

37 **Sec. 20. Implementing Rules and Regulations** — Within thirty (30) days from the effectivity of
38 this Act, the DOF, together with the BIR, the BSP, the SEC, the DBP, and the LandBank shall jointly
39 promulgate the necessary rules and regulations for the effective implementation of this Act: *Provided*,
40 That the DOF may call upon any agency to provide information or assistance in the drafting of the rules
41 and regulations: *Provided, further*, That within thirty (30) days from the effectivity of this Act, the DOF,
42 upon recommendation of the BIR, shall promulgate the revenue regulations implementing the fiscal
43 incentives under this Act.
44

45 **Sec. 21. Oversight Committee.** – There is hereby created a Joint Congressional Oversight
46 Committee (JCOC) to oversee, monitor, and evaluate the implementation of this Act. The JCOC shall
47 be composed of five (5) members each from the House of Representatives and from the Senate. The
48 JCOC shall be co-chaired by the Chairpersons of the House Committee on Banks and Financial
49 Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies.
50

51 The Speaker and the Senate President shall designate the other four members of the JCOC of
52 the House and the Senate from among the members of the House Committee on Banks and Financial

1 Intermediaries and the Senate Committee on Banks, Financial Institutions, and Currencies, at least one
2 member of which shall be from the minority.

3

4 Sec. 22. *Separability Clause.* – If any provision of this Act is held unconstitutional or invalid,
5 all other provisions not affected thereby shall remain valid.

6

7 Sec. 23. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations or parts
8 thereof, which are inconsistent with this Act, are hereby repealed, amended or modified accordingly.

9

10 Sec. 24. *Effectivity.* – This Act shall take effect immediately upon its publication in the *Official*
11 *Gazette* or in a newspaper of general circulation.



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

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7749
(in substitution of House Bill No. 6795)

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20 (b) *Micro, Small and Medium Enterprise (MSME)* refers to any business activity or enterprise
21 engaged in industry, agribusiness and/or services, whether single proprietorship,
22 cooperative, partnership or corporation whose total assets, inclusive of those arising from
23 loans but exclusive of the land on which the particular business entity’s office, plant and
24 equipment are situated, must have value falling under the following categories:
25

26	micro	:	not more than PhP3,000,000
27	small	:	PhP3,000,001 – PhP15,000,000
28	medium	:	PhP15,000,001 – PhP100,000,000

1
2
3 (c) *Senior executive officers* refer to top management officials exercising responsible and
4 critical roles, as may be described further in the rules and regulations to be issued to implement
5 this Act.
6

7
8 **CHAPTER 1**
9 **Philippine Guarantee Corporation**

10 Section 4. *Loan Guarantee Expansion by the Philippine Guarantee Corporation.* — The
11 Philippine Guarantee Corporation (PGC) shall expand its guarantee program for MSMEs heavily
12 affected by the corona virus disease-19 (COVID-19) pandemic by increasing the maximum loan
13 guarantee coverage per borrower and reducing guarantee fees and other similar schemes.
14

15 The guarantee program of PGC should meet the applicable prudential standards and regulations
16 of the *Bangko Sentral ng Pilipinas* (BSP).
17

18 Section 5. *Additional Subscription by the National Government.* — For the
19 implementation of Section 4 of this Act, the National Government shall increase its subscription to
20 PGC's authorized capital stock by an additional Twenty billion pesos (PhP20,000,000,000.00):
21 *Provided*, That Five billion pesos (PhP5,000,000,000.00) of this amount shall be paid for by the
22 National Government upon the effectivity of this Act, with the balance to be paid from succeeding
23 appropriations for this purpose.
24

25 **CHAPTER 2**
26 **Development Bank of the Philippines**

27
28 Section 6. *Loan Assistance Program of the Development Bank of the Philippines (DBP).*
29 — The DBP shall expand its loan program for qualified MSMEs affected by the COVID-19 pandemic:
30 *Provided*, That such loans shall be granted in accordance with the rules and regulations to be issued to
31 implement this Act and the following guidelines:
32

- 33 (a) Eligible MSMEs should be engaged in infrastructure, service industry, and/or
34 manufacturing business; and
35
36 (b) The loans to eligible MSMEs should meet the applicable prudential standards and
37 regulations of the BSP.
38

39 The DBP shall likewise extend loans to local government units (LGUs) subject to existing rules
40 and regulations.
41

42 Section 7. *DBP Rediscounting and other Programs.* — Subject to applicable prudential
43 standards and regulations of the *Bangko Sentral ng Pilipinas* (BSP), the DBP may rediscount loans and
44 other credit accommodations to enterprises enumerated in Section 6(a) of this Act, granted by BSP-
45 supervised financial institutions (BSFIs), the Small Business Corporation (SBC), and those granted
46 pursuant to credit programs of the Department of Agriculture-Agricultural Credit Policy Council
47 (ACPC) to MSMEs affected by the COVID-19 pandemic engaged in infrastructure, service industry,
48 and/or manufacturing business.
49

50 The DBP may undertake other similar activities as may be provided under the rules and
51 regulations to be issued to implement this Act.
52

53 Section 8. *Increase in DBP's Authorized Capital Stock.* — Section 7 of Executive Order
54 No. 81, as amended by Republic Act No. 8523, otherwise known as "*The 1986 Revised Charter of The*
55 *Development Bank of The Philippines*", as amended, is hereby further amended to read as follows:

1
2 “Section 7. *Authorized Capital Stock-Par Value.* The capital stock of the Bank shall be
3 [~~Thirty five billion pesos — (P35,000,000,000.00)~~] **ONE HUNDRED BILLION**
4 **PESOS (PHP100,000,000,000.00)** to be divided into [~~Three hundred fifty million~~
5 (~~350,000,000~~)] **ONE BILLION (1,000,000,000)** common shares with par value of
6 One hundred pesos (**PhP100.00**) per share, which shall be fully subscribed by the
7 ~~n~~**National g****Government:** [~~Upon the effectivity of this Charter, the National~~
8 ~~Government shall initially subscribe to One hundred twenty five million (125,000,000)~~
9 ~~common shares of stock worth Twelve billion five hundred million pesos~~
10 (~~P12,500,000,000.00~~), ~~Five billion pesos (P5,000,000,000.00) of which shall be~~
11 ~~deemed paid for by the government and the balance shall be paid for by the government~~
12 ~~out of the stock dividends to be declared by the Bank from its unappropriated retained~~
13 ~~earnings: Provided, That the dividends due the national government pursuant to~~
14 ~~Republic Act No. 7656 shall first be paid].] **PROVIDED, THAT IN ADDITION TO**
15 **THE EXISTING PAID UP CAPITAL, AN ADDITIONAL FIFTEEN BILLION**
16 **PESOS (PHP15,000,000,000.00) INCREASE IN CAPITALIZATION SHALL BE**
17 **FULLY PAID FOR BY THE NATIONAL GOVERNMENT UPON THE**
18 **EFFECTIVITY OF THIS ACT, THE BALANCE THEREOF TO BE PAID**
19 **FROM SUCCEEDING APPROPRIATIONS FOR THIS PURPOSE.”**
20~~

21 **CHAPTER 3**
22 **Land Bank of the Philippines**
23

24 Section 9. *Loan Assistance Program of the Land Bank of the Philippines (LandBank).* —
25 The LandBank shall expand its loan program for qualified MSMEs affected by the COVID-19
26 pandemic: *Provided,* That such loans shall be granted in accordance with the rules and regulations that
27 shall be issued to implement this Act, and the following guidelines:
28

- 29 (a) Eligible MSMEs should be engaged in activities in the agribusiness value chain; and
30
31 (b) The loans to eligible MSMEs should meet the applicable prudential standards and
32 regulations of the BSP.
33

34 The LandBank shall likewise extend loans to LGUs subject to existing rules and regulations.
35

36 Section 10. *LandBank Rediscounting and other Programs.* — Subject to applicable
37 prudential standards and regulations of the BSP, the LandBank may rediscount loans to eligible MSMEs
38 engaged in activities in the agribusiness value chain granted by BSFIs, the SBC, and those granted
39 pursuant to credit programs of the DA-ACPC to MSMEs affected by the COVID-19 pandemic.
40

41 The LandBank may undertake other similar activities for purposes of this Act as may be
42 provided under the implementing rules and regulations to be issued.
43

44 **CHAPTER 4**
45 **Special Holding Company**
46

47 Section 11. *Creation of Investment Vehicle.* — To ensure that strategically important
48 companies remain solvent, the LandBank and DBP are hereby authorized to invest in, or enter into a
49 joint venture agreement to incorporate a special holding company, to be known as Accelerating
50 Recovery to Intensify Solidarity and Equity, Inc. or ARISE, that is a stock corporation to be organized
51 under Republic Act No. 11232, otherwise known as “The Revised Corporation Code of the Philippines.”
52 The establishment, administration, and operation of the special holding company shall be governed by
53 the following principles:
54

- 1 (a) The purpose of the special holding company is to rehabilitate strategically important
2 companies affected by the COVID-19 pandemic which are experiencing solvency issues,
3 such as those with considerable impact on the economy including those from the
4 agriculture, infrastructure, service industry, and manufacturing industries and other
5 industries to be identified in the implementing rules and regulations;
6
- 7 (b) Equity participation in the special holding company may be offered to, and held by,
8 qualified private sector investors, including multilateral companies and lending
9 institutions, as may be determined by the LandBank and DBP: *Provided*, That majority
10 ownership of the total outstanding capital stock in the special holding company shall be
11 held by the LandBank and DBP until such time that they have recovered or will be able to
12 recover their investment in the special holding company;
13
- 14 (c) The LandBank and the DBP shall dispose of their stockholdings in the special holding
15 company to qualified private sector investors as they may determine. The LandBank and
16 DBP shall provide equal opportunity for equity participation in the special holding
17 company to all qualified investors, including multilateral companies and lending
18 institutions. When private shareholdings in the special holding company reaches fifty
19 percent (50%) of the total outstanding capital stock, the stockholders thereof shall cause
20 the adoption and registration with the SEC of the company's amended articles of
21 incorporation within three (3) months from such transfer of ownership;
22
- 23 (d) The special holding company shall establish and adopt accounting and auditing systems
24 and standards which are consistent with the appropriate and applicable guidelines of the
25 Commission on Audit (COA) and which, in any case, shall be as uniform as possible and
26 shall conform with law and with generally accepted accounting principles and sound
27 auditing practices: *Provided*, That the audit of the special holding company by the COA
28 shall not preclude said special holding company from engaging the services of private
29 auditing firms: *Provided*, however, that even if the services of the latter are availed of, the
30 audit report of the COA shall serve as the report for purposes of compliance with audit
31 requirements as required of government-owned or controlled corporations under applicable
32 law;
33
- 34 (e) The special holding company shall devise mechanisms that shall protect the Government's
35 investment, such as issuing a special class or series of shares, or entering into shareholders'
36 or voting share agreements for the purpose as provided in the rules and regulations issued
37 to implement this Act.
38

39 Section 12. *Powers of the Investment Vehicle.* — The special holding company shall have
40 the powers granted to a stock corporation under Republic Act No. 11232. In addition, the special holding
41 company shall have the authority to create subsidiaries. Equity participation in the subsidiaries may also
42 be offered to, and held by qualified private sector investors, including multilateral companies and
43 lending institutions. For as long as the majority of the total outstanding capital stock of the subsidiaries
44 is held by the Government directly or through its instrumentalities, said subsidiaries shall be subject to
45 the provisions of this Act and shall enjoy all the incentives and exemption privileges of the special
46 holding company under this Act.
47

48 Furthermore, the power of the special holding company and its subsidiaries to invest shall be
49 subject to the following investment guidelines:
50

- 51 (a) To avoid undue risk concentration from excessive exposures, the investment of the special
52 holding company in an investee company and the total investment in companies belonging
53 to the same industry or sector shall be subject to a ceiling in relation to its net income or
54 capital as prescribed under the implementing rules and regulations;
55

- 1 (b) The special holding company can only invest in corporations engaged in strategically
2 important industries or sectors that are experiencing liquidity issues because of the
3 COVID-19 pandemic, such as those with considerable impact on the economy, including
4 those from the agriculture, infrastructure, services, manufacturing and other industries to
5 be identified in the rules and regulations issued to implement this Act;
6
7 (c) Such investment shall be in the form of (i) limited equity participation by subscription or
8 acquisition of shares, (ii) execution of convertible loans or purchase of convertible bonds;
9 and/or (iii) such other securities as may be issued by the investee corporations, acceptable
10 to the DBP and LandBank; and
11
12 (d) The investee company is eligible based on the requirements in this Section and in Section
13 15 of this Act.
14

15 Section 13. *Board of Directors of the Special Holding Company.* – The powers and
16 authority of the special holding company shall be vested in, and exercised by a Board of Directors,
17 hereinafter referred to as the “Board,” composed of nine (9) members, as follows:
18

- 19 a. The Secretary of Finance;
20 b. The President of the LandBank;
21 c. The President of DBP;
22 d. A director to be appointed by the Monetary Board of the BSP;
23 e. Two (2) independent Directors;
24 f. Three (3) directors who shall be appointed by the LandBank, DBP, and the private
25 equity investor(s), if any, in proportion to the voting shares held in the special holding
26 company.
27

28 The members of the Board shall elect from among themselves the Chairperson and the Vice-
29 Chairperson. The *ex-officio* members of the Board may designate their respective representatives who
30 can shall exercise the powers of a director.
31

32 Once the private shareholdings in the special holding company reaches fifty percent (50%) of
33 the total outstanding capital stock, subject to the proviso of Chapter 4, Section 11(b) of this Act, the
34 company shall cease to be a government-owned and -controlled corporation, the *ex-officio* directors will
35 cease to be members of the Board, and the membership of the Board shall be based on the election of
36 the directors by the voting shares held by the shareholders, pursuant to the provisions of Republic Act
37 No. 11232.
38

39 The Board shall provide for an organization and staff of officers and employees of the special
40 holding company and fix their remunerations and other emoluments. All positions in the special holding
41 company shall be governed by the compensation, position classification system and qualification
42 standards approved by the Board based on a job analysis of actual duties and responsibilities. The
43 compensation plan shall be comparable with the prevailing compensation plans in the private sector and
44 shall be subject to periodic reviews once every two (2) years, without prejudice to early merit or
45 increases based on the special holding companies’ productivity and profitability. The special holding
46 company, being a government-owned-and-controlled corporation, shall therefore be exempt from
47 existing laws and the rules and regulations on compensation, position classification and qualification
48 standards in the government service.
49

50 Section 14. *Responsibility of the Board and the Employees of the Special Holding*
51 *Company and its Subsidiaries.* — The Board shall set appropriate standards and corporate governance
52 for the investee companies that the special holding company or its subsidiaries will invest in. The Board
53 shall likewise institute mechanisms to oversee that such standards are followed by the investee
54 company.
55

1 The general rule and the exception therefrom on the liability of public officers as provided in
2 Sections 38 and 39 of Chapter 9, Book 1 of the Revised Administrative Code of 1987 shall apply to the
3 members of the Board and other personnel of the special holding company. Unless the actions or
4 omissions of the special holding company, members of the Board and its other personnel are finally
5 adjudged to be in wilful violation of this Act, performed in evident bad faith or with gross negligence,
6 they shall be held free and harmless to the fullest extent permitted by law from any liability, and they
7 shall be indemnified for any and all liabilities, losses, claims, demands, damages, deficiencies, costs
8 and expenses of whatsoever kind and nature that may arise in connection with the exercise of their
9 powers and performance of their duties and functions.

10
11 Section 15. *Requirements for the Investee Company.* — To be eligible, the investee
12 company must not be a party to any pending tax-related cases in court for tax collection or tax evasion,
13 must not be a debtor in any bankruptcy proceeding prior to the enhanced community quarantine period,
14 and must not be insolvent and is capable of being rehabilitated as determined by the special holding
15 company.

16
17 The agreement between the special holding company and the investee company must contain
18 the following minimum conditions:

- 19
20 (a) The investee company must not reduce the number of employees beyond the percentage
21 prescribed by the special holding company;
- 22 (b) The investee company shall not, without prior authority from the special holding company,
23 be allowed to issue stock dividends and repurchases during the term of the investment;
- 24 (c) The investee company shall not issue cash dividends during the term of the investment;
- 25 (d) The investee company must not increase the salaries, benefits and other forms of
26 remuneration of its senior executive officers and members of its board;
- 27 (e) The investee company shall not provide or grant senior executive officers and members of
28 its Board separation pay or retirement pay: *Provided*, That any amount received by the
29 senior executive officers and members of the board which is in violation of the foregoing
30 shall be returned;
- 31 (f) The investee company shall not incur irregular, unnecessary, excessive, extravagant or
32 unconscionable expenditures such as entertainment, events, office/facility renovations,
33 aviation/transportation services and other activities;
- 34 (g) The ownership of either the LandBank or DBP, or both, in the investee company shall not
35 be diluted and a provision protecting the value of the shares of the LandBank or DBP or
36 both from market transactions such as stock splits, mergers and other forms of
37 reorganization and recapitalization shall be included in the agreement; and
- 38 (h) The investment in the investee company shall be time-bound with a definite exit
39 mechanism.

40
41 *Provided*, further, That additional conditions and provisions may be imposed by the special
42 holding company to ensure that the investment will be properly utilized and ensure the successful
43 rehabilitation of the investee company.

44
45 **CHAPTER 5**
46 **Incentives and Exemption Privileges**
47 **of the DBP, LandBank, and Special Holding Company**
48

49 Section 16. *Tax Exemptions and Fee Privileges.* — Any existing law to the contrary
50 notwithstanding and in order to ensure the effective implementation of the purposes of this Act, the
51 following transactions of the DBP, LandBank and the special holding company, and its subsidiaries,
52 shall be exempt from documentary stamp tax, capital gains tax, creditable withholding income tax,
53 value-added tax, gross receipts tax, and such other taxes that may be imposed under Republic Act No.
54 8424, or the “National Internal Revenue Code of 1997”, as amended, whichever is applicable pursuant

1 to the regulations to be issued by the DOF, upon the recommendation of the Bureau of Internal Revenue
2 (BIR):
3

4 (a) Loan Assistance Program, Rediscounting and other Programs of the DBP and LandBank
5 under Chapters 2 and 3 of this Act, respectively, including dation in payment (*dacion en*
6 *pago*) by the borrower or by a third party in favor of the DBP and the LandBank.
7

8 (b) Transactions of the special holding company and its subsidiaries as to its:
9

- 10 (i) subscription or acquisition of shares;
11 (ii) execution of convertible loans or purchase of convertible bonds;
12 (iii) such other securities as may be issued by the investee corporations,
13 acceptable to DBP and LandBank; and
14 (iv) acquisitions of assets of an investee company.
15

16 The abovementioned transfers shall also be subject to the following, in lieu of the applicable
17 fees:
18

19 (a) Fifty percent (50%) of the applicable mortgage registration and transfer fees on the transfer
20 of real estate mortgage and security interest to and from the special holding company and
21 its subsidiaries, as imposed in accordance with the existing circulars of the Land
22 Registration Authority (LRA);
23

24 (b) Fifty percent (50%) of the filing fees for any foreclosure initiated by the DBP and
25 LandBank in relation to loan assistance and rediscounting programs as prescribed by the
26 Rules of Court; and
27

28 (c) Fifty percent (50%) of the land registration fees prescribed under the existing circulars of
29 the LRA.
30

31 All sales or transfers of rediscounted loans and other credit accommodations, including
32 transfers by way of dation in payment by the borrower or by a third party to the DBP, LandBank and
33 the transfer of assets to the special holding company and its subsidiaries, shall be entitled to the
34 privileges enumerated herein for a period of not more than three (3) years from the date of effectivity
35 of the applicable implementing rules and regulations or of the applicable revenue regulations, whichever
36 comes later: *Provided*, That the Secretary of Finance may extend such period by a maximum of three
37 (3) years.
38

39 Furthermore, subsequent transfers of the foregoing from the DBP, LandBank, and the special
40 holding company and its subsidiaries to a third party shall enjoy the privileges enumerated herein for a
41 period of not more than three (3) years from the date of acquisition by the DBP, LandBank, and the
42 special holding company and its subsidiaries: *Provided*, That the Secretary of Finance may extend such
43 three-year period by a maximum of three (3) years.
44

45 **Section 17.** *Emergency Procurement under the Government Procurement Reform Act.* —
46 In order to ensure the expeditious implementation of their mandates under this Act, procurement
47 activities undertaken by the PGC, LandBank, or DBP, and the special holding company and their
48 subsidiaries undertaken in light of the COVID-19 pandemic and pursuant to their mandate and functions
49 as defined in this Act, shall adopt the rules under Negotiated Procurement under Emergency Cases
50 under Section 53(b) of Republic Act No. 9184, or the “Government Procurement Reform Act” for a
51 period of three (3) years from the effectivity of the implementing rules and regulations to be issued
52 under Chapter 6, Section 21 of this Act.
53

1 The Speaker and the Senate President shall designate the other four members of the JCOC of the House
2 and the Senate from among the members of the House Committee on Banks and Financial
3 Intermediaries and the Senate Committee on Banks, Financial Institutions, and Currencies, at least one
4 member of which shall be from the minority.

5
6 Section 23. *Separability Clause.* – If any provision of this Act is held unconstitutional or
7 invalid, all other provisions not affected thereby shall remain valid.

8
9 Section 24. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations
10 or parts thereof, which are inconsistent with this Act, are hereby repealed, amended or modified
11 accordingly.

12
13 Section 25. *Effectivity.* – This Act shall take effect immediately upon its publication in the
14 *Official Gazette* or in a newspaper of general circulation.

FACT SHEET

House Bill No. 7749

Government Financial Institutions (GFIs) Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act

Introduced by: Representatives Junie E. Cua, John Reynald M. Tiangco, Macnell M. Lusotan, Jose Gay G. Padiernos, Virgilio S. Lacson, Raymond Democrito C. Mendoza, Teodorico T. Haresco, Jr., Marisol C. Panotes, Aurelio “Dong” Gonzalez, Jr., and Edward Vera Perez Maceda.

Committee Referral: Committee on Banks and Financial Intermediaries
Committee Chairperson: Representative Junie E. Cua

OBJECTIVES

- To provide financial assistance to distressed enterprises critical to economic recovery through programs and initiatives to be implemented by Philippine Guarantee Corporation (PGC), Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP), for purposes of addressing liquidity or solvency problems of MSMEs and strategically important industries, encourage their continued operations, and maintain employment levels.

KEY PROVISIONS

- Strengthens the guarantee facility of PGC by increasing the maximum loan guarantee coverage per borrower, reducing guarantee fees, and other similar schemes to benefit MSMEs heavily affected by the COVID-19 pandemic.
- Expands the loan assistance programs, rediscounting and other credit accommodation facilities of LBP, DBP, Small Business Corporation (SBC) and Agriculture Credit Policy Council (DA-ACPC).
- Identifies the targeted sectors and intended beneficiaries, as follows: (1) for LBP, players in the agricultural supply chain including farmers, fisherfolk, traders, suppliers, processors and aggregators, and; (2) for DBP, eligible MSMEs engaged in infrastructure, services, service industry, and/or manufacturing business.
- Mandates LBP and DBP to create a special holding company to be known as *Accelerate Recovery to Intensify Solidarity and Equity (ARISE)* for the purpose

of reinvigorating strategically important industries experiencing liquidity issues due to the COVID-19 pandemic such as those from the agriculture, infrastructure, services, and manufacturing industries.

- Provides for the principles and rules governing the operation of ARISE, to wit: (1) qualified private investors such as multilateral companies and lending institutions may acquire equity participation in ARISE; (2) LBP and DBP shall maintain at least a majority ownership until recovery of their investment; (3) mechanisms designed to protect the government's investment must be in place, i.e. issuing a special class or series of shares, and/or entering into shareholders' or voting share agreements.
- Prescribes the standards and guidelines governing the investments of ARISE, to wit: (1) investment in a single investee company is subject to a ceiling in relation to the net income or capital of ARISE; (2) investee company must be engaged in strategically important industries experiencing solvency issues caused by the COVID-19 pandemic; (3) investment must be in the form of subscription or acquisition of shares, execution of convertible loans or purchase of convertible bonds, as well as other securities acceptable to LBP and DBP.
- Prescribes the eligibility requirements of an investee company, as follows: (1) has no pending tax-related cases in court for tax collection or tax evasion; (2) must not be a debtor in any bankruptcy proceeding prior to the enhanced community quarantine period, and; (3) must not be insolvent and is capable of rehabilitation.
- Provides that an investee company may not, during the term of investment, reduce the number of employees beyond a prescribed percentage, issue stock dividends/repurchases without prior authority from ARISE, issue cash dividends, increase salaries, benefits and other forms of remuneration of senior executive officers and directors, grant senior executives and directors separation pay or retirement pay, and incur irregular, unnecessary, excessive, extravagant or unconscionable expenditures.
- Mandates that the ownership of LBP and/or DBP in the investee company shall not be diluted, the value of LBP and DBP shares shall be duly protected from any form of reorganization or recapitalization, and such ownership shall be timebound with a definite exit mechanism.
- Grants incentives and exemption privileges to PGC, LBP and DBP, and to ARISE and its subsidiaries, including: (1) exemption from payment of documentary stamp tax, capital gains tax, creditable withholding income tax, value-added tax, gross receipts tax, and other taxes imposed under the

National Internal Revenue Code of 1997 (RA 8424, as amended); (2) exemption from the Government Procurement Reform Act for mandate-related procurements for a period of three (3) years, and; (3) exemption from the GOCC Governance Act of 2011 and Philippine Competition Act for a period of three (3) years for acquisitions of assets of an investee company.

- Provides for appropriation and funding for purposes of the law, as follows: (1) *Php 5 billion for PGC*, as paid-up capital for the increase in the subscription of the national government in PGC's authorized capital stock, to be paid upon the effectivity of the GUIDE Act, with the balance payable from succeeding appropriations; (2) *Php 35 billion to be allocated to LBP* as additional paid-up capital of the government to be used for loans and other specified purposes, and; (3) *Php 15 billion to be allocated to DBP* to be likewise applied as additional paid up capital of the national government in the bank's authorized capital stock, which shall be increased to Php 100 billion to absorb such capital infusion. These funds shall be deemed automatically appropriated pursuant to Section 4 (v), (w), (x) and (y) of R.A. 11469, or the Bayanihan to Heal as One Act.

RELATED LAWS

- Republic Act No. 11469 (Bayanihan To Heal As One Act)
- Republic Act No. 11232 (The Revised Corporation Code of the Philippines)
- Republic Act No. 8424, as amended (National Internal Revenue Code of 1997)
- Republic Act No. 9184 (Government Procurement Reform Act)
- Republic Act No. 10149 (GOCC Governance Act of 2011)
- Republic Act No. 10667 (Philippine Competition Act)
- Republic Act No. 6977, as amended (Magna Carta for MSMEs)
- Executive Order No.297, as amended (Revised Administrative Code of 1987)
- Executive Order No. 81, as amended (The 1986 Revised Charter of the Development Bank of the Philippines)