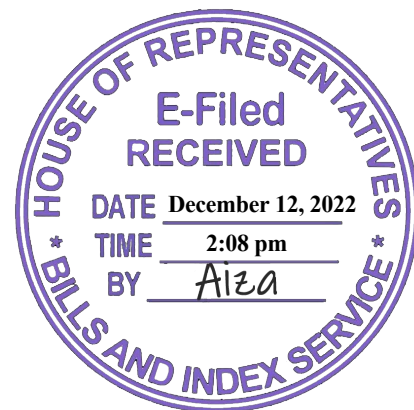




House of Representatives
Quezon City
NINETEENTH CONGRESS
First Regular Session



COMMITTEE REPORT No. 237

Submitted by the Committees on Banks & Financial Intermediaries, Appropriations and Ways & Means
on **December 12, 2022**

Re: House Bill No. **6608**

Recommending its approval in substitution of House Bill Numbered 6398

Sponsors: Representatives Tieng, Irwin C., Salceda, Joey Sarte, Co, Elizaldy, S., Quimbo, Stella Luz, A., and Nograles, Margarita Ignacia, B.

Mr. Speaker:

The Committees on Banks & Financial Intermediaries, Appropriations and Ways & Means to which
were referred:

House Bill No. 6398 by Representatives Romualdez, Ferdinand Martin G.; Dalipe, Jose “Mannix”, M.,
Marcos, Ferdinand Alexander A.; Quimbo, Stella Luz, A., Romualdez, Yedda Marie K.; and Acidre,
Jude A., entitled:

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

have considered the same and hereby recommend the approval of House Bill No. **6608**,
entitled:

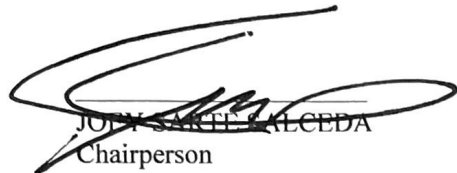
AN ACT
ESTABLISHING THE MAHARLIKA INVESTMENT FUND,
PROVIDING FOR THE MANAGEMENT, INVESTMENT, AND USE
OF THE PROCEEDS OF THE FUND, AND APPROPRIATING FUNDS THEREFOR

with Representatives Romualdez, F., Dalipe, Quimbo, Marcos, Romualdez, Y., Acidre, Tieng, Salceda, Haresco, Ty, Cua, Kho, R., Duavit, Singson-Meehan, Madrona, Villar, Gonzales, A., Baronda, Garcia, A., Co, N., Puno, Pimentel, Robes, Albano, Delos Santos, Pumaren, Palma, Teves, J., Suarez, Garin, Lacson-Noel, Bolilia, Defensor, Primicias-Agabas, Gonzales, N., Nolasco, Gonzalez, Colada, Panaligan, Dionisio, Dy, Inno., Khonghun, Bongalon, Atayde, Roque, Tarriela, Rillo, Suansing, M., Espares, Ortega, Estrella, Acharon, Zamora, Y., Villa, Kho, O., Herrera, Castro, F., Frasco, Legarda, Yap, C., Yap, E., Rodriguez, E., Guintu, Soriano, Vergara, Lagon, D., Lagon, S., Briones, Arrogancia,

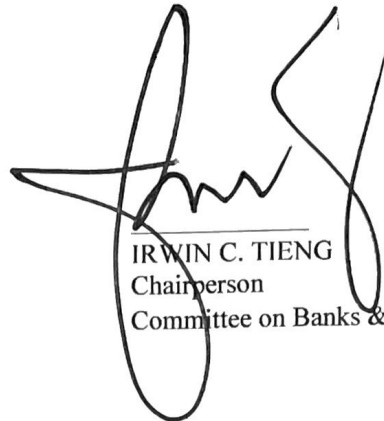
Flores, Reyes, R., Gatchalian, Alvarez, J., Arenas , Dagooc, Magsino, Calderon, Go, M., Macapagal-Arroyo, Golez, Matugas, Bautista, Claude, P., Violago, Nograles, Yu, and Tambunting, Chungalao, Matibag, Daza,

Velasco, Gasataya, Fuentebella, Loyola, Gatchalian, Valmayor, Sagarbarria, Campos, Marquez, Collantes, Calderon, Rivera, Gato, Villarica, Bulut-Begtang, and Garcia, D. as authors thereof.

Respectfully submitted,



JOHN SARTE CALCEDA
Chairperson
Committee on Ways & Means



IRWIN C. TIENG
Chairperson
Committee on Banks & Financial Intermediaries



ELIZALDY S. CO
Chairperson
Committee on Appropriations

THE SPEAKER
HOUSE OF REPRESENTATIVES



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

NINETEENTH CONGRESS
First Regular Session

House Bill No. 6608

Introduced by Representatives Romualdez, F., Dalipe, Quimbo, Marcos, Romualdez, Y., Acidre, Tieng, Salceda, Haresco, Ty, Cua, Kho, R., Duavit, Singson-Meehan, Madrona, Villar, Gonzales, A., Baronda, Garcia, A., Co, N., Puno, Pimentel, Robes, Albano, Delos Santos, Pumaren, Palma, Teves, J., Suarez, Garin, Lacson-Noel, Bolilia, Defensor, Primicias-Agabas, Gonzales, N., Nolasco, Gonzalez, Colada, Panaligan, Dionisio, Dy, Inno., Khonghun, Bongalon, Atayde, Roque, Tarriela, Rillo, Suansing, M., Espares, Ortega, Estrella, Acharon, Zamora, Y., Villa, Kho, O., Herrera, Castro, F., Frasco, Legarda, Yap, C., Yap, E., Rodriguez, E., Guintu, Soriano, Vergara, Lagon, D., Lagon, S., Briones, Arrogancia, Flores, Reyes, R., Gatchalian, Alvarez, J., Arenas, Dagooc, Magsino, Calderon, Go, M., Macapagal-Arroyo, Golez, Matugas, Bautista, Claude, P., Violago, Nograles, Yu, Tambunting, Chungalao, Velasco, Gasataya, Fuentebella, Loyola, Gatchalian, Valmayor, Sagarbarria, Campos, Marquez, Collantes, Calderon, Rivera, Gato, Villarica, Bulut-Begtang, Matibag, Daza and Garcia, D.

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

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 “*Maharlika Investment Fund Act*”.

2
3 **Sec. 2. Declaration of Policy.** – It is the policy of the State to create jobs, promote trade and
4 investments, strengthen connectivity, expand infrastructure, achieve energy and food security. The
5 State recognizes the vital role of various investments in financial assets in promoting economic
6 growth, accelerating job creation, and improving the welfare of Filipinos. The State acknowledges
7 the need to preserve and optimize the use of government financial assets, and promote
8 intergenerational management thereof for macroeconomic stability.
9

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

5 6 **ARTICLE I** 7 **Definition of Terms**

8
9 *Sec. 3. Definition of Terms.* – As used in this Act:

- 10
11 a) **Advisory Body** refers to the body established under this Act which shall provide
12 guidance, counsel and advice to the Board of Directors of the Maharlika Investment
13 Corporation (MIC);
14
15 b) **Board of Directors (Board)** refers to the governing body of the MIC;
16
17 c) **Founding GFIs** –refer to the Land Bank of the Philippines (LBP) and Development
18 Bank of the Philippines (DBP); and
19
20 d) **Funding Sources** refers to the investment required of the founding GFIs, Bangko
21 Sentral ng Pilipinas (BSP), the National Government (NG), Philippine Amusement and
22 Gaming Coporation (PAGCOR), and such other sources that may contribute to finance
23 the MIF;
24
25 e) **Independent Director** refers to a person who is independent of management and the
26 controlling shareholder, and is free from any business or other relationship which
27 could, or could reasonably be perceived to, materially interfere with his exercise of
28 independent judgment in carrying out his responsibilities as a director;
29
30 f) **Maharlika Investment Fund (MIF or Fund)** refers to the fund created under this Act;
31
32 g) **Maharlika Investment Corporation (MIC)** refers to the State investment body,
33 created under this Act which shall be responsible for the overall governance and
34 management of the MIF;
35
36 h) **“Santiago” Principles** refers to the twenty-four (24) Generally Accepted Principles
37 and Practices (GAPP) voluntarily endorsed by the International Forum of Sovereign
38 Wealth Funds (IFSWF) members. The GAPP for Sovereign Wealth Funds (SWFs) are
39 designed as guidelines that assign best practices for the operations of SWFs. They are
40 the rules followed by SWF that promote stability in the global financial system, set
41 proper controls on investment risks, and implement sound governance structure.
42
43

44 **ARTICLE II** 45 **Maharlika Investment Fund** 46

1 ***Sec. 4. Establishment of the Maharlika Investment Fund.*** — There is hereby created a Maharlika
2 Investment Fund (MIF), an independent fund, that adheres to the principles of good governance,
3 transparency, and accountability. Initially, the Fund shall be sourced from the investible funds of
4 select GFIs, from contributions of the National Government, the BSP and other sources of funds
5 as provided in this Act.
6

7 The Fund shall be used to invest on a strategic and commercial basis in a manner designed to
8 promote fiscal stability for economic development, and strengthen the top-performing GFIs
9 through additional investment platforms that will help attain the National Government's priority
10 plans.
11

12 ***Sec. 5. Ownership of the Maharlika Investment Fund.*** - The legal ownership of the MIF shall
13 pertain to the Fund investors in proportion to their contributions.
14

15 ***Sec. 6. Objectives of the Maharlika Investment Fund.*** — The objectives of MIF are to generate
16 consistent and stable investment returns with appropriate risk limits to preserve and enhance long-
17 term value of the Fund, obtain the optimal absolute return and achievable financial gains on its
18 investments, and to satisfy the requirements of liquidity, safety/security, and yield in order to
19 ensure profitability. In pooling the investible funds from the GFIs and channeling them to
20 diversified financial assets and development projects, the MIC's activities shall contribute to a
21 prudent and transparent management of the government resources.
22

23 24 **ARTICLE III** 25 **Maharlika Investment Corporation** 26

27 ***Sec. 7. Establishment of the Maharlika Investment Corporation*** — There is hereby created the
28 Maharlika Investment Corporation (MIC), an independent corporate body, that shall act as a
29 vehicle for the purpose of mobilizing and utilizing the MIF for investments in transactions that
30 will enable the Fund to reap optimal returns on investments (ROIs), while contributing to the
31 overall goal of reinvigorating job creation and poverty reduction by steering the economy back to
32 its high-growth path. The MIC shall govern and manage the Fund in accordance with the objectives
33 and purposes set forth in this Act, and it shall adhere to internationally-accepted standards of
34 transparency and accountability.
35

36 All transactions of the MIC shall abide by the arm's length principle and the prudent person rule.
37

38 ***Sec. 8. Place of Business.*** - The MIC shall have its principal place of business in Metro Manila,
39 but may maintain branches, agencies and correspondents in such other places, within and without
40 the Philippines, as the proper conduct of its business may require.
41

42 ***Sec. 9. Corporate Powers.*** – The MIC is hereby authorized to adopt, alter, and use a corporate seal
43 which shall be judicially noticed; to enter into contracts; to lease or own real and personal property,
44 and to sell or otherwise dispose of the same; to sue and be sued; and otherwise to do and perform
45 any and all things that may be necessary or proper to carry out the purposes of this Act.
46

1 The MIC may acquire and hold such assets and incur such liabilities in connection with its
2 operations authorized by the provisions of this Act, or as are essential to the proper conduct of such
3 operations.

4
5 The MIC may compromise, condone or release, in whole or in part, any claim of or settled
6 liability to the MIC, regardless of the amount involved, under such terms and conditions as may
7 be prescribed by the Board of Directors, upon favorable recommendation of the Advisory Body,
8 to protect the interests of the MIC and the integrity of the MIF.

9
10 ***Sec. 10. Functions of the Maharlika Investment Corporation.*** — In carrying out its objectives
11 and functions, the MIC shall:

- 12
13 a) Establish a diversified portfolio of investments in the local and global financial markets
14 and in other assets that promote the objectives of the Fund;
15
16 b) Manage and invest the initial and future contributions to the Fund in accordance with this
17 Act;
18
19 c) Accept and manage investment mandates whose investment purpose is to increase income
20 for development goals;
21
22 d) Develop and foster skills in finance, economics, risk mitigation, good governance and other
23 related areas, consistent with the capacity and capabilities build-up of human resources in
24 the industry; and
25
26 e) Implement international best practices in investing and managing assets in accordance with
27 the internationally-accepted standards and principles of transparency and accountability.
28
29

30 ***Sec. 11. Capitalization and Funding.*** — The initial capitalization shall be sourced as follows:

- 31
32 I. LBP - Fifty billion pesos (P50 billion); and
33 II. DBP – Twenty- five billion pesos (P25 billion);
34 III. BSP: One hundred percent (100%) of dividends to be declared based on income from
35 the preceding year of the effectivity of the Act, as computed under Republic Act No.
36 11211.
37

38 Each founding GFI may increase its investment above the required equity contribution.

39
40 The founding GFIs shall be entitled to prudential and other regulatory reliefs, as may be
41 determined by the BSP, to ensure the financial soundness of these financial institutions while
42 contributing to the overall objective of the MIF.

43
44 Investments of contributors may be in the form of marketable or convertible securities, and
45 other forms, as may be determined by the Board of Directors: *Provided*, That security or debt
46 instruments issued by the MIC to GFIs shall be guaranteed by the NG. Other GFIs and

1 government-owned or -controlled corporations may be authorized to contribute to the MIF,
2 subject to their respective investment and risk management strategies. additional funding may
3 likewise be sourced from investments of private financial institutions and corporations, as may
4 be determined by the Board of Directors.

5
6 The manner of attribution of equity, such as units of participation, due to subsequent
7 contributions to the fund shall be determined in the IRR of this Act.

8
9 Subsequent annual contributions to the fund shall be provided as follows:

- 10
11 i. For the second fiscal year upon effectivity of this Act, the BSP shall remit one hundred
12 percent (100%) of its declared dividends, as computed under R.A. No. 7653, as amended
13 by R.A. No. 11211, to the Fund. In the succeeding fiscal years, the BSP shall remit fifty
14 percent (50%) of its declared dividends to the Fund and the remaining fifty percent (50%)
15 to the NG to fund the increase in the capitalization of BSP in accordance with Section 2 of
16 R.A. No. 7653, as amended by R.A. No. 11211, until the increase in the capitalization of
17 BSP has been fully paid. thereafter, BSP shall remit one hundred percent (100%) of its
18 declared dividends to the Fund.
- 19
20 i. The BSP, upon the discretion of the Monetary Board, may invest a portion
21 of its surplus in the MIF, subject to the requirements and conditions under
22 sections 43-a and 128 of R.A. No. 7653, as amended by R.A. No. 11211.
- 23
24 ii. PAGCOR and other government-owned gaming operators shall contribute at least ten
25 percent (10%) of gross gaming revenue streams created after the effectivity of this Act;
26
- 27 iii. Other sources such as royalties and/or special assessments on natural resources based on
28 the fiscal regime to be implemented by the national government, proceeds from
29 privatization of government assets, and public borrowings.

30
31 The foregoing annual contributions shall be subject to the automatic review of the Secretary
32 of Finance every five (5) years, taking into consideration the adequacy of the fund in relation
33 to the objectives of this act, the fiscal condition of the NG and the overall economic
34 environment. upon such determination, the foregoing contributions shall accrue and be
35 remitted to the National Treasury.

36
37 ***Sec. 12. Administrative and Operational Expenses of the Maharlika Investment Corporation.***

38 — The Board of Directors of the MIC is authorized to disburse from the Fund such amounts as
39 may be necessary for administrative and operating expenses, the total of which shall not exceed
40 two percent (2%) of funds managed.

41
42 For the initial operations of the MIC, the Board of Directors is authorized to disburse for its
43 administrative and operating expenses at a total amount not exceeding two percent (2%) of its
44 initial capitalization.

ARTICLE IV
Investments

Sec. 13. Allowable Investments. — Subject to strict compliance with Investment and Risk Management Guidelines, the Board of Directors of the MIC shall authorize the following investments:

- a) Cash, foreign currencies, metals, and other tradeable commodities;
- b) Fixed income instruments issued by sovereigns, quasi-sovereigns and supranationals;
- c) Domestic and foreign corporate bonds;
- d) Listed or unlisted equities, whether common, preferred, or hybrids;
- e) Islamic investments, such as Sukuk bonds;
- f) Joint Ventures or Co-Investments;
- g) Mutual and Exchange-traded Funds invested in underlying assets;
- h) Commercial real estate and infrastructure projects;
- i) Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors, whether in the majority or minority position in commercial, industrial, mining, agricultural, housing, energy, and other enterprises, which may be necessary or contributory to the economic development of the country, or important to the public interest; and
- j) Other investments as may be approved by the Board.

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

Subject to the rules and regulations to be promulgated by the MIC Board, the advice of the Advisory Body shall be sought by the same Board in case of transactions, such as investments and spending that will affect: (1) the Balance of Payments; and (2) monetary aggregates, like those which impact domestic liquidity and reserve money.

In no case shall the MIC acquire a controlling stake in its investee entities. In investee entities where the MIC acquires a position, the MIC may participate in corporate governance and policymaking at the level of the Board of Directors or Trustees of the investee entity, but shall not be directly or actively involved in its day-to-day management and operations.

1
2 **Sec. 14. Investment Policy.** The Board of Directors shall formulate written policies in relation to
3 the following matters:
4

- 5 a) Directions on the acceptable balance between risk and return of the overall portfolio;
6
- 7 b) Investment policies, mandates, strategies, and guidelines on financing infrastructure
8 projects and other investments;
9
- 10 c) Risk management for the investments;
11
- 12 d) Standards for assessing the investment performance;
13
- 14 e) Matters relating to international best practices for institutional investments;
15
- 16 f) Matters specific to rules and regulations where investments are domiciled;
17
- 18 g) Procedural framework and cooperation among investors, including fund commitments,
19 co-investments, voting requirements, exit mechanisms, and other matters pertaining to
20 the pooling of funds and the management thereof;
21
- 22 h) Matters relating to the procedure for assessing, deploying, and liquidating investments;
23 and
24
- 25 i) All other matters needed to be discussed to guarantee compliance with the objectives
26 of the MIF.
27

28 The Board of Directors shall ensure that policies formulated are consistent with the objectives of
29 the Fund, and the same shall be subject to periodic review: *Provided*, That, should a particular sub-
30 fund remain unprofitable for a period of three (3) years, said sub-fund shall be closed.
31

32
33 **Sec. 15. Limitations and Safeguards on the Maharlika Investment Fund.** — The management
34 of the MIF shall be subject to a set of investment policies, guidelines, and risk management limits
35 and procedures, as approved by the Board of Directors, upon due consideration of the
36 recommendations of the Advisory Body. Investment and risk management strategies of the MIC
37 shall be in line with the policies and objectives hereunder stated to ensure the long-term viability
38 of the Fund.
39

40 **Sec. 16. Fees and Charges on the Establishment of the Maharlika Investment Fund.** — Third
41 party fees and all charges incurred in connection with the establishment and effective management
42 of the MIF, such as custody fees, transaction fees, clearing fees, and management fees payable to
43 external fund managers, shall be charged against the MIF, in accordance with the applicable
44 policies on fund disbursements.
45

1 **Sec. 17. Withdrawals.** –Subject to the exit mechanism guidelines to be set by the Board and
2 concurred to by the Advisory Body, withdrawals from the Fund shall be made only after at least
3 five (5) years of investment activities. The notice period for any withdrawal is one year or
4 shortened as determined by the Board. The capital of the MIC shall not be withdrawn if its effect
5 would be to diminish the MIF to an amount less than the real value of the MIF at its inception.
6
7

8 **ARTICLE V** 9 **Governance**

10
11 **Sec. 18. Board of Directors.** — There shall be fifteen (15) members of the Board composed as
12 follows:
13

- 14 a) The Secretary of Finance shall sit as the chairperson;
- 15 b) Chief Executive Officer of the MIC;
- 16 c) President of LBP;
- 17 d) President of the DBP;
- 18 e) Seven (7) regular members, representing the contributors to the fund, with the seats
19 distributed in proportion to their corresponding investments; and
- 20 f) Four (4) independent directors from the private sector
21

22 The independent directors shall be chosen by the advisory body. the advisory body shall ensure
23 that the selected members of the Board are with proven probity, competence, expertise and
24 experience in finance, economics, investments, business management, or law, and are highly
25 capable to contribute to the attainment of the objectives and purposes of the MIF.
26

27 The regular members of the Board shall be citizens of the Philippines, at least thirty-five (35) years
28 of age, and must be of good moral standing and reputation, of recognized probity and
29 independence, and have substantial experience and expertise in any of the following: (i) corporate
30 governance and administration, (ii) investment in financial assets, (iii) management of investments
31 in the global and local markets.
32

33 The specific guidelines in this Section, including the rules on appointment, election and
34 termination of membership in the Board, shall be provided in the implementing rules and
35 regulations (IRR) of this Act.
36

37 **Sec. 19. Powers and Functions of the Board of Directors.** — The primary function of the Board
38 of Directors is to govern and manage the MIC, its assets, and investments in accordance with this
39 Act. As the specific functions of the Board shall include the following:
40

- 41 a) To direct the management and operations, and administration of the MIC;
- 42 b) To approve and implement the Investment and Risk Management Guidelines and such
43 other investment policies, guidelines, and parameters to effectively carry out the
44 purposes of this Act;
- 45 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 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 27 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 key and critical officials and employees as may be necessary to assist the Board of Directors in carrying out its functions;
- n) To submit semestral reports on investment performance to the Advisory Body and to the President of the Republic of the Philippines;
- o) To review and certify 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.

Sec. 20. Duties and Qualifications of the Chief Executive Officer (CEO). —The CEO shall direct and supervise the operations and internal administration of the MIC, and shall be charged with the risk management, financial performance, human resources, accounting and legal affairs of the corporation. Such powers and duties include:

- (i) Prepare the agenda for the meetings of the BOD and to submit for the consideration of the BOD the policies and measures which are necessary to carry out the purposes and provisions of this Act;
- (ii) Execute and administer the policies and measures approved by the BOD;
- (iii) Develop the MIC's business prospects by studying economic trends and revenue opportunities; projects acquisition and expansion prospects; and oversee financial performance and risk profiles while ensuring that all of regulatory obligations are met;
- (iv) Appoint and fix the remunerations and other emoluments of rank and file employees and other personnel not holding key and critical positions in accordance with the position and compensation plans approved by the BOD, as well as to impose disciplinary measures upon personnel of the MIC: *Provided*, That the removal of personnel shall be with the approval of the BOD; and
- (v) Exercise such other powers as may be vested by the Board of Directors.

The CEO, in the discharge of its functions, may delegate certain of his administrative responsibilities to other officers of the MIC.

The CEO shall work closely with the executive management and the Board and must have (i) exceptional experience and expertise in corporate management, financial planning strategy, strategic planning and vision, market and business development, budget development; (ii) has at least ten (10) years management experience, including extensive commercial lending/credit administration experience; (iii) in-depth understanding of the industry including risk management, compliance, and regulatory requirements; (iv) and strategic knowledge of cash flow and capital planning management.

Sec. 21. Duties and Qualifications of the Chief Investment and Operating Officer (CIOO).— The CIOO is responsible for regular administration duties of all investment files, communicating investment strategy and policies, managing and developing a team of financial analysts and investment professionals, supervising risk management across portfolios and that sound investment policies are followed.

The CIOO must have a degree in finance or a relevant experience in the field and has proven expertise in managing a team of financial analysts and investment professionals.

Sec. 22. Quorum and Meetings of the Board. — The Board of Directors shall meet at least once every month from the effectivity of this Act. It may hold special meetings to consider urgent matters upon call of the Chairperson or upon initiative of at least two (2) members of the Board of Directors.

1 In order to constitute a quorum in Board meetings, a majority of the total membership of the Board,
2 or at least eight (8) members, shall be present. The approval by a majority of all members of the
3 Board, or at least eight (8) members, shall be required to constitute a decision of the Board.

4
5 The Board of Directors shall maintain and preserve a complete record of the proceedings and
6 deliberations of the Board of Directors, including the tapes and transcripts of the stenographic
7 notes, either in the original form or in microfilm. The meetings of the Board of Directors may be
8 conducted through modern technologies such as teleconferencing and videoconferencing.

9
10 ***Sec. 23. Compensation of the Chairperson and Members of the Board of Directors.*** — The
11 Chairperson and the Members of the Board of Directors shall be entitled to honoraria and/or other
12 reasonable allowances, and/or per diem for each meeting actually attended, and shall be
13 reimbursed for actual and reasonable expenses incurred in the performance of their duties and
14 functions. The rate of the per diem shall be fixed by the Board. The maximum per diem per Regular
15 or Special Board meeting actually attended provided to members of the Board of Directors shall
16 be based on the size of the Corporation but not to exceed the maximum annual amounts as received
17 by members of the Monetary Board of the BSP.

18
19 The salary of the Independent Members of the Board of Directors from the private sector shall be
20 fixed based on the rules set under Section 27 of this Act.

21
22 ***Sec. 24. Risk Management Unit-*** In accordance with the manner provided in the MIC by-laws,
23 the Board of Directors shall organize a Risk Management Unit composed of five (5) members as
24 follows: one (1) professional with proven competence and experience in finance, economics,
25 investment, business management, or law, and must exhibit independence and objectivity; and four
26 (4) members consisting of two (2) senior executives of the MIC, one (1) independent director, and
27 one (1) auditor.

28
29 The Risk Management Unit shall ensure that the MIC is taking the appropriate measure to achieve
30 a prudent balance between risk and reward in both ongoing and new business activities, taking
31 careful consideration of risk identification, risk measurement and assessment, risk mitigation, risk
32 reporting and monitoring, and risk governance towards a risk-informed approach to the
33 capitalizations of the MIC.

34
35 ***Sec. 25. Advisory Body.*** — An Advisory Body is hereby created which shall be composed of the
36 Secretary of the DBM, the Director General of NEDA, and the Treasurer of the Philippines.

37
38 ***Sec. 26. Powers and Functions of the Advisory Body.*** The Advisory Body shall exercise the
39 following powers and functions:

- 40
41 a) Advise and assist the Board of Directors in the formulation of the general policies
42 related to investment and risk management, and other matters as may be necessary to
43 carry out the provisions and purposes of this Act;
44
45 b) Advise and provide guidance on issues pertaining or related to the plans and projects
46 of the MIF; and

1
2 c) Perform other functions, duties and responsibilities, as it may deem necessary.
3

4 The Advisory Body shall not take part in the management or control of the MIF.
5
6
7

8 **ARTICLE VI**
9 **Rewards, Incentives and Termination**
10

11 ***Sec. 27. Rewards and Incentives.*** – The Board of Directors, officials, employees and staff of the
12 MIC shall be entitled to honoraria, performance bonus, or any similar performance-based
13 compensation as may be determined by the Board and as approved by the President of the
14 Philippines, taking into consideration, among others, the performance of the Fund, the
15 performance of the individual employee or officer, and industry standards and practices . The
16 criteria for the grant of rewards and incentives shall be determined in the IRR, including the
17 formula for the computation of any amount that will be granted to the Board of Directors, officials,
18 employees, and staff of the MIC. Considering the nature of the fund’s intended investments, the
19 criteria and formula shall consider long-term performance of the Fund, acquisition and retention
20 of talent, and the rates of comparators.
21

22 ***Sec. 28. Effect of Separation.*** - Notwithstanding the separation of an official or employee from
23 MIC, the provision of Section 27 shall apply to the performance bonus that said officer or employee
24 is entitled to receive on account of actual performance by the separated official or employee during
25 the period covered by the performance bonus.
26
27

28 **ARTICLE VII**
29 **Exemptions and Privileges**
30

31 ***Sec. 29. Exemptions from the GOCC Governance Act of 2011.*** —The President of the Republic
32 of the Philippines recognizes the strict requirements set for the GFIs forming the MIC in that they
33 have higher standards of knowledge and expertise in the fields of finance, economics, risk, and
34 governance, and that there is a need for flexibility to operate, function, employ and retain
35 employees to ensure the successful implementation of the goals of the MIC. In this regard, MIC
36 shall be exempted from the coverage and all of the provisions of Republic Act No. 10149 or the
37 “GOCC Governance Act of 2011” except Sections 15 in accordance with Sec. 18 (e) of this Act,
38 19, 25, and 26 on the fiduciary duties of the board and officers, full disclosure, and special audit.
39
40

41 ***Sec. 30. Tax Exemptions.*** – Any existing law to the contrary notwithstanding, the following
42 transactions and assets of the MIC and MIF shall be exempt from local and national taxes, direct
43 and indirect, that may be imposed under the Local Government Code of 1991, and the National
44 Internal Revenue Code of 1997, as amended, pursuant to the regulations to be issued by the
45 Department of Finance, upon recommendation of the Bureau of Internal Revenue:
46

1 a) All funds, assets, and properties;

2 b) All revenues, income, or investment earnings, as well as accruals thereto; and

3 c) Purchase of supplies, equipment, papers, or documents.

4
5
6
7 Importation of supplies and equipment by the MIC and MIF shall be exempt from customs duties,
8 in accordance with the provisions of Republic Act No. 10863, otherwise known as the “Customs
9 Modernization and Tariff Act”.

10
11 *Provided*, that the exemptions granted herein shall be utilized actually, directly, exclusively, and
12 solely for the transactions of the MIC and MIF as distinct legal entities, and not for the purposes
13 of its executives, employees, third parties, and other distinct taxable entities.

14
15 ***Sec. 31. Exemptions from the Government Procurement Reform Act.*** - Notwithstanding any law
16 or rules, regulations or other issuances to the contrary, The procurement or engagement of the
17 professional or technical services needed in the selection of investments authorized under Section
18 10 of this Act such as fund management, investment and analysis and advisory underwriting,
19 securities brokerage and dealership, capital market and equity research analysis, and other similar
20 services necessary in the selection of allowable investments under Section 13 of this Act shall be
21 exempted from the provisions of R.A. No. 9184 or the Government Procurement Reform Act and
22 its implementing rules and regulations.

23
24 The selection process for the foregoing procurement or engagement of the professional and
25 technical services shall be approved by the MIC board.

26
27 ***Sec. 32. Exemption from the Salary Standardization Act.*** - The officers and employees of the
28 MIC shall be exempt from the provisions of Republic Act No. 6758, otherwise known as the
29 “Salary Standardization Act”, and succeeding laws on salary standardization.

30
31 Notwithstanding any law or rules, regulations, or other issuances to the contrary, the compensation
32 of the officers and key personnel of the MIC shall be set based on an objective classification
33 consistent with international standards for compensating investment management professionals
34 managing global assets, taking into consideration the importance and responsibilities attached to
35 the respective positions.

36
37 ***Sec. 33. Designation and Secondment.*** - The MIC may enlist the assistance of the GFIs composing
38 the Corporation in achieving the objectives under this Act. This includes the designation or
39 secondment of their respective personnel to the MIC, as may be necessary, subject to existing
40 guidelines on secondment of the Civil Service Commission (CSC).

41
42 The designation of the respective GFIs’ personnel to the MIC involves the imposition of additional
43 and/or higher duties to be performed by said personnel for the MIC which is temporary and can be
44 terminated anytime at the pleasure of the appointing officer/authority. Designated personnel shall
45 continue to receive their salaries, benefits, and emoluments from their respective offices or
46 agencies.

1
2 The secondment of the GFIs' personnel to the MIC involves the movement of said personnel from
3 their mother agencies and offices to the MIC, which is temporary in nature, which may or may not
4 require the issuance of an appointment, and which may or may not involve increase in
5 compensation and benefits. Seconded personnel shall receive, in lieu of their respective
6 compensation from their respective agencies or offices, the salaries, emoluments and all other
7 benefits which their positions are entitled to receive from the MIC.
8
9

10 **ARTICLE VIII**

11 **Distribution of Net Profits**

12

13 ***Sec. 34. Distribution of the Net Profits of the Maharlika Investment Fund Corporation.*** — The
14 MIC shall be exempt from Republic Act No. 7656, otherwise known as the "Dividends Law of
15 1994." The Board shall determine the dividend policy of the MIC: *Provided, That*, at least twenty
16 percent (20%) of the net profits of MIC shall be remitted to the national government, to be
17 earmarked for social welfare projects.
18

19 ***Sec. 35. Computation of Profits and Losses of the MIC.***— Following the end of each calendar year,
20 the MIC shall determine its net profits or losses. Notwithstanding any provision to the contrary,
21 the net profit of the MIC shall be determined after allowing for expenses of operation, adequate
22 allowances for impairment of assets, depreciation in assets, and such allowances and provisions
23 for contingencies.
24

25 The profits and losses of the MIC shall be recognized in its books. The recognition of profits and
26 losses of the MIC shall be attributable to the GFIs and investors which shall be subject to their
27 respective accounting and auditing procedures.
28
29

30 **ARTICLE IX**

31 **Financial Reporting Framework and Audit of Records**

32

33 ***Sec. 36. Financial Reporting Framework.*** — The financial statements and reports shall be
34 prepared, upon the advice of the Advisory Body, in accordance with pertinent provisions of this
35 Act and its IRR, and International Financial Reporting Standards (IFRS) and principles.
36

37 ***Sec. 37. Engagement of an Internal Auditor.*** — The Board shall appoint an internal auditor, who
38 shall provide written interim financial and management reports as requested by the Advisory Body.
39 The internal auditor shall be independent from the management of the MIC and shall be under the
40 direct control and supervision of the Board of Directors. The CEO shall ensure that the internal
41 auditor, including the staff, shall have access to all documents and information pertinent to the
42 audit.
43

44 ***Sec. 38. Engagement of an External Auditor.*** — The Board shall engage, for each accounting
45 period or as soon as practicable after the commencement of the relevant accounting period, an

1 internationally recognized auditing firm to be the External Auditor of the Fund and to audit its
2 financial statements.

3
4 The External Auditor shall:

- 5
6 a. Be engaged for a term of three (3) years;
7
8 b. Be eligible for re-engagement; and
9
10 c. Hold office on such terms and conditions as are determined by the Board of
11 Directors.

12
13 ***Sec. 39. Audit by the Commission on Audit.*** — The books and accounts of the MIC shall be subject
14 to the examination and audit of the Commission on Audit pursuant to Article IX of the 1987
15 Philippine Constitution. All financial transactions shall be governed by the applicable government
16 laws, rules, and regulations. The COA shall prescribe the guidelines of the audit of the MIC and
17 the Fund under its management in accordance with international best practices. In defining the
18 scope of its audit, the COA shall coordinate with the External Auditor as provided under Section
19 36 of this Act.

20
21 ***Sec. 40. Disposal of Assets.*** — Notwithstanding any law, rules, regulations, or other issuances to
22 the contrary, the disposal by MIC, pursuant to its mandate and functions, of shares, securities, and
23 other interests and investments, shall not be covered by existing laws and regulations on disposal
24 of government assets. The aforementioned financial assets shall be considered as forming part of
25 MIC's inventory of assets held in the regular course of its business activities.

26
27
28 **ARTICLE X**
29 **Reports and Records**

30
31 ***Sec. 41. Oversight Committee-*** There shall be created a Maharlika Investment Fund Joint
32 Congressional Oversight Committee (MIF-JCOC) to oversee, monitor, and evaluate the
33 implementation of this Act. The MIF-JCOC shall be composed of five (5) members each from the
34 House of Representatives and the Senate. The MIF-JCOC shall be co-chaired by the Chairpersons
35 of the House Committee on Banks and Financial Intermediaries and the Senate Committee on
36 Banks, Financial Institution and Currencies.

37
38 The Speaker and Senate President shall designate the other four (4) members of the MIF-JCOC of
39 the House and the Senate from among the members on the House Committee on Banks and
40 Financial Intermediaries and the Senate Committee on Banks, Financial Institution and Currencies,
41 at least one member of which shall be from the minority.

42
43 ***Sec. 42. Provision for Access Rights and Retention Period of Records.*** — The records on the
44 MIC pertaining to its investment activities shall be secured and maintained pursuant to the rules
45 of the National Archives of the Philippines. The disclosure rules under Republic Act No. 8799 or
46 the Securities Regulation Code, Republic Act No. 11232, or the Revised Corporation Code, and

1 other relevant laws, rules, and regulations shall apply to the MIC. The MIC shall be covered by
2 Executive Order No. 2, s. 2016.

3
4 The Securities and Exchange Commission shall issue guidelines that require of the MIC
5 disclosures in parity with those required of companies listed in the Philippine Stock Exchange.
6

7 ***Sec. 43. Reports of Government Financial Institutions to stakeholders.*** — Government financial
8 institutions with investments in the MIC shall include the performance of their investments, a risk
9 assessment of their exposure and strategies to manage such risks, and other relevant information
10 in their annual reports.
11
12

13 **ARTICLE XI**

14 **Miscellaneous Provisions**

15

16 ***Sec. 44. Penalty Clause.*** - Any director, trustee, or officer who willfully and maliciously violates
17 investment policies and guidelines set by the Board of Directors as defined pursuant to Section 19
18 of this Act, or whose acts of gross negligence, willful misconduct, fraud, or actions in breach of
19 any Investment Agreement result in a loss suffered by the Fund shall be liable jointly and severally
20 for all damages resulting therefrom suffered by the corporation, its stockholders or members and
21 other persons, and shall be punished by imprisonment of not less than one (1) year, but not more
22 than five (5) years, or by a fine of not less than Fifty thousand pesos (P50,000.00) but not more
23 than Two million pesos (P2,000,000.00), or both, at the discretion of the court.
24

25 ***Sec. 45. Implementing Rules and Regulations.*** — Within ninety (90) days from the effectivity of
26 this Act, the Treasurer of the Philippines, in consultation with the founding GFIs, shall promulgate
27 the necessary rules and regulations for the implementation of this Act.
28

29 ***Sec. 46. Separability Clause.*** — If any provisions of this Act are declared invalid or
30 unconstitutional, the remaining parts or provisions not affected shall remain valid.
31

32 ***Sec. 47. Repealing Clause.*** – All acts, executive orders, administrative orders, proclamations, rules
33 and regulations or parts thereof inconsistent with any of the provisions of this Act, are hereby
34 expressly repealed or modified accordingly.
35

36 ***Sec. 48. Effectivity.*** – This Act shall take effect immediately upon its publication in the Official
37 Gazette or in a newspaper of general circulation in the Philippines.
38

39 *Approved,*
40
41

FACT SHEET

House Bill No. 6608

MAHARLIKA INVESTMENT FUND ACT

(As approved by the Committee on Banks and Financial Intermediaries, Committee on Ways and Means and Committee on Appropriations, in substitution of House Bill No.6398)

Introduced by: Representatives Romualdez, F., Dalipe, Quimbo, Marcos, Romualdez, Y., Acidre, Tieng, Salceda, Haresco, Ty, Cua, Kho, R., Duavit, Singson-Meehan, Madrona, Villar, Gonzales, A., Baronda, Garcia, A., Co, N., Puno, Pimentel, Robes, Albano, Delos Santos, Pumaren, Palma, Teves, J., Suarez, Garin, Lacson-Noel, Bolilia, Defensor, Primicias-Agabas, Gonzales, N., Nolasco, Gonzalez, Colada, Panaligan, Dionisio, Dy, Inno., Khonghun, Bongalon, Atayde, Roque, Tarriela, Rillo, Suansing, M., Espares, Ortega, Estrella, Acharon, Zamora, Y., Villa, Kho, O., Herrera, Castro, F., Frasco, Legarda, Yap, C., Yap, E., Rodriguez, E., Guintu, Soriano, Vergara, Lagon, Briones, Arrogancia, Flores, Reyes, R., Gatchalian, Alvarez, J., Arenas, Dagooc, Magsino, Calderon, Go, M., Macapagal-Arroyo, Golez, Matugas, Bautista, Claude P.,, Violago, Nograles, Yu, Tambunting, Chungalao, Velasco, Gasataya, Fuentebella, Loyola, Gatchalian, Valmayor, Sagarbarria, Campos, Marquez, Collantes, Calderon, Rivera, Gato, Villarica, Bulut-Begtang, Matibag, Daza, and Garcia,.D.

Committee Referral: (Primary) Committee on Banks and Financial Intermediaries (Chairperson Irwin C. Tieng); (Secondary) Committee on Ways and Means (Chairperson Joey Sarte Salceda), and Committee on Appropriations (Chairperson Elizaldy S.Co)

OBJECTIVES:

- To establish an independent Maharlika Investment Fund by investing national funds, and coordinating and strengthening the investment activities of top-performing government financial institutions (“GFIs”) to promote economic growth and social development.
- To make possible the pooling of investible funds from the GFIs and channeling these to diversified financial assets and development projects, thereby contributing to a prudent and transparent management of government resources.

KEY PROVISIONS:

- Establishes an independent fund known as the Maharlika Investment Fund (“MIF”) to be sourced from investible funds of select Government Financial Institutions (GFIs) and from contributions from the Bangko Sentral ng Pilipinas (BSP), the National Government, Philippine Amusement and Gaming Corporation (PAGCOR), and other authorized sources of funds.

The GFIs mandated to contribute to the Fund (also known as the founding GFIs) are the Land Bank of the Philippines (Landbank), and Development Bank of the Philippines (DBP).

The MIF shall be used to invest on a strategic and commercial basis in a manner that will promote fiscal stability and strengthen top-performing GFIs by providing them with additional investment platforms that will help attain the National Government's priority plans.

- Establishes the Maharlika Investment Corporation ("MIC") which shall act as a vehicle for the mobilization and utilization of the MIF for purposes of investing in transactions that will reap optimal returns on investment, while contributing to job creation and poverty reduction and steering the economy towards its high growth path. The MIC shall govern and manage the MIF in accordance with this Act, and shall adhere to internationally-accepted standards of transparency and accountability.

All transactions of the MIC must abide by the arm's length principle and the prudent person rule.

- Provides that the initial capitalization of the Maharlika Investment Corporation ("MIC") shall be sourced as follows: (1) from Landbank, P50 billion, (2) from DBP, P25 billion, and (3) from the BSP, one hundred percent (100%) of dividends to be declared based on income from the preceding year of the effectivity of this Act, as computed under *Republic Act No. 11211*.

The founding GFIs are authorized to increase their investments above the required equity contribution. They shall also be entitled to prudential and other regulatory reliefs as may be determined by BSP to ensure financial soundness.

Investments of the MIF contributors may be in the form of marketable or convertible securities and others forms as may be determined by the MIC board. Security or debt instruments issued by MIC to GFIs may be guaranteed by the National Government.

Other GFIs and government-owned and controlled corporations (GOCCs) may be authorized to contribute to the MIF subject to their respective investment and risk management strategies. Additional funding may also be sourced from private financial institutions and corporations, as may be determined by the MIC board.

The manner of attribution of equity, such as units of participation, due to subsequent contributions to the MIF shall be determined in the implementing rules and regulations (IRR) of this Act.

- Provides that subsequent annual contributions to the MIF shall be made in accordance with the following:

(1) *From the BSP* – one hundred percent (100%) of its declared dividends for the second fiscal year upon effectivity of this Act, as computed under Republic Act No. 11211; fifty percent (50%) of its declared dividends in the succeeding fiscal years (with the remaining 50% of declared dividends to be remitted to the National Government to fund increase in BSP capitalization until fully paid). Thereafter, BSP shall remit one hundred percent (100%) of its declared dividends to the MIF. The BSP may also invest a portion of its surplus in the MIF upon the discretion of the Monetary Board and subject to requirements under Sections 43-A and 128 of *Republic Act No. 7653*, as amended by *Republic Act No. 11211*.

(2) *From PAGCOR and other government-owned gaming operators* – at least ten percent (10%) of its gross gaming revenue streams created after the effectivity of this Act;

(3) *From other sources* - royalties and/or special assessments on natural resources, proceeds from privatization of government assets, and public borrowings.

These annual contributions shall be subject to the automatic review of the Secretary of Finance every five (5) years, giving due consideration to fund adequacy, fiscal condition of the National Government, and overall economic environment.

- Provides that legal ownership of the MIF shall pertain to the fund investors in proportion to their contributions. Fund investors refer to the founding GFIs, BSP, PAGCOR, the National Government, and other authorized fund contributors.
- Mandates that withdrawals of equity from the MIF shall only be made after at least five (5) years of investment activities. The notice period for withdrawal shall be one (1) year unless shortened by the MIC board. The capital of the MIC shall not be withdrawn if it will reduce the MIF to an amount less than its real value at inception.

- Provides for the organization and governance of the MIC, powers and functions of its board of directors, duties and qualifications of its officers and key personnel, conduct of meetings, and compensation, incentives and termination of its employees.

The MIC shall be governed and managed by a Board of Directors composed of fifteen (15) Members, as follows: (1) The Secretary of Finance, as Chairperson; (2) b) Chief Executive Officer of the MIC; (3) President of LBP; (4) President of DBP; (5) Seven (7) regular members representing the MIF contributors in proportion to their corresponding investments; (6) Four (4) independent directors from the private sector.

The Advisory Body shall choose the four (4) independent directors. It shall ensure that these members are of proven probity, competence, expertise and experience in finance, economics, investments, business management, or law, and are highly capable to contribute to the attainment of the objectives and purposes of the MIF.

- Grants unto the MIC such corporate powers as may be proper and necessary to carry out the purposes of this Act, including the power to acquire assets, incur liabilities, and to compromise or condone claims or liabilities under such terms as may be prescribed by its board of directors upon the favorable recommendation of the Advisory Board to protect the interest of MIC and the integrity of the MIF.
- Enumerates the objectives and functions of the MIC, as follows: (1) establish a diversified investment portfolio in local and global financial markets; (2) manage and invest fund contributions in accordance with this Act; (3) accept and manage investment mandates designed to increase income for development goals; (4) develop and foster skills in finance, economics, risk mitigation, good governance and other related areas, and; (5) implement best practices in investment and asset management in accordance with internationally-accepted standards and principles of transparency and accountability.
- Enumerates the allowable investments which the MIC board is authorized to make, subject to investments and management risk guidelines, such as the following: (1) cash, foreign currencies, metal and other tradeable commodities; (2) fixed income instruments issued by sovereigns, quasi-sovereigns and supra nationals; (3) domestic and foreign bonds; (4) equities; (5) Islamic investments; (6) joint ventures; (7) mutual and exchange-traded funds invested in underlying assets; (8) NEDA-approved commercial real estate and infrastructure projects; (9) loans and

guarantees or participation in joint ventures and consortiums of Filipino and foreign investors in enterprises necessary or contributory to economic development, or important to the public interest, and; (10) other board-approved investments.

- Mandates the MIC board to formulate written policies in relation to acceptable balance between risk and return of its investment portfolio, policies and guidelines on financing infrastructure, risk management, standards for assessing investment performance, procedural framework and cooperation among investors, and the like. These policies must be consistent with fund objectives and shall be subject to periodic review.
- Authorizes the MIC board to disburse from the MIF the necessary amount to cover administrative and operating expenses provided that the total amount shall not exceed two percent (2%) of the funds managed.
- Mandates the creation of a Risk Management Unit (RMU) within the MIC to ensure that measures are taken to achieve a prudent balance between risk and reward in business activities, and that a risk-informed approach is observed with respect to the capitalization of the MIC.
- Grants certain exemptions and privileges to the MIF and MIC, as follows:
 - (1) The MIF and MIC shall be exempt from local and national taxes (direct and indirect) imposed under the *Local Government Code of 1991* and the *National Internal Revenue Code of 1997*, as amended. This exemption applies to the following transactions and assets: (a) all funds, assets, and properties; (b) all revenues, income or investment earnings, and accruals, and; (c) purchase of supplies, equipment, papers or documents.

Importation of supplies and equipment shall be likewise exempt from customs duties imposed under *Republic Act No. 10863* ("Customs Modernization and Tariff Act").

The tax exemptions granted in this Act shall be utilized actually, directly, exclusively, and solely for transactions of the MIF and MIC as distinct legal entities, and not for the purposes of its executives, employees, third parties, and other distinct taxable entities.

- (2) The procurement or engagement of professional or technical services needed in the selection of investments authorized in this Act, such as fund

management; investment, analysis, and advisory underwriting; securities brokerage and dealership; capital market and equity analysis research, and similar services shall be exempt from the provisions of *Republic Act No. 9184* ("Government Procurement Reform Act") and its implementing rules and regulations. The selection process for the procurement and engagement of these professional and technical services shall be approved by the MIC board.

- (3) The MIC shall have be exempt from the coverage of *Republic Act No. 10149* ("GOCC Governance Act 3 of 2011") except Sections 15 (in relation to Section 18 (e) of this Act), 19, 25, and 26 on the fiduciary duties of the board and officers, full disclosure, and special audit.
 - (4) Officers and employees of the MIC shall be exempt from the provisions of *Republic Act No. 6758* ("Salary Standardization Act") and succeeding laws on salary standardization. The compensation of its officers and key personnel of shall be set based on an objective classification consistent with international standards.
 - (5) The MIC shall be exempt from the coverage of *Republic Act No. 7656* ("Dividends Law of 1994"). The MIC board shall determine the dividend policy of the corporation provided that at least twenty (20%) of its net profits shall be remitted to the National Government to be earmarked for social welfare projects.
 - (6) The disposal of shares, securities and other investments by the MIC pursuant to its mandate and functions shall not be covered by existing laws and regulations on the disposal of government assets. These assets shall be deemed as forming part of MIC's inventory of assets held in the regular course of business.
- Mandates that the books and accounts of the MIC shall be subject to the examination and audit of the Commission on Audit pursuant to Article IX of the 1987 Philippine Constitution. All financial transactions shall be governed by the applicable government laws, rules, and regulations
 - Mandates that the records of the investment activities of the MIC shall be secured and maintained pursuant to the rules of the National Archives of the Philippines. The disclosure rules under *Republic Act No. 8799* (Securities Regulation Code), *Republic Act No. 11232* (Revised Corporation Code), and other relevant laws and regulations shall likewise apply to the MIC. The MIC shall also be covered by

Executive Order No. 2, s. 2016. Further, the Securities and Exchange Commission (SEC) shall issue guidelines requiring MIC disclosures in parity with companies listed in the Philippine Stock Exchange.

- Mandates the creation of an Advisory Council composed of the Secretary of Department of Budget Management, NEDA Director General, and the Treasurer of the Philippines, which shall advise and assist the MIC board in the formulation of policies related to investment and risk management, and on issues pertinent to its plans and projects, such as the impact of investment spending on the country's balance of payments and money aggregates.
- Mandates the creation of a MIF Joint Congressional Oversight Committee (MIF-JCOC) to oversee, monitor, and evaluate the implementation of this Act. It shall be composed of five (5) members each from the House of Representatives and the Senate, and co-chaired by the Chairpersons of the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institution and Currencies.
- Mandates the Treasurer of the Philippines, in consultation with the founding GFIs, to promulgate the necessary rules and regulations (IRR) for the implementation of this Act within ninety (90) days from its effectivity.

RELATED LAWS

1987 Philippine Constitution, Article IX

Republic Act. No. 3844, as amended ("Agricultural Land Reform Code")

Republic Act No. 6758 ("Salary Standardization Act")

Republic Act No. 7160, as amended ("The Local Government Code of 1991")

Republic Act No. 7653, as amended by R.A. No. 11211 (The New Central Bank Act)

Republic Act No. 7656 ("Dividends Law of 10 1994")

Republic Act No. 8424, as amended (Tax Reform Act of 1997)

Republic Act No. 9184 ("Government Procurement Reform Act")

Republic Act No. 10149 ("GOCC Governance Act of 2011")

Republic Act No. 10863 ("Customs Modernization and Tariff Act")

Republic Act No. 8799 ("The Securities Regulation Code")

Republic Act No. 11232 ("Revised Corporation Code of the Philippines"),

Presidential Decree No.1869, as amended (PAGCOR Charter)

Executive Order No. 81, as amended ("The 1986 Revised Charter of the Development Bank of the Philippines")

Executive Order No. 2, s. 2016 (Operationalizing the people's constitutional right to information and the state policies to full public disclosure and transparency in the public service)