

REPUBLIC OF THE PHILIPPINES
Congress of the Philippines
Metro Manila

Sixteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand fifteen.

REPUBLIC ACT No. 10881

An Act Amending Investment Restrictions in Specific Laws Governing Adjustment Companies, Lending Companies, Financing Companies and Investment Houses Cited in the Foreign Investment Negative List and for Other Purposes

Be it enacted by the Senate and House of Representatives of the Philippine Congress Assembled:

Section 1. Declaration of Policy. - It is the policy of the State to attract and promote investments from foreign individuals, partnerships, corporations and governments, including their political subdivisions, in activities that significantly contribute to industrialization, socioeconomic development and sustainable inclusive growth.

Given the country's development objectives and the need to increase investments to achieve these, amending the limitations on foreign investments or participation in certain activities listed in the Foreign Investment Negative List as provided for in specific laws, becomes necessary.

Section 2. Definition of Investment. - As used in this Act, investment shall refer to equity participation in any enterprise organized or existing under the laws of the Philippines and duly recorded in the Stock Transfer Book, or its equivalent, of the enterprise.

Section 3. Lifting of Nationality Requirements. - The nationality requirements for adjustment companies as provided in Presidential Decree No. 612, investment houses as provided in Presidential Decree No. 129, lending companies as provided in Republic Act No. 9474 and financing companies as provided in Republic Act No. 8556 are hereby repealed, subject to the provisions of this Act and the Constitution.

Section 4. Adjustment Companies. - Section 332 of Presidential Decree No. 612, otherwise known as "The Insurance Code", as amended by Republic Act No. 10607, is hereby amended to read as follows:

"Sec. 332. No person, partnership, association, or corporation shall act as an adjuster, as herein earlier defined, unless authorized so to act by virtue of a license issued or renewed by the Commissioner pursuant to the provisions of this Code."

Section 5. Lending Companies. - Section 6 of Republic Act No. 9474, otherwise known as the "Lending Company Regulation Act of 2007", is hereby amended to read as follows:

"Sec. 6. *Citizenship Requirements.* - A lending company may be owned up to one hundred percent (100%) by foreign nationals: *Provided, However,* That where the loan is secured by land, a lending company, more than forty percent (46%) of whose capital is owned by foreign nationals, may bid and take part in any sale of such land as a consequence of such mortgage, avail of enforcement proceedings, take possession, and transfer their rights to qualified Philippine nationals for a period not exceeding five (5) years from actual possession: *Provided, further,* That title to said land shall not be transferred to such lending companies: *Provided, finally,* That investments of a lending company shall be in accordance with the provisions of the Constitution."

Section 6. Financing Companies. - Section 6 of Republic Act o. 8556, otherwise known as the "Financing Company Act of 1998", is hereby amended to read as follows:

"Sec. 6. *Form of Organization and Capital Requirements.* - Financing companies shall be organized in the form of stock corporations, may be owned up to one hundred percent (100%) by foreign nationals, and shall have a paid-up capital of not less than ten million pesos (₱10,000,000.00) in case the financing company is located in Metro Manila and other first class cities, five million pesos (₱5,000,000.00) in other classes of cities and two million five hundred thousand pesos (₱2,500,000.00) in municipalities: *Provided,* That the Securities and Exchange Commission may adjust said minimum paid-up levels as it deems warranted by its prudential oversight requirements and consistent with the objectives of this Act: *Provided, However,* That financing companies duly existing and in operation before the effectivity of this Act shall comply with the minimum capital

requirement within one (1) year from the date of the said effectivity; and *Provided, further*, That where land is concerned, the financing company shall comply with the constitutional provision on foreign ownership of land."

Section 7. Investment Houses. - Section 5 of Presidential Decree No. 129, as amended by Republic Act No. 8366, otherwise known as "The Investment Houses Law", is hereby amended to read as follows:

"Sec. 5. *Citizenship Requirements.* - An Investment House may be owned up to one hundred percent (100%) by foreign nationals.^{18wphi1} Foreign nationals may become members of the board of directors to the extent of the foreign participation in the equity of said enterprise."

Section 8. Regulatory Powers of the Bangko Sentral ng Pilipinas. - Nothing in this Act shall preclude the Bangko Sentral Ng Pilipinas from exercising its powers and authorities over financing companies, lending companies and investment houses pursuant to existing laws.

Section 9. Separability Clause. - If any of the provisions of this Act is declared invalid, the other provisions not affected thereby shall remain in full force and effect.

Section 10. Repealing Clause. - All statutory laws, orders, issuances, rules and regulations and/or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 11. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,

FRANKLIN M. DRILON

President of the Senate

FELICIANO BELMONTE, JR.

Speaker of the House of Representatives

This Act which is a consolidation of Senate Bill No. 3023 and House Bill No. 6395 was finally passed by the Senate and the House of Representatives on February 3, 2016 and May 23, 2016, respectively.

OSCAR G. YABES

Secretary of the Senate

MARILYN B. BARUA-YAP

Secretary General

House of Representatives

Approved: July 17, 2016

(Sgd.) **BENIGNO S. AQUINO, III**

President of the Philippines