

Republic of the Philippines  
**Congress of the Philippines**  
Metro Manila  
Twelfth Congress  
Third Regular Session

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

[ REPUBLIC ACT NO. 9267 ]

AN ACT PROVIDING THE REGULATORY FRAMEWORK  
FOR SECURITIZATION AND GRANTING FOR THE  
PURPOSE EXEMPTIONS FROM THE OPERATION OF  
CERTAIN LAWS

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

ARTICLE I  
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as "The  
Securitization Act of 2004."

SEC. 2. *Declaration of Policy.* – It is the policy of the State  
to promote the development of the capital market by supporting  
securitization, by providing a legal and regulatory framework for  
securitization and by creating a favorable market environment  
for a range of asset-backed securities. For this purpose, the State  
shall rationalize the rules, regulations, and laws that impact upon  
the securitization process, particularly on matters of taxation and  
sale of real estate on installment. Furthermore, the State shall

pursue the development of a secondary market, particularly for residential mortgage-backed securities and other housing-related financial instruments, as essential to its goal of generating investment and accelerating the growth of the housing finance sector, especially for socialized and low-income housing. The State shall likewise pursue the development of a secondary market for other types of asset-backed securities (ABS).

SEC. 3. *Definition of Terms.* – For purposes of this Act, the term:

(a) "Securitization" means the process by which assets are sold on a without recourse basis by the Seller to a Special Purpose Entity (SPE) and the issuance of asset-backed securities (ABS) by the SPE which depend, for their payment, on the cash flow from the assets so sold and in accordance with the Plan.

(b) "Asset-backed securities (ABS)" refer to the certificates issued by an SPE, the repayment of which shall be derived from the cash flow of the assets in accordance with the Plan.

(c) "Assets", whether used alone or in the term "Asset-backed securities," refer to loans or receivables or other similar financial assets with an expected cash payment stream. The term "Assets" shall include, but shall not be limited to, receivables, mortgage loans and other debt instruments: *Provided*, That receivables that are to arise in the future and other receivables of similar nature shall be subject to approval by the Securities and Exchange Commission (SEC) or the Bangko Sentral ng Pilipinas (BSP), as the case may be: *Provided, further*, That the term "Assets" shall exclude receivables from future expectation of revenues by government, national or local, arising from royalties, fees or imposts.

(d) "Asset Pool" means the group of identified, homogeneous assets underlying the ABS.

(e) "Commission" refers to the Securities and Exchange Commission (SEC).

(f) "Credit Enhancement" means any legally enforceable scheme intended to improve the marketability of the ABS and

increase the probability that the holders of the ABS receive payment of amounts due them under the ABS in accordance with the Plan.

(g) "Originator" means the person or entity which was the original obligee of the Assets, such as a financial institution that grants a loan or a corporation in the books of which the Assets were created in accordance with the Plan.

(h) "Plan" means the plan for securitization as approved by the Commission.

(i) "Secondary Mortgage Institution (SMI)" means an entity created for the purpose of enhancing a secondary market for residential mortgages and housing-related ABS.

(j) "Seller" means the person or entity which conveys to the SPE the Assets forming the Asset Pool in accordance with the Plan. In most instances, the Seller may itself be the Originator.

(k) "Servicer" refers to the entity designated by the SPE to collect and record payments received on the assets, to remit such collections to the SPE, and perform such other services as may be specifically required by the SPE, excluding asset management or administration.

(l) "Special Purpose Entity (SPE)" means either a Special Purpose Corporation (SPC) or a Special Purpose Trust (SPT).

(m) "Special Purpose Corporation (SPC)" refers to a juridical person created in accordance with the Corporation Code of the Philippines solely for the purpose of securitization and to which the Seller makes a true and absolute sale of assets.

(n) "Special Purpose Trust (SPT)" means a trust administered by an entity duly licensed to perform trust functions under the General Banking Law, and created solely for the purpose of securitization and to which the Seller makes a true and absolute sale of assets.

**SEC. 4. Declaration of Principles.** – The Commission shall exercise the powers provided for in this Act in consonance with

the principles of full disclosure, transparency and accountability. The Commission shall include in its annual report the list of SPEs with the corresponding types and amounts of assets securitized.

## ARTICLE II SPECIAL PURPOSE ENTITY

SEC. 5. *Special Purpose Entity (SPE)*. – The SPE in the form of an SPC shall be a stock corporation established in accordance with the Corporation Code of the Philippines and the rules promulgated by the Commission solely for the purpose of securitization and registered as such with the Commission. An SPE constituted as an SPT shall be a trust administered by an entity duly licensed to perform trust functions under the General Banking Law and need not be registered as such with the Commission. In any event, the SPE, whether in the form of an SPT or SPC, shall be solely organized and operated for purposes of securitization in accordance with this Act. The Commission and the BSP shall, from time to time, determine the required capitalization for the SPCs and SPTs, respectively.

SEC. 6. *Approval of the Plan*. – After the establishment of an SPE pursuant to Section 5 hereof, the proposed Plan shall be submitted to the Commission for approval, which shall include the following:

(a) The nature and mechanics of the sale of assets from the Seller to the SPE, including the terms, conditions and circumstances specified in the Plan wherein the assets may be reverted to the Seller;

(b) The credit enhancements or liquidity supports for the ABS which may be provided in the following manner:

(i) standby letter of credit issued by a commercial bank or universal bank other than the trustee bank or the Originator or Seller or its subsidiary/affiliate, its parent company or the parent company's subsidiary/affiliate;

(ii) surety bond issued by any insurance company other than the Originator or Seller or its subsidiary or affiliate, its parent

company or the parent company's subsidiary or affiliate, or the parent or subsidiary of the trustee bank;

(iii) guarantee issued by any entity other than the Originator or Seller or its subsidiary/affiliate, its parent company or the parent company's subsidiary/affiliate, or the trustee bank or its parent or subsidiary;

(iv) over-collateralization provided by the Seller wherein the assets conveyed to the SPC or SPT exceed the amount of ABS to be issued;

(v) subordinated securities issued by an SPE to any entity including those issued to the Seller that are lower ranking, or junior to other obligations, and are paid after claims to holders of senior securities are satisfied; and

(vi) other credit enhancements as may be approved by the Commission.

(c) The identities and qualifications of the Originator, Seller, Servicer, underwriter and dealer of the ABS, and description of any compensation the issuer, seller or any underwriter has received or will receive in the future in connection with the ABS;

(d) The identity, qualifications and compensation of the trustee that will administer the assets conveyed to the SPE for the benefit of the ABS holders which trustee shall not be related directly or indirectly to the Originator or Seller;

(e) The aggregate principal amount of the value of ABS to be issued, the principal amount of each class within the ABS, and the denominations which shall not be lower than Five thousand pesos (P5,000.00) in which the ABS will be issued;

(f) The structure of the ABS to be registered, including the structure and payment priorities of each class of certificate within the ABS, anticipated payments and yields for each class, and the circumstances under which the ABS may be redeemed or retired;

(g) A full description of the assets contained, or to be contained, in the asset pool supporting the ABS;

(h) The rating agency/agencies for the ABS, the criteria used or to be used to rate the ABS, and any limitation, qualifications or material risks not addressed by the rating agency/agencies;

(i) A full description of how the issuer will collect and maintain remittances from the assets pending distribution to holders of the ABS, including the issuer's investment policies and the identity of the issuer's investment advisor, if any;

(j) The plan for the management and administration of the assets, asset pool and the ABS, including the disposition of the foreclosed properties, if any; and

(k) The manner of disposal of any residual value or asset with the SPE after all obligations to holders of ABS shall have been settled.

**SEC. 7. *Registration of Asset-Backed Securities (ABS).*** – All ABS shall be registered with the Commission in accordance with Sections 8 and 12 of the Securities Regulation Code and its implementing rules and regulations: *Provided, however,* That issuers of ABS falling under Sections 9 and 10 thereof shall be required to file with the Commission, a notice, with a disclosure statement.

**SEC. 8. *Approval.*** – The Commission shall issue to an SPC or SPT the corresponding order and permit to sell ABS only after compliance with all the registration requirements and the approval of the Plan by the Commission.

**SEC. 9. *Originator is a Bank; Special Purpose Trust.*** – In case the originator of the assets is a bank or any other financial intermediary which under special laws is subject to the supervision of the BSP, or an entity directly related to said bank or other financial intermediary, or in the event the SPE is constituted in the form of an SPT, an endorsement by the BSP of the Plan shall be required before its approval by the Commission.

SEC. 10. *Powers of the SPE.* – Each SPE shall have the power to:

- (a) Accept the sale or transfer of assets;
- (b) Issue and offer the ABS for sale to investors;
- (c) Undertake on its own or through contracts with any person, such activities as contained in the approved Plan;
- (d) Create any indebtedness or encumbrances to defray administrative or other necessary expenses as specified in the Plan; and
- (e) Pay out or invest its funds in accordance with the Plan or as approved by the Commission.

SEC. 11. *Restriction.* – The SPE shall not undertake any activity other than that contained in the approved Plan except upon a written approval of the Commission and the written consent of the holders of the ABS representing at least two-thirds (2/3) of the outstanding amount of the ABS: *Provided*, That in case the originator of the assets is a bank or any other financial intermediary which under special laws is subject to the supervision of the BSP, or an entity directly or indirectly related to said bank or other financial intermediary, or in the event the SPE is constituted in the form of an SPT, prior endorsement by the BSP is necessary.

SEC. 12. *Transfer of Assets and Security.* – The transfer of the assets from the Originator or Seller to the SPE shall be deemed to be a "true sale" when it results in the following:

- (a) The transferred Assets are legally isolated and put beyond the reach of the Originator or Seller and its creditors;
- (b) The transferee SPE has the right to pledge, mortgage or exchange those transferred Assets;
- (c) The transferor relinquishes effective control over the transferred assets;

(d) The transfer shall be effected by either a sale, assignment or exchange, in any event on a without recourse basis to the Originator or Seller;

(e) The transferee shall have the right to profits and disposition with respect to the assets;

(f) The transferor shall not have the right to recover the assets and the transferee shall not have the right to reimbursement of the price or other consideration paid for the assets; and

(g) The transferee shall undertake the risks associated with the assets. This shall not, however, prevent the transferor from giving normal representations or warranties in respect of the assets sold.

SEC. 13. *Withdrawal of Registration.* – If the Commission finds that the Originator or Seller has undertaken the securitization so as to seek the benefits of this Act without a true intention to carry it out, the Commission shall withdraw or cancel the registration of the ABS and the registration of the SPE as issuer, and cause the dissolution of the SPC or termination of the SPT. The Originator or Seller and as the case may be, the trustee, shall pay as fine an amount equal to the taxes from which the SPE has been exempted plus a surcharge of twenty-five percent (25%) of the face value of the ABS issued, without prejudice to the penalties under this law and the National Internal Revenue Code of 1997.

SEC. 14. *Inheritance and Donor's Tax Evasion.* – It shall be unlawful for any person, whether or not in contemplation of death, to cause directly or indirectly, the issuance, for the benefit of another or others, of ABS and avail of the tax incentives granted by this Act for the purpose of evading the payment of donor's or estate taxes.

SEC. 15. *Dissolution of the Special Purpose Entity (SPE).*  
– The SPE shall be dissolved in the following cases:

(a) It fails to accept the transfer of assets or issue ABS to investors within six (6) months from the date of approval of the Plan unless extended by the Commission;



(b) Holders of at least two thirds (2/3) of the total amount of its ABS still outstanding have resolved to dissolve the SPE and the approval of the Commission has been obtained; in case the Originator of the assets is a bank or any other financial intermediary which under special laws, is subject to the supervision of the BSP, or an entity directly or indirectly related to said bank or other financial intermediary, or in the event the SPE is constituted in the form of an SPT, an endorsement by the BSP shall be required prior to approval of the Commission;

(c) Conditions for dissolution that are specified in the Plan occur; or

(d) The Commission orders dissolution in accordance with Sections 13 and 19.

SEC. 16. *Effects of Dissolution of SPE.* – The SPE and the registration of the ABS shall be terminated, cancelled or withdrawn in any of the cases provided for under the last preceding section.

SEC. 17. *Appointment of an Interim Representative.* – If the Commission finds that an SPE has no authorized representative to act on its behalf or such persons cannot act for any reason resulting in the interruption of its activities pursuant to the approved Plan, the Commission shall have the power to appoint any person or persons to act as interim representative for the SPE. The interim representative shall have full and exclusive authority to implement the approved Plan.

In the event of an appointment of replacement of an interim representative, the Commission shall post the notice at the Commission's office and order its publication in at least two (2) newspapers of national circulation.

SEC. 18. *Delivery of Property and Records to Interim Representative.* – Where an interim representative has been appointed in accordance with Section 17:

(a) The directors, officers, or any employees of the SPE shall take all appropriate steps to safeguard the property and the benefits of the holders of the ABS of the SPE and shall deliver the property,

accounts, documents, and seals of the SPE to the interim representative; and

(b) Any person who possesses property or documents of the SPE shall notify the representative of such possession.

**SEC. 19. *Failure to Continue Business.*** – The Commission shall order the dissolution of an SPE upon a finding that the SPE cannot continue to undertake its business, and shall proceed to liquidate the SPE in accordance with the Corporation Code.

**SEC. 20. *Power of Inspection.*** – The Commission shall have the power to inspect or order the production of the records of the SPE.

### ARTICLE III THE SERVICER

**SEC. 21. *Duties.*** – The Servicer shall perform its duties pursuant to the terms and conditions of the servicing agreement and such other written instructions as the SPE, the trustee or its interim representative may issue on a case-to-case basis. Collections made by the Servicer shall be remitted promptly to the SPE or as may be agreed upon by the parties in the servicing agreement, but in no case shall the remittance period be longer than one (1) month.

**SEC 22. *Reports.*** – The Servicer shall prepare periodic reports as may be required by the SPE, the trustee or its interim representative within thirty (30) days, including reports of any borrower or obligor which fails to pay its debt or obligation at maturity date or any adverse development that may affect the collectibility of any loan account or receivable comprising the asset pool.

**SEC. 23. *Extent of Authority.*** – The Servicer shall have such authority as is expressly stated in the servicing agreement and unless otherwise specifically provided therein, such authority shall encompass the general powers of administration. The Servicer shall have no authority to waive penalties and charges except with a written authority from the Board of the SPE, the trustee or the interim representative, should one be appointed.

SEC. 24. *Qualifications.* – The Servicer shall be a corporation duly incorporated under Philippine law, with a minimum authorized capitalization of Ten million pesos (P10,000,000.00) or such higher amount as the Commission may prescribe. It shall be independent of the SPC or the trustee and shall not share common ownership, officers, or directors with the SPC or the trustee. The Originator or Seller may act as the Servicer as may be approved by the Commission or the BSP, as the case may be.

SEC. 25. *Standard of Conduct.* – The Servicer shall act with utmost good faith and shall perform its obligations under the servicing agreement with the due diligence of a good father of a family.

SEC. 26. *Penalties.* – Breach by the Servicer of its obligations arising from the failure to abide by the standard of conduct set forth in the preceding section shall subject the Servicer to the penalty of revocation of its corporate registration and a fine of not less than One million pesos (P1,000,000.00) and shall subject its officers and employees responsible for such noncompliance with the standard of conduct referred to above, to a penalty of imprisonment for not more than five (5) years and a fine of not less than One hundred thousand pesos (P100,000.00). Breach arising from bad faith or gross negligence shall subject the Servicer to revocation of its corporate registration and a fine of not less than Five million pesos (P5,000,000.00) and shall subject the officers and employees responsible for such breach to a penalty of imprisonment for not less than six (6) years and one (1) day up to a maximum of twenty (20) years and a fine of not less than Five hundred thousand pesos (P500,000.00).

#### ARTICLE IV TAX AND OTHER RELATED ISSUES

SEC. 27. *Income Taxation of Special Purpose Entity.* – The SPE in the form of an SPC shall be subject to income tax under Section 27(a), Chapter IV of the National Internal Revenue Code of 1997. An SPE constituted as an SPT shall be subject to income tax in accordance with the provisions of Section 61, Chapter X of the same Code.

**SEC. 28. *Transfer of Assets.*** – The sale or transfer of assets to the SPE, which includes sale or transfer of any and all security interest thereto, if made in accordance with the Plan shall be exempted from value-added tax (VAT) and documentary stamp tax (DST), or any other taxes imposed in lieu thereof. Except for registration fees with the Commission, all applicable registration and annotation fees to be paid, related or incidental to the transfer of assets, or the security interest thereto, shall be fifty percent (50%) of the applicable registration and annotation fees.

The transfer of assets by dation in payment (*dacion en pago*) by the obligor in favor of an SPE shall not be subject to capital gains tax as provided under Section 27(d)(5) of the National Internal Revenue Code of 1997.

**SEC. 29. *Issuance and Transfer of Securities.*** – The original issuance of ABS and other securities related solely to such securitization transaction, such as, but not limited to, seller's equity, subordinated debt instruments purchased by the originator, and other related forms of credit enhancement shall be exempt from VAT, or any other taxes imposed in lieu thereof, but subject to DST. All secondary trades and subsequent transfers of ABS, including all forms of credit enhancement in such instruments, shall be exempt from DST and VAT, or any other taxes imposed in lieu thereof.

**SEC. 30. *Non-Classification of SPE as a Bank, Quasi-Bank or Financial Intermediary.*** – The SPE, created pursuant to a Plan, shall not be classified as a bank, quasi-bank or financial intermediary under the provisions of the New Central Bank Act, the General Banking Law and the National Internal Revenue Code of 1997, and shall not be subject to the gross receipts tax (GRT) or any other tax imposed in lieu thereof.

**SEC. 31. *Securities not to be Categorized as Deposit Substitutes.*** – The ABS issued by an SPE pursuant to the Plan approved by the Commission shall not be considered as deposit substitutes under the laws mentioned in Section 30 hereof: *Provided, however,* That for purposes of taxation, the yield from the ABS shall be subject to a twenty percent (20%) final withholding tax, except those held by tax-exempt investors.

SEC. 32. *Re-transfer of Assets.* – Where the implementation of the Plan or the provisions of this Act requires or provides a transfer of the assets and collateral back to the Originator or Seller, then the provisions of Section 28 shall apply to such transfer.

SEC. 33. *Incentives for Securitization.* – In order to promote the securitization of the mortgage and housing-related receivables of the government housing agencies as may be determined by the Housing and Urban Development Coordinating Council (HUDCC) and the Department of Finance (DOF), the yield or income of the investor from any low-cost or socialized housing-related ABS shall be exempt from income tax.

SEC. 34. *Waiver of Rights.* – For purposes of securitization pursuant to this Act, the buyer of real estate on installment payments may agree to waive his rights under Republic Act No. 6552, the provision of Section 7 of the said Act notwithstanding.

## ARTICLE V

### SECONDARY MORTGAGE INSTITUTION

SEC. 35. *Registration of Secondary Mortgage Institution (SMI).* – An SMI, which shall be primarily responsible in providing liquidity mechanism to primary mortgage lenders/holders as well as in developing a secondary market for mortgage and housing-related ABS, shall also be registered with the Commission.

SEC. 36. *Registration of Business and Operational Plan.* – The SMI shall also register its business and operational plan with the Commission and shall, as a minimum, be subject to the same disclosure requirements as SPCs.

SEC. 37. *Promulgation of Rules.* – The Commission, in consultation with the BSP and the Insurance Commission (IC), shall promulgate rules regarding the ownership, organization, capitalization, and operation of the SMI.

In promulgating such rules, the Commission shall consider the size of the asset pools to be held by the SMI, the amount of debt to be issued by it, the extent of its operation and the powers of the SMI specified under this Act.

SEC. 38. *Powers of the SMI.* – For purposes of securitization under this Act and pursuant to the Plan submitted to the Commission, the SMI may perform any or all of the following:

(a) Wholesale purchase of residential mortgages and housing-related contract receivables;

(b) Buy and sell residential mortgage and housing-related ABS;

(c) Provide loans to primary lending institutions against residential mortgages;

(d) Issue housing-related ABS through an SPE, and issue bonds and other debt instruments;

(e) Perform ancillary functions including, but not limited to, title insurance, through a subsidiary, wholly or partially owned by an SMI, and loan servicing; and

(f) Perform such other functions as the Commission may determine necessary to mobilize and channel funds from the capital markets to the mortgage and housing finance sector.

SEC. 39. *SMI Capitalization and Organizational Requirements.* – Any SMI established for the housing sector shall be a stock corporation and shall have a minimum initial paid-up capital of Two billion pesos (P2,000,000,000.00): *Provided,* That the total obligations of the SMI, including both actual and contingent obligations, shall not exceed fifteen (15) times its paid-up capital: *Provided, further,* That the actual obligations of the SMI shall not exceed ten (10) times its paid-up capital: *Provided, furthermore,* That the ratios indicated herein may be adjusted by the Commission with the approval of the DOF and the BSP upon a showing that the conditions of the secondary and primary markets and the financial viability of the SMI warrant such adjustment: *Provided, finally,* That the investment of financial entities in the SMI shall be subjected to and be made to comply with the rules and regulations of the appropriate regulatory agency.

Government financial institutions and government-owned or-controlled corporations, may collectively hold and own up to a maximum of thirty percent (30%) of the SMI's capital: *Provided*, That such investment does not conflict with their existing charters.

A government financial institution may invest up to a maximum of ten percent (10%) of its total investible funds in housing-related assets or five percent (5%) in non-housing related assets: *Provided*, That such investment does not exceed five percent (5%) of the total amount of each ABS issue.

Within ten (10) years of its incorporation, the SMI shall offer and list at least twenty percent (20%) of its common shares in the stock exchange, which period shall be extendible only upon approval of the Commission in instances where the lack of financial viability of the SMI warrants such extension.

**SEC. 40. *Prohibited Activities of the SMI.*** – The SMI shall be prohibited from:

- (a) Originating or financing individual mortgage loans;
- (b) Providing loans to other parties engaged in a business other than that approved in the Plan submitted to the Commission; and
- (c) Providing capital equity to other companies.

**SEC. 41. *Extension of Benefits to the SMI.*** – The benefits provided to the transactions entered into by the SPCs under Sections 28 to 33 of this Act shall also be granted to the same transactions entered into by the SMIs for purposes of securitization in accordance with the provisions of this Act.

**SEC. 42. *Dissolution of the SMI.*** – The Commission shall order the dissolution and liquidation of the SMI upon a finding that it:

- (a) Cannot continue to undertake its business; or
- (b) Is not operating actively; or

(c) Is engaging in activities that conflict with its objectives as an SMI; or

(d) Has fulfilled a condition for dissolution specified in its Articles of Incorporation.

## ARTICLE VI RATING SYSTEM

SEC. 43. *Rating of ABS.* – No ABS shall be issued unless such ABS has been rated by a duly accredited credit rating agency.

SEC. 44. *Credit Rating Agency.* – Every credit rating agency which now exists or which may hereafter be formed shall be subject to the provisions of this Act.

SEC. 45. *Accreditation of Credit Rating Agency.* – No credit rating agency shall commence rate-making operations pursuant to this Act until it shall have obtained an accreditation from the Commission under such rules and regulations as the Commission may deem appropriate.

SEC. 46. *Examination of Credit Rating Agencies.* – Credit rating agencies shall be subject to examination by the Commission as the latter may deem warranted: *Provided*, That the Commission shall conduct an examination of the credit rating agencies at least once every three (3) years.

SEC. 47. *Noncompliance of Accredited Rating Agencies.* – The Commission may suspend or revoke the accreditation given to any credit rating agency which fails to comply with the Commission's lawful order within the time limited by such order, or any extension thereof which the Commission may grant.

## ARTICLE VII PENAL PROVISIONS

SEC. 48. *Penalties.* – Any person who violates any of the provisions of this Act, or the rules and regulations promulgated by the Commission under authority hereof, or any person who, in a registration statement, notice, or Plan filed under this Act, makes



any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, shall, upon conviction, suffer a fine of not less than Fifty thousand pesos (P50,000.00) nor more than Five million pesos (P5,000,000.00) or imprisonment of not less than six (6) years and one (1) day nor more than twenty-one (21) years, or both in the discretion of the court. If the offender is a corporation, partnership or association or other juridical entity, the penalty may in the discretion of the court be imposed upon such juridical entity and upon the officer or officers of the corporation, partnership, association or entity responsible for the violation, and if such officer is an alien, he shall in addition to the penalties prescribed, be deported without further proceedings after service of sentence.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

SEC. 49. *Implementing Rules and Regulations (IRR).* – The Commission, in coordination with the BSP, DOF and the IC, shall promulgate the implementing rules and regulations which shall be submitted to the Congressional Oversight Committee which shall review, revise and approve the same: *Provided*, That the Commission, BSP, DOF and the IC may continue to issue separate regulations that will apply exclusively to the institutions under their respective jurisdiction, consistent with the IRR as approved by the Congressional Oversight Committee.

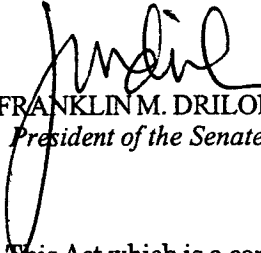
SEC. 50. *Congressional Oversight Committee.* – There is hereby created a Congressional Oversight Committee composed of seven (7) members from the Senate and seven (7) members from the House of Representatives. The members from the Senate shall be appointed by the Senate President with at least two (2) Senators representing the Minority. The members from the House of Representatives shall also be appointed by the Speaker with at least two (2) members representing the Minority. After the Oversight Committee has approved the IRR, it shall thereafter become *functus officio*, and therefore cease to exist.

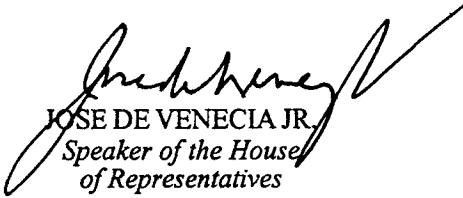
SEC. 51. *Repealing Clause.* – All laws, executive orders, rules and regulations, and parts thereof which are inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 52. *Separability Clause.* – If for any reason any article or provision of this Act or any portion thereof or application of such article, provision, or portion thereof to any person, group, or circumstance is declared invalid or unconstitutional, the remainder of this Act shall not be affected by such decision.

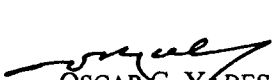
SEC. 53. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) newspapers of general circulation, whichever comes earlier.


Approved,

  
FRANKLIN M. DRILON  
*President of the Senate*


  
JOSE DE VENECIA JR.  
*Speaker of the House  
of Representatives*

This Act which is a consolidation of House Bill No. 4453 and Senate Bill No. 2095 was finally passed by the House of Representatives and the Senate on January 28, 2004 and January 29, 2004, respectively.

  
OSCAR G. YABES  
*Secretary of the Senate*

  
ROBERT P. NAZARENO  
*Secretary General  
House of Representatives*

Approved: **MAR 19 2004**

  
GLORIA MACAPAGAL-ARROYO  
*President of the Philippines*

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