



1 by facilitating trade and investment through the responsible management of  
2 the trade in strategic goods and the regulation of the provision of related  
3 services.

4 Toward this end and consistent with its foreign policy and national  
5 security interests, and in support of efforts to counter terrorism, control  
6 crime, and safeguard public safety, the State shall manage the trade of  
7 *strategic goods and regulate the provision of related services in accordance*  
8 with international standards and best practices.

9 SEC. 3. *Scope and Coverage.* – This Act shall apply to:

10 (a) Any natural or juridical person operating within the Philippines  
11 who engages or intends to engage in the export of strategic goods from the  
12 Philippines, including designated special economic and freeport zones, the  
13 import of strategic goods into the Philippines; or the transit or transshipment  
14 of strategic goods through the territory of the Philippines and the provision of  
15 related services; and all Filipino persons providing these services wherever  
16 located; and

17 (b) The re-export of strategic goods that have been imported from the  
18 Philippines to a foreign country, and the reassignment of strategic goods  
19 imported from the Philippines to a new end-user of the importing country  
20 subject to authorization under this Act.

21 SEC. 4. *The National Strategic Goods List.* – There shall be a  
22 National Strategic Goods List (NSGL) specifying the strategic goods  
23 subject to authorization. The NSGL shall be in conformity with  
24 international commitments and nonproliferation obligations pursuant to  
25 bilateral and multilateral treaties, international conventions and  
26 international nonproliferation regimes.

1           Upon its establishment, the NSGL shall be published in the *Official*  
2 *Gazette* and in at least two (2) newspapers of general circulation. The  
3 NSGL shall be reviewed and updated on a regular basis.

4           Updates and revisions to the NSGL shall also be published in the  
5 *Official Gazette* and in at least two (2) newspapers of general circulation.  
6 The NSGL may include strategic goods that may be placed under unilateral  
7 controls for reasons of national security, foreign policy, anti-terrorism, crime  
8 control, and public safety, to be known as “Nationally Controlled Goods”.

9           The NSGL shall comprise three (3) annexes: Military Goods (Annex 1),  
10 Dual-Use Goods (Annex 2), and Nationally Controlled Goods (Annex 3).

11           SEC. 5. *Definition of Terms.* – As used in this Act:

12           (a) *Authorization* refers to an individual, global or general license  
13 issued by the Strategic Trade Management Office (STMO) for the export,  
14 import, re-export, reassignment, transit, and transshipment of strategic  
15 goods and provision of related services;

16           (b) *Brokering* refers to activities such as: (1) negotiating or arranging  
17 transactions that involve the shipment of strategic goods from a foreign  
18 country to any other foreign country; or (2) selling or buying with the intent  
19 to move strategic goods that are in a broker’s possession or control from a  
20 foreign country to any other foreign country;

21           (c) *Carrier* refers to any vessel, train, vehicle, aircraft, or other modes  
22 of transportation;

23           (d) *Document* refers to any record on paper, in electronic form, kept  
24 on any magnetic, optical, chemical, or other medium; photograph, map, plan,  
25 graph, picture or drawing or device;

26           (e) *Dual-use goods* refer to items, software, and technology which  
27 can be used for both civil and military end-use or in connection with  
28 the development, production, handling, operation, maintenance, storage,

1 detection, identification, or dissemination of WMD or their means of delivery,  
2 which under this Act, are considered strategic goods;

3 (f) *End-use control* refers to a specific procedure authorizing the  
4 establishment of controls over any item, software, and technology not listed  
5 in the NSGL (unlisted goods) based on concerns related to WMD, their  
6 means of delivery, or military end-use in destinations subject to embargoes  
7 decided by the United Nations (UN) Security Council, or to  
8 prohibited/restricted end-users;

9 (g) *End-user* refers to a person who is outside or inside the Philippines  
10 and is the recipient and ultimate user of the strategic goods and related services  
11 that are exported from or imported to the Philippines;

12 (h) *End-user certificate* refers to a document which contains  
13 confirmation of the following: (1) that the end-user has undertaken to import  
14 the goods with specific value and amount; (2) the purpose of the use of the  
15 goods; and (3) that the end-user shall not re-export or reassign the goods  
16 without prior written authorization. The certificate likewise refers to a  
17 document that verifies the end-use and end-user of military and dual-use items  
18 as defined by this Act;

19 (i) *Export* refers to an actual shipment of strategic goods out of  
20 the Philippines, or to a transmission of software and technology by  
21 electronic media, including by fax, telephone, electronic mail or any other  
22 electronic means to an ultimate destination outside the Philippines. The  
23 term includes making available in electronic form such software  
24 and technology to persons outside the Philippines. It also applies to  
25 non-electronic reassignments of software or technology through  
26 face-to-face communication, personal demonstration, or handing over  
27 material or information to a foreign person wherever located;

1           (j) *Financing* refers to the act of making available or providing funds  
2 to facilitate the movement/flow of: (1) strategic goods and/or related service  
3 if this contributes to WMD or their means of delivery; or (2) military goods,  
4 if destined for a destination subject to a UN Security Council embargo or to  
5 prohibited/restricted end-users;

6           (k) *Import* refers to the shipment of strategic goods or transmission of  
7 software or technology by any means from a foreign country into the  
8 Philippines;

9           (l) *Juridical person* refers to either: (1) a partnership, a  
10 cooperative, or a private corporation, to which the law grants a juridical  
11 personality, separate and distinct from that of each shareholder, partner, or  
12 member; or (2) a government-owned and -controlled corporation created  
13 by law that engages or intends to engage in the trade of strategic goods or  
14 provision of related services;

15           (m) *Knowledge* refers to the awareness or cognizance that a  
16 circumstance exists or is substantially certain to occur. It is also an  
17 awareness or cognizance of facts and circumstances that would lead a  
18 reasonable person to believe its existence or factual occurrence. It also  
19 refers to the willful disregard of facts known to a person or willful  
20 avoidance of facts;

21           (n) *Military goods* refer to items, software, and technology that are  
22 specifically designed, developed, configured, adapted, or modified for a  
23 military end-use. These goods are listed in Annex 1 of the NSGL;

24           (o) *Military end-use* refers to the: (1) incorporation into "military  
25 goods" listed in the NSGL; (2) use of production, test, or analytical equipment  
26 and its components for the development, production, or maintenance of  
27 "military goods" listed in the NSGL; and (3) use of any unfinished product in  
28 a plant for the production of military goods listed in the NSGL;

1 (p) *Premises* refer to lands, places or buildings, whether open or  
2 enclosed, and whether built on or not, including free trade zones within the  
3 territory of the Philippines;

4 (q) *Reassignment* refers to the reallocation of strategic goods  
5 previously exported from the Philippines from one (1) person to another  
6 within a single foreign country by any means, including the electronic  
7 transmission of software and technology;

8 (r) *Re-export* refers to the export to a foreign country of strategic  
9 goods either previously imported to or exported from the Philippines;

10 (s) *Registration* refers to the act of entering into the registry  
11 established by the STMO, the names of exporters, importers and brokers  
12 of strategic goods and providers of services;

13 (t) *Related services* refer to services comprising of technical  
14 assistance, brokering, financing, and transporting, in relation to the movement  
15 of strategic goods between two (2) foreign countries;

16 (u) *Software* refers to a collection of one or more computer  
17 programs or micro programs fixed in any tangible medium of expression;

18 (v) *Strategic goods* refer to goods listed in the NSGL under Annex 1  
19 (Military Goods), Annex 2 (Dual-Use Goods), and Annex 3 (Nationally  
20 Controlled Goods), and unlisted goods as provided for in Section 11 of this  
21 Act;

22 (w) *Technical assistance* refers to any support provided in relation  
23 to strategic goods such as repair, development, manufacture, assembly,  
24 testing, maintenance, or any other technical service, and may take such  
25 forms as instruction, training, transmission of working knowledge or skills,  
26 or consulting services. Technical assistance can be provided by, *inter alia*,  
27 verbal communication or electronic means;

1 (x) *Technology* refers to specific information and processes  
2 necessary for the development, production, or use of strategic goods, and  
3 may take such forms as blueprints, plans, diagrams, models, formulae,  
4 tables, engineering designs and specifications, manuals, and instructions  
5 written or recorded on other media or devices such as disk, tape, and read-only  
6 memories;

7 (y) *Transporting* refers to the act of moving the strategic goods,  
8 agreeing to move them, any supporting service being provided to the  
9 transport provider, and any act calculated to promote their supply or  
10 delivery if this contributes to WMD, or means of their delivery, or military  
11 goods if destined to an embargoed destination subject to a UN Security  
12 Council embargo, or to prohibited/restricted end-users;

13 (z) *Transit* refers to a shipment of strategic goods entering and passing  
14 through the territory of the Philippines with an ultimate destination outside the  
15 Philippines in such a manner that the strategic goods remain at all times in or  
16 on the same carrier;

17 (aa) *Transshipment* refers to a mode of shipping goods on a carrier  
18 which enters the territory of the Philippines, wherein the goods are unloaded  
19 from the carrier and reloaded in the same or on another carrier that is bound  
20 for an ultimate destination outside the Philippines;

21 (bb) *Unlisted goods* refer to goods that are not on the NSGL and may  
22 be subject to an authorization requirement under this Act; and

23 (cc) *Weapons of mass destruction (WMD)* refers to any destructive  
24 device or weapon that is designed or intended to cause death or serious  
25 bodily injury through the release, dissemination, or impact of toxic or  
26 poisonous chemicals or their precursors, any weapon involving a biological  
27 agent, toxin, or vector, or any weapon that is designed to release radiation  
28 or radioactivity at a level dangerous to human life. This includes: (1) nuclear

1 and radiological explosive devices and their major subsystems;  
2 (2) chemicals covered by Schedules I, II and III of the Chemical  
3 Weapons Convention; and (3) biological agents and biologically derived  
4 substances specifically developed, configured, adapted, or modified for the  
5 purpose of increasing their capability to produce casualties in humans or  
6 livestock, degrade equipment, or damage crops.

## 7 CHAPTER II

### 8 IMPLEMENTING STRUCTURE AND MECHANISM

9 SEC. 6. *Central Authority.* – A permanent committee under the  
10 National Security Council (NSC), to be known as the NSC-Strategic Trade  
11 Management Committee (NSC-STMCom), is hereby constituted and deemed  
12 the central authority on any and all matters relating to strategic trade  
13 management with the following composition:

- 14 (a) The Executive Secretary, as Chairperson;  
15 (b) The Secretary of Trade and Industry, as Vice Chairperson;  
16 (c) *The Secretary of Foreign Affairs, as member;*  
17 (d) The Secretary of Justice, as member;  
18 (e) The Secretary of National Defense, as member;  
19 (f) *The Secretary of the Interior and Local Government, as member;*  
20 (g) The Secretary of Finance, as member;  
21 (h) The Secretary of Transportation and Communications, as member;  
22 (i) *The Secretary of Environment and Natural Resources, as member;*  
23 (j) The Secretary of Science and Technology, as member;  
24 (k) The Secretary of Agriculture, as member;  
25 (l) The Secretary of Health, as member; and  
26 (m) The National Security Advisor, as member.

27 The Program Management Center (PMC) of the Anti-Terrorism Council  
28 (ATC) shall serve as the Secretariat.



1           The members may designate a representative to the NSC-STMCom,  
2 who shall have a rank not lower than an Undersecretary. Five (5) members of  
3 the NSC-STMCom shall constitute a quorum for the transaction of business.

4           For purposes of this Act, the NSC-STMCom shall be complemented by  
5 the following support agencies and bureaus:

- 6           (1) Armed Forces of the Philippines (AFP);
- 7           (2) Bureau of Animal Industry (DA-BAI);
- 8           (3) Bureau of Customs (DOF-BOC);
- 9           (4) Bureau of Quarantine (DOH-BOQ);
- 10          (5) Food and Drug Administration (DOH-FDA);
- 11          (6) Information and Communications Technology Office  
12 (DOST-ICTO);
- 13          (7) National Bureau of Investigation (DOJ-NBI);
- 14          (8) Office of the Special Envoy on Transnational Crime (OSETC);
- 15          (9) Office of Transport Security (DOTC-OTS);
- 16          (10) Philippine Coast Guard (PCG);
- 17          (11) Philippine Drug Enforcement Agency (PDEA);
- 18          (12) Philippine National Police (PNP);
- 19          (13) *Philippine Nuclear Research Institute (DOST-PNRI); and*
- 20          (14) Presidential Legislative Liaison Office (OP-PLLO).

21          The NSC-STMCom may also call upon the help of other offices,  
22 agencies, or units as necessary.

23          *SEC. 7. Powers and Functions of the NSC-STMCom.* – As the  
24 central authority focused on the country's international commitment towards  
25 the promotion of a secured and safe environment for trade in strategic goods  
26 consistent with the objectives of this Act, the NSC-STMCom shall have the  
27 following powers and functions:

1 (a) Formulate and adopt strategies, policies and guidelines for the  
2 effective implementation of this Act;

3 (b) Establish, publish, review and update the NSGL;

4 (c) Develop a standard end-users' certification;

5 (d) Monitor and evaluate the implementation of plans, programs  
6 and activities of the STMO;

7 (e) Review and decide appeals on decisions made by the STMO;

8 (f) Establish exemptions from an authorization requirement as  
9 provided for in Section 15 of this Act, and taking into consideration national  
10 security, foreign policy and law enforcement concerns. These exemptions  
11 shall be published, reviewed and updated;

12 (g) Create working groups on specific issues by enlisting the  
13 assistance and support of government agencies, the academe, as well as  
14 private institutions, or persons to carry out its functions;

15 (h) Establish and maintain coordination, cooperation, assistance and  
16 information sharing with government agencies in the implementation of this  
17 Act;

18 (i) Establish and maintain coordination, cooperation, assistance and  
19 information sharing with other nations in the regulation of strategic goods; and

20 (j) Perform such other tasks and functions it may deem necessary to  
21 effectively carry out the provisions of this Act.

22 SEC. 8. *Executive and Technical Arm.* – The Strategic Trade  
23 Management Office (STMO) is hereby created as a bureau under the  
24 administrative supervision of the Department of Trade and Industry (DTI) to  
25 serve as the executive and technical agency of the national management  
26 systems for the trade in strategic goods pursuant to this Act. The STMO shall  
27 be headed by a Director IV who shall be responsible for the pursuit of the  
28 office mandate, the discharge of its duties and functions and the exercise of

1 supervision and control over the STMO and its constituent units. The STMO,  
2 through the Secretary of Trade and Industry, shall submit periodic updates to  
3 the NSC-STMCom.

4 The organizational structure and staffing pattern of the STMO shall be  
5 formulated by the DTI Secretary in coordination with the NSC-STMCom,  
6 subject to the approval of the Department of Budget and Management (DBM)  
7 in accordance with Executive Order No. 292 (Administrative Code of 1987).

8 SEC. 9. *Powers and Functions of the STMO.* -- The Strategic Trade  
9 Management Office (STMO) shall have the following powers and functions:

10 (a) Implement strategies, policies and guidelines formulated by  
11 the NSC-STMCom and develop, evaluate, and monitor corresponding  
12 programs and activities;

13 (b) Develop and maintain the register and carry out registration  
14 activities to include registration, registration with conditions, denial of  
15 registration, modification, suspension, revocation or annulment of  
16 registration;

17 (c) Establish and maintain a comprehensive database information  
18 system on strategic goods and on persons engaged in the trade of strategic  
19 goods and the provision of related services;

20 (d) Issue or deny the issuance of authorizations for the trade of  
21 strategic goods and the provision of related services;

22 (e) Modify, condition, limit, suspend, revoke, or annul  
23 authorizations that have been issued as circumstances warranting  
24 consultation with the NSC-STMCom;

25 (f) Issue, modify, suspend and revoke governmental end-use  
26 assurances in consultation with the NSC-STMCom;

1 (g) Ensure and operate end-use/end-user controls and establish  
2 compliance checks and exercise authority to enter premises for such  
3 purposes;

4 (h) Issue warning letters and orders for corrective action;

5 (i) Conduct preliminary investigation into violations committed  
6 under this Act;

7 (j) Undertake the enforcement of the provisions of this Act in  
8 cooperation with other agencies;

9 (k) Coordinate, cooperate, provide assistance and share information  
10 with the Anti-Terrorism Council and other departments/agencies in the  
11 implementation of this Act;

12 (l) Conduct capacity-building and training of personnel for the  
13 effective implementation of this Act;

14 (m) Coordinate with the industry and the public regarding their  
15 obligations under this Act;

16 (n) Encourage and facilitate international cooperation, including the  
17 exchange of assistance such as information on matters regarding the  
18 implementation and application of this Act or its implementing rules and  
19 regulations (IRR); and

20 (o) Perform such other tasks and functions necessary to effectively  
21 carry out the provisions of this Act.

## 22 CHAPTER III

### 23 RESPONSIBILITIES OF PERSONS 24 IN STRATEGIC TRADE TRANSACTIONS

25 SEC. 10. *Responsibilities of Persons.* – It shall be the responsibility  
26 of any person, subject to this Act, to ascertain whether certain goods fall  
27 under the NSGL or is subject to authorization under this Act. Any person  
28 who intends to engage in the export, import, transit, and transshipment of

1 strategic goods, or the provision of related services shall be required to  
2 obtain an authorization from the STMO as provided in this Act and its  
3 implementing rules and regulations. In addition, any person who intends to  
4 engage in the re-export or reassignment of strategic goods is required to obtain  
5 an authorization when this has been made a condition for the authorization of  
6 the exports from the Philippines.

7 No person shall be allowed to place any strategic good in or on any  
8 carrier located within the territorial and economic jurisdiction of the  
9 Philippines without the consent of the owner or operator of the carrier.  
10 Such owners and operators shall be prohibited from allowing the  
11 placement of strategic goods in or on any carrier unless the person  
12 presents an authorization issued by the STMO to export, import, transit or  
13 transship strategic goods.

14 The customs broker shall submit to the Bureau of Customs, a copy of  
15 the authorization and a copy of the extract of the manifest of the carrier, in or  
16 on which the strategic goods were loaded prior to its departure or arrival.

17 All persons engaged in the business involving strategic goods are  
18 required to keep at their principal place of business, in the manner  
19 prescribed by the rules and regulations to be issued by the  
20 NSC-STMCom to implement this Act, for a period of ten (10) years from the  
21 date of the completion of the transaction, all records of the transaction and/or  
22 books of accounts, business and computer systems and all commercial and  
23 technical data related to the transaction including:

- 24 (a) The description of the strategic goods or related services;  
25 (b) The quantity and the value of the strategic goods or value of the  
26 related service provided;  
27 (c) The name and address of the parties in the transaction or activity;

1 (d) The end-use and end-user of the strategic goods or related services;

2 and

3 (e) The date of the transaction or activity.

4 SEC. 11. *End-Use Controls*. – End-use controls may be imposed on  
5 strategic goods that are not on the NSGL (unlisted goods) and related services,  
6 and shall apply as follows:

7 (a) An individual license shall be required for the export, re-export,  
8 reassignment, transit and transshipment of unlisted goods, the provision of  
9 technical assistance or related services if the exporter or principal party has  
10 been informed by the STMO that the goods or services are or may be used,  
11 partly or entirely, in connection with the acquisition, development, production,  
12 handling, operation, maintenance, storage, detection, identification or  
13 dissemination of WMD or their means of delivery;

14 (b) An individual license shall also be required for the export,  
15 re-export, reassignment, transit and transshipment of unlisted goods, the  
16 provision of technical assistance or related services if the purchasing country  
17 or country of destination or juridical or natural person receiving the goods is  
18 subject to an international sanction or an arms embargo imposed by a binding  
19 resolution of the UN Security Council and if the exporter or principal party has  
20 been informed by the STMO in close consultation with the NSC-STMCom  
21 that the goods in question are or may be used, partly or entirely, for a military  
22 end-use;

23 (c) An individual license shall also be required for the export of  
24 unlisted goods, or the provision of related services if the exporter has been  
25 informed by the STMO that the goods in question are or may be used, partly or  
26 entirely, as parts or components of military items listed in the NSGL, that have  
27 been exported from the territory of Philippines without license or in violation  
28 of a license; and

1           (d) If an exporter or principal party has knowledge or has grounds for  
2 suspecting that unlisted goods proposed for export are or may be used, partly  
3 or entirely, for any of the uses referred to in paragraphs (a), and (b), or for  
4 suspecting that the provision of related services will facilitate that use, the  
5 exporter or principal party must notify the STMO. The STMO shall decide  
6 whether or not such goods are subject to a license.

7           SEC. 12 *Control Over End-Use of Strategic Goods in the Philippines*  
8 *Under Governmental End-Use Assurances.* – The STMO, in consultation  
9 with the NSC-STMCom as may be necessary, is authorized to certify the  
10 end-use of strategic goods in the Philippines based on the International  
11 Import Certificate, End-Use Certificate and Delivery Verification Certificate.

12           The STMO, within the limits of its competence on the basis of end-use  
13 licensing documents, shall exercise the certification of the end-use of strategic  
14 goods. In addition to the standard end-use certification assurances contained  
15 in the end-use documents, the STMO, in consultation with the NSC-STMCom,  
16 may add other terms and conditions in order to meet the requirements of the  
17 exporting country of the goods and the security interest of the *Philippines*.

18           The STMO shall be responsible for informing the competent authority  
19 of the end-use country and all countries through which the goods will be  
20 transshipped or transited. In fulfilling this responsibility, the STMO may  
21 request additional documents such as declarations of the shippers or refer to  
22 other relevant information obtained in the course of performing their  
23 functions under this Act.

24           The application, issuance, modification, suspension, or revocation  
25 procedures of end-use certification documentation shall be in accordance  
26 with the IRR and in consultation with the NSC-STMCom as may be  
27 necessary.

1           SEC. 13. *Registration.* – Any person who engages or intends to  
2 engage in the export, import and re-export of strategic goods or provide  
3 related services shall register directly with the STMO.

4           SEC. 14. *Issuance of Authorization.* – Any person, prior to engaging  
5 in the export, import, re-export, reassignment, transit, transshipment of  
6 strategic goods, or provision of related services shall apply for an  
7 authorization from the STMO. The application shall be in the manner and  
8 form prescribed under the IRR of this Act. The STMO is authorized to  
9 collect fees to cover the cost to be incurred in the processing of applications  
10 for authorization.

11           The STMO may issue an authorization to an applicant subject to  
12 conditions it may deem fit. It may renew an authorization with or without  
13 conditions.

14           The STMO may deny, issue with or without conditions, modify, limit,  
15 suspend, revoke, or annul the authorization based on its discretionary powers  
16 as specified in the IRR.

17           SEC. 15. *Exemption from Authorization Requirement.* – An  
18 authorization is not required under the following circumstances:

19           (a) Import of strategic goods by the government for the use of the  
20 Philippine military or police forces;

21           (b) Temporary export of strategic goods by the government for the use  
22 of the Philippine military or police forces assigned outside of Philippine  
23 jurisdiction;

24           (c) Export, transit, and transshipment of strategic goods which are  
25 provided in connection with a military, peacekeeping, or government  
26 humanitarian mission;

27           (d) Export, import, transit and transshipment of strategic goods by the  
28 government in connection with law enforcement activities; and



1 (e) Any other circumstance as may be provided by the NSC-STMCom  
2 pursuant to Section 7(f) of this Act.

3 SEC. 16. *Administrative Appeals.* – Any person whose registration or  
4 authorization has been denied, suspended, modified, limited, revoked, or  
5 annulled, and any person upon whom administrative penalties have been  
6 imposed, shall have the right to appeal in accordance with the IRR. The  
7 decision on the appeal is final and executory.

8 SEC. 17. *Liability Limitation.* – If the STMO denies, suspends,  
9 limits, revokes or annuls an authorization or registration, it shall not be liable  
10 for damages that may be caused by such acts.

11 SEC. 18. *Confidentiality of Business Proprietary Information.* –  
12 Any information obtained under this Act that are marked as confidential  
13 business information shall not be disclosed to any other party except in the  
14 furtherance of justice and law enforcement, national security or foreign policy  
15 interest, as determined by the STMO, unless the party providing such  
16 information has consented to its disclosure.

#### 17 CHAPTER IV

##### 18 LIABILITIES, VIOLATIONS, PENALTIES AND SANCTIONS

19 SEC. 19. *Unlawful Acts and Penalties.* –

20 (a) The penalty of imprisonment ranging from six (6) years and one (1)  
21 day to twelve (12) years, and a fine of not less than one million pesos  
22 (P1,000,000.00) but not more than five million pesos (P5,000,000.00) shall be  
23 imposed on a person who willfully and intentionally commits the following  
24 acts:

25 (1) Failing to register; acting without an authorization; or acting in  
26 breach of the conditions and terms of an authorization or governmental end-use  
27 assurance, or engaging in any of the regulated activity prohibited by, or in  
28 contravention of this Act;

1           (2) Making false or misleading representations or concealing any  
2 material fact, including in the submission of any document, to the  
3 NSC-STMCom or the STMO or any other Philippine government agency;

4           (3) Performing any activity prohibited by, or in contravention of, any  
5 order or regulation issued by the NSC-STMCom to implement the provisions  
6 of this Act;

7           (4) Conspiring or acting in concert with one or more persons in any  
8 manner or for any purpose to bring about or doing any act that constitutes a  
9 violation of this Act, or any order, regulation, or authorization issued  
10 hereunder;

11           (5) Forging or altering any authorization, registration, certificate, or  
12 any other document issued under the provisions of this Act;

13           (6) Obstructing or hindering the NSC-STMCom or any government  
14 agency in the execution of its powers conferred under this Act; or

15           (7) Inducing a violation of this Act or any order, regulation, or  
16 authorization issued in relation to this Act.

17           (b) The penalty of imprisonment ranging from six (6) months and one  
18 (1) day to six (6) years, and a fine of not less than one hundred thousand pesos  
19 (P100,000.00) but not more than one million pesos (P1,000,000.00) shall be  
20 imposed on a person who commits the following acts:

21           (1) Failing to report to or notify the STMO as required by this Act;

22           (2) Failing to comply with record keeping requirements as provided in  
23 this Act; or

24           (3) Engaging in any activity with intent to evade the provisions of  
25 this Act, or any order, regulation, or authorization issued in relation to this  
26 Act.

27           SEC. 20. *Attempt to Commit Violations of this Act.* – Any attempt to  
28 commit any crime under Section 19(a) of this Act shall be penalized with

1 imprisonment ranging from six (6) months and one (1) day to six (6) years, and  
2 a fine of not less than one hundred thousand pesos (P100,000.00) but not more  
3 than one million pesos (P1,000,000.00).

4 SEC. 21. *Investigation.* – If in the course of conducting an  
5 investigation for violations committed under this Act, the STMO comes across  
6 evidence of possible criminal violations, it shall refer the matter and turn over  
7 all available evidence to the following agencies:

8 (a) Bureau of Customs (BOC) on matters involving violations of  
9 import and export provisions of this Act as well as the Tariff and Customs  
10 Code;

11 (b) Philippine Coast Guard (PCG) on matters involving violations that  
12 pertain to physical or outright smuggling on border security; or

13 (c) Philippine National Police/National Bureau of Investigation  
14 (PNP/NBI) on acts involving violations outside the jurisdiction of the BOC  
15 and PCG.

16 After a finding that a *prima facie* case exists, the aforementioned  
17 agencies shall refer the case to the Department of Justice (DOJ) for preliminary  
18 investigation.

19 The appropriate forfeiture proceedings for materials and goods  
20 confiscated shall be filed in accordance with existing laws, rules and  
21 regulations.

22 SEC. 22. *Administrative Penalties.* – The STMO shall impose on  
23 any person found to have committed violations under this Act the  
24 following administrative penalties:

25 (a) Limitation, revocation or annulment of any authorization and/or  
26 registration;

1 (b) Fine of up to two hundred fifty thousand pesos (P250,000.00) or  
2 twice the value of the strategic goods or related services under the contract  
3 or as assessed by the STMO; and

4 (c) Upon request by the STMO, revocation or suspension of the  
5 registration and authorization/license to operate of the partnership,  
6 corporation, association and other juridical entity by the DTI or the  
7 Securities and Exchange Commission (SEC).

8 The imposition of the foregoing penalties shall be without prejudice  
9 to the filing of the appropriate criminal charges against the persons  
10 responsible for the violation.

11 *SEC. 23. Criminal Liability of Officers of Partnerships,*  
12 *Corporations, and Other Juridical Entities.* – When a violation of this  
13 Act is committed by a partnership, corporation, association, or any other  
14 juridical person, the partner, president, director, manager, trustee,  
15 administrator, or officer who willfully and intentionally consents to, or  
16 tolerates such violation shall be held criminally liable as a co-principal. The  
17 penalty for the violation shall be imposed upon the responsible officers who  
18 participated in the commission of the crime or who have willfully and  
19 intentionally permitted its commission.

20 *SEC. 24. Administrative Liability of Government Officials and*  
21 *Employees.* – Any government official or employee who commits, or  
22 facilitates the commission of any violation under Section 19 of this Act shall  
23 be administratively liable under civil service rules without prejudice to  
24 criminal liability under this Act. The concerned government official or  
25 employee shall, upon conviction, be dismissed from the service.

26 *SEC. 25. Additional Penalty if Offender is an Alien/Foreign National.*  
27 – In addition to the penalties prescribed in this Act, any alien/foreign  
28 national who violates any provision of this Act shall, after service of

1 sentence, be deported immediately without further proceedings, and be  
2 barred permanently from entering the country.

3       SEC. 26. *Forfeiture.* – In addition to the penalties of imprisonment  
4 and fine, the strategic goods that are the subject of the offense, including the  
5 proceeds derived therefrom, shall be forfeited in favor of the government.

6       After conviction, the Regional Trial Court shall enter a judgment of  
7 forfeiture of the goods, including its proceeds, to the Government of the  
8 Philippines and shall authorize the forfeiture of the seized goods.

9       Following the seizure of the strategic goods, the appropriate  
10 government agency shall direct the disposition of the property by sale or  
11 other commercially feasible means. The offender or any person acting on  
12 behalf of the offender shall not be eligible to purchase the forfeited  
13 property. The proceeds of any sale or disposition of any property confiscated  
14 or forfeited under this section shall be paid directly to the National Treasury.  
15 All proper expenses incurred in the proceedings for the confiscation,  
16 forfeiture, custody, and maintenance of the property pending disposition, as  
17 well as expenses for publication and court costs shall be taken from the  
18 General Appropriations Act (GAA).

19       If the strategic goods are located outside of the Philippines, the court  
20 may order the convicted offender to pay to the National Treasury the amount  
21 equal to the value of the strategic goods or related services under the contract  
22 or as assessed by the STMO, whichever is greater.

23       SEC. 27. *Protection of Officers.* – No action or prosecution shall be  
24 brought, instituted or maintained against the NSC-STMCom or the STMO or  
25 an authorized officer for, or on account of, or in respect of any act ordered or  
26 done for the purpose of carrying into effect this Act, or the rules and  
27 regulations issued to implement it, if the act was done in good faith and in

1 a reasonable belief that it was necessary for the purpose intended to be  
2 served thereby.

3 SEC. 28. *Jurisdiction.* – The Regional Trial Court shall have  
4 jurisdiction over criminal prosecutions for violation of any provision of this  
5 Act, as well as over applications for the issuance and grant of applicable  
6 provisional remedies under the Rules of Court.

7 SEC. 29. *International Legal Cooperation.* – For the purposes of this  
8 section, the DOJ shall make and receive requests for assistance and execute or  
9 arrange for the execution of the requests.

10 (a) Types of Assistance. – The DOJ may execute or make a request  
11 for assistance from a foreign State to:

12 (1) Take evidence or obtain voluntary statements from persons;

13 (2) Make arrangements for persons to give evidence or to assist in  
14 criminal matters;

15 (3) Effect service of judicial documents;

16 (4) Execute searches and seizures;

17 (5) Examine objects and sites;

18 (6) Provide or obtain original or certified true copies of relevant  
19 documents, records and items of evidence;

20 (7) Identify or trace property derived from the commission of an  
21 offense and instrumentalities of crime;

22 (8) Restrain dealings in property or freeze property derived from the  
23 commission of an offense that may be recovered, forfeited or confiscated;

24 (9) Recover, forfeit or confiscate property derived from the  
25 commission of an offense; and

26 (10) Locate and identify witnesses and suspects;

27 (b) Request for Legal Assistance from a Foreign State. – Where a  
28 foreign State makes a request for assistance in the investigation or prosecution

1 for violation of any of the regulated activities under this Act, or in related  
2 criminal proceedings, the DOJ may execute the request or refuse to execute the  
3 request, and inform the foreign State of the reason for not executing the request  
4 or for delaying its execution. The DOJ may refuse a request for assistance  
5 where the action sought by the request contravenes any provision of the  
6 Constitution or the execution of a request is likely to prejudice the national  
7 interest of the Philippines, unless there is an existing treaty on mutual legal  
8 assistance between the Philippines and the requesting State;

9 (c) *Requirements for Requests for Mutual Assistance from Foreign*  
10 *States.* – A request for mutual assistance from foreign States must contain the  
11 following:

12 (1) Name of the authority conducting the investigation, prosecution or  
13 judicial proceeding to which the request relates, including contact details of the  
14 person capable of responding to enquiries concerning the request;

15 (2) Specific purpose of the request and the nature of the assistance  
16 sought;

17 (3) Confirmation that an investigation or prosecution is being  
18 conducted in respect to the person named therein or that the person has been  
19 convicted for violation of any of the regulated particulars, if known;

20 (4) The specific manner in which and to whom the information,  
21 document, material or object obtained pursuant to the request, is to be  
22 produced;

23 (5) All the particulars necessary for the issuance by the court in the  
24 requested State of the writs, orders or processes needed by the requesting  
25 State; and

26 (6) Such other information as may assist in the execution of the request;  
27 and

1 (d) Authentication of Documents. – Any document submitted by the  
2 foreign State pursuant to this section, shall be admissible as evidence in any  
3 proceeding, without need for further authentication.

4 Subject to the provisions of the Extradition Law and the applicable  
5 extradition treaty, the offenses defined in this Act shall be deemed included as  
6 extraditable offenses in an extradition treaty in which the Philippines is a party.

## 7 CHAPTER V

### 8 FINAL PROVISIONS

9 SEC. 30. *Implementing Rules and Regulations (IRR)*. – Within six  
10 (6) months from the effectivity of this Act, the IRR Committee to be  
11 composed of the member-agencies of the NSC-STMCom shall issue the rules  
12 and regulations for the effective implementation of this Act, after public  
13 consultations with stakeholders: *Provided*, That the nonissuance of the IRR  
14 shall not prevent the coming into force of this Act.

15 SEC. 31. *Appropriations*. – The amount needed for the initial  
16 implementation of this Act shall be charged against the current year's  
17 appropriations of the DTI. Thereafter, such sums as may be necessary for the  
18 implementation of this Act shall be included in the annual General  
19 Appropriations Act.

20 SEC. 32. *Separability Clause*. – If any provision of this Act is held  
21 to be invalid or unconstitutional, the provisions not otherwise affected shall  
22 remain valid and subsisting.

23 SEC. 33. *Suppletory Application*. – For purposes of this Act, the  
24 Revised Penal Code and other applicable laws shall have suppletory  
25 application.

26 SEC. 34. *Repealing Clause*. – All laws, decrees, executive orders,  
27 rules and regulations and other issuances or parts thereof which are



1 inconsistent with the provisions of this Act are hereby repealed, amended or  
2 modified accordingly.

3           SEC. 35. *Effectivity.* – This Act shall take effect fifteen (15) days after  
4 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

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