

14



Senate
Office of the Secretary

**NINETEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
First Regular Session]**

'22 AUG -8 A10 :05

SENATE

RECEIVED BY: 

S.B. No. 1053

Introduced by SEN. WIN GATCHALIAN

**AN ACT
STRENGTHENING AND MODERNIZING THE WAREHOUSE RECEIPTS
SYSTEM, REPEALING ACT NO. 2137 OR THE "WAREHOUSE RECEIPTS LAW
OF 1912", AND OTHER RELATED PURPOSES**

EXPLANATORY NOTE

In 2021, the agricultural sector accounts for 9.6% of the country's GDP. However, it constitutes only 2.7% of total credit. Clearly, the struggle of farmers and MSMEs to access credit and the lack of confidence of banks to lend to them under a risky environment remain to be a major problem for the agriculture sector.

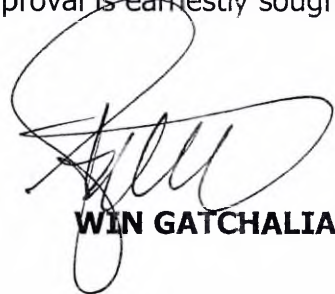
Act No. 2137 or the Warehouse Receipts Law of 1912 was supposed to help our farmers access credit by providing a simple means to store goods in the warehouse and trade or encumber the warehouse receipt. However, the same law has not been updated since its enactment more than a century ago and remains to be inadequate to support commercial transactions today. Thus, there is clearly a need to review, revise and update its contents to make it responsive to the present needs of the agricultural sector and to take advantage of modern technological advances that could be used to establish a system that is more secure, transparent, reliable and promotes ease of doing business.

Accordingly, this bill seeks to strengthen and modernize the country's warehouse receipts system by establishing a central electronic Registry for all Warehouse Receipts, to be made readily available online, which shall be managed by the Securities and Exchange Commission, and by providing for the accreditation of warehouses engaged in the issuance of warehouse receipts.

With the use of a centralized IT system that serves as a repository of all issued warehouse receipts and the accreditation of participating warehouses, banks and other financial institutions will be more confident on the integrity and the use of warehouse receipts as collateral by our farmers and MSMEs since it complements the banks' risk management tools in doing its due diligence. On one hand, such system will also provide the basis for cheaper access to credit and will allow farmers to sell their crops at a time when they can maximize their profit and to protect their crops from natural calamities. Moreover, the centralized repository system of issued warehouse receipts will provide market information needed for strategic policy decisions concerning food security.

The bill also provides for the requirement of bonds and insurance for warehouse operators and a guarantee mechanism through the Philippine Guarantee Corporation in providing guarantee for all loans backed by warehouse receipts as collateral.

For the foregoing reasons, its immediate approval is earnestly sought.



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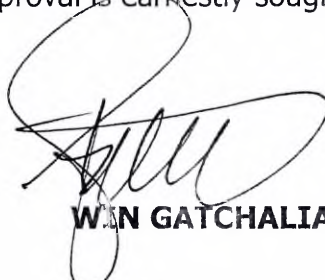
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OF 1912", AND OTHER RELATED PURPOSES**

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

CHAPTER I

GENERAL PROVISIONS

1
2
3 SECTION 1. *Title.* – This Act shall be known as the "Revised Warehouse
4 Receipts Law of the Philippines."
5

6 SEC. 2. *Declaration of Policy.* – It is the policy of the State to promote economic
7 activity by increasing access, particularly for entities engaged in agricultural
8 businesses such as farming, to least cost credit by establishing a simplified, unified,
9 and modern framework for the storage of goods in warehouses and the subsequent
10 trading of interests therein.
11

12 SEC. 3. *Definition of Terms.* – As used in this Act, the following terms are
13 defined as follows:

- 14 (1) "Action" includes counterclaim, set-off, and suits in equity as provided
15 by law.

- 1 (2) "Delivery" means voluntary transfer of control from one person to
2 another.
- 3 (3) "Deposit" means the act of transferring actual possession of goods to a
4 warehouse operator.
- 5 (4) "Goods" means chattels or merchandise in storage or which has been or
6 is about to be stored.
- 7 (5) "Good Faith" means when a thing is done honestly, whether it be done
8 negligently or not.
- 9 (6) "Guarantee" specifically refers to a guarantee issued by the Philippine
10 Guarantee Corporation;
- 11 (7) "Holder" of a receipt means a person who has both constructive
12 possession of such receipt and a right of property therein.
- 13 (8) "Insurance" shall mean any form of insurance, whether obtained from a
14 public or private entity, within the meaning of the Insurance Code of the
15 Philippines;
- 16 (9) "Modern" shall refer to the adaptation and utilization of modern
17 technology, including Blockchain technology;
- 18 (10) "Order" means an order by indorsement on the receipt.
- 19 (11) "Owner" does not include mortgagee.
- 20 (12) "Person" includes both natural and juridical persons.
- 21 (13) "Purchase" includes taking the property as a mortgagee or as a pledgee.
- 22 (14) "Receipt" means an Electronic Warehouse Receipt.
- 23 (15) "Registry" refers to the Electronic Warehouse Receipts Registry.
- 24 (16) "Release Order" means a written instrument issued by the owner of a
25 receipt directing a warehouse operator to release his goods to a specific
26 person.
- 27 (17) "Value" means any consideration sufficient to support a simple contract.
28 An antecedent or pre-existing obligation, whether for money or not,
29 constitutes value where a receipt is taken, either in satisfaction thereof
30 or as security therefor.

1 (18) "Warehouse" means a place that houses goods intended to be used for
2 trading or financing within the territory of the Philippines operated and
3 maintained by a warehouse operator.

4 (19) "Warehouse operator" means a person lawfully engaged in the business
5 of housing goods within the territory of the Philippines intended to be
6 used for trading or financing and duly authorized under this Act.

7 (20) "Writing" for the purpose of this Act includes electronic records.
8

9 SEC. 4. *Persons Who May Issue Receipts.* – Warehouse receipts may only be
10 issued by a duly authorized warehouse operator.
11

12 SEC. 5. *Form of Receipts.* – Every warehouse receipt must contain:

- 13 (1) The location of the warehouse where the goods are stored;
- 14 (2) The date of the issue of the receipt;
- 15 (3) The serial number of the receipt;
- 16 (4) A statement whether the goods received will be delivered to the bearer,
17 to a specified person or to a specified person or his order;
- 18 (5) The amount up to which the goods covered by the receipt are insured,
19 and the name of the insuring entity;
- 20 (6) The rate of storage charges;
- 21 (7) A description of the goods or of the packages containing them;
- 22 (8) The signature of the warehouse operator which may be made by his
23 authorized agent;
- 24 (9) If the receipt is issued for goods of which the warehouse operator is the
25 owner, either solely or jointly or in common with others, the fact of such
26 ownership; and
- 27 (10) A statement of the amount of advances made and of liabilities incurred
28 for which the warehouse operator claims a lien. If the precise amount
29 of such advances made or of such liabilities incurred is, at the time of
30 the issue of, unknown to the warehouse operator or to his agent who
31 issues it, a statement of the fact that advances have been made or
32 liabilities incurred and the purpose thereof is sufficient.

1 A warehouse operator shall be liable to any person injured thereby for all
2 damages caused by the omission from a warehouse receipt of any of the terms herein
3 required.

4
5 SEC. 6. *Permissible Insertions.* – A warehouse operator may insert in a receipt
6 issued by him any other terms and conditions provided that such terms and conditions
7 shall not:

- 8 (1) Be contrary to the provisions of this Act; or
9 (2) In any way impair his obligation to exercise that degree of care in the
10 safe-keeping of the goods entrusted to him, which a reasonably careful
11 man would exercise in regard to similar goods of his own.

12
13 SEC. 7. *Definition of Non-Negotiable Receipt.* – A non-negotiable receipt is a
14 receipt in which it is stated that the goods received will be delivered to the depositor
15 or to any other specified person.

16
17 SEC. 8. *Definition of Negotiable Receipt.* – A negotiable receipt is a receipt in
18 which it is stated that the goods received will be delivered to the bearer or to the order
19 of any person named in such receipt.

20 No provision shall be inserted in a negotiable receipt that it is non-
21 negotiable. Such provision, if inserted, shall be void.

22
23 SEC. 9. *Failure to Mark "Non-Negotiable".* – A non-negotiable receipt shall have
24 plainly placed upon its face by the warehouse operator issuing it "non-negotiable," or
25 "not negotiable." In case of the warehouse operator's failure to do so, a holder of the
26 receipt who purchased it for value supposing it to be negotiable, may, at his option,
27 treat such receipt as imposing upon the warehouse operator the same liabilities he
28 would have incurred had the receipt been negotiable.

29 This Section shall not apply, however, to letters, memoranda, or written
30 acknowledgment of an informal character.

1 **CHAPTER II**

2 **ELECTRONIC WAREHOUSE RECEIPTS REGISTRY**

3
4 SEC. 10. *Electronic Warehouse Receipts Registry.* – The Securities and
5 Exchange Commission (SEC) is hereby tasked with creating and maintaining a modern,
6 online, centralized, and nationwide Registry where all electronic warehouse receipts
7 can be registered and accessed, as well as rules and regulations pertaining specifically
8 to registration and cancellation of electronic warehouse receipts. The SEC is likewise
9 authorized to engage the services of third parties in creating and maintaining the
10 Registry.

11
12 SEC. 11. *Local Sub-Registry.* – In addition to the Registry created and
13 maintained by the SEC, all warehouses must establish and maintain a Sub-Registry
14 specifically for goods deposited therein. Failure of a warehouse to keep a Sub-Registry
15 in the warehouse, as well as any fraud committed thereon, shall be grounds for the
16 revocation of a warehouse’s accreditation.

17
18 SEC. 12. *Transferability of Receipts.* – All warehouse receipts, regardless of
19 what is stated upon their face, are transferable at the option of the holder.

20
21 SEC. 13. *Collateralization of Receipts.* – All warehouse receipts, regardless of
22 what is stated upon their face, may be collateralized in accordance with Republic Act
23 No. 11057, otherwise known as the ‘Personal Property Security Act’.

24
25 SEC. 14. *Guarantee on All Warehouse Receipts Securing Financial Obligations.*
26 – Upon the establishment and operationalization of the Registry, the Philippine
27 Guarantee Corporation (PHILGUARANTEE), in accordance with its consolidated
28 mandate under Executive Order No. 58, Series of 2018, and to the extent allowed by
29 enabling provisions of applicable laws, may provide guarantee on eligible loans
30 secured by warehouse receipts or the goods evidenced thereby.

- 1 (4) Place under probation, suspend or revoke any certificate of accreditation
2 upon due determination that a warehouse operator no longer meets the
3 criteria for accreditation;
- 4 (5) Require regular submission of reports by warehouse operators;
- 5 (6) Collect reasonable accreditation and monitoring fees from warehouse
6 operators which shall be used for operational requirements;
- 7 (7) Submit an annual report to the President of the Philippines and the
8 concerned committees of both Houses of Congress;
- 9 (8) Perform such other functions as may be necessary to accomplish the
10 purposes and objectives of this Act in relation to warehouse operators
11 and warehouses.
12

13 SEC. 18. *Accreditation of Warehouse Operators.* – All warehouse operators
14 issuing warehouse receipts to be used for purposes other than mere storage and
15 facilitation of logistics are hereby required to obtain accreditation with the SEC. The
16 SEC is hereby ordered and authorized to create rules and regulations to facilitate the
17 accreditation of warehouse operators. All warehouse operators who are not accredited
18 with the SEC are prohibited from issuing warehouse receipts.
19

20 SEC. 19. *Screening Process for Warehouse Operators.* – To ensure the
21 credibility and integrity of the warehouse operators, the SEC is hereby authorized to
22 create a screening process for warehouse operators which may include the adoption
23 of written examinations. The SEC shall coordinate with other governmental bodies in
24 order to create a viable screening process for warehouse operators.
25

26 SEC. 20. *Warehouse Operator's Bond.* – Prior to the operation of the
27 warehouse, a warehouse operator must post a bond to answer for any liabilities he
28 may have in the operation of the warehouse during the effectivity of his accreditation.
29 The SEC is hereby ordered and authorized to come up with rules and regulations
30 concerning the warehouse operator's bond.
31

- 1 (1) The person lawfully entitled to the possession of the goods, or his agent;
2 (2) A person who is either himself entitled to delivery by the terms of a non-
3 negotiable receipt issued for the goods, or who has written authority
4 from the person so entitled; or
5 (3) A person in control of a negotiable receipt by the terms of which the
6 goods are deliverable to him or order, or which has been indorsed to
7 him or in blank by the person to whom delivery was promised by the
8 terms of the receipt or by his mediate or immediate indorser.
9

10 SEC. 25. *Warehouse Operator's Liability for Misdelivery of Goods.* – Where a
11 warehouse operator delivers the goods to one who is not in fact lawfully entitled to
12 the possession of them, the warehouse operator shall be liable as for conversion to all
13 having a right of property or possession in the goods if he delivered the goods
14 otherwise than as authorized by under Section 24 (2) and Section 24 (3) hereof, and
15 though he delivered the goods as authorized by Section 24 (2) and Section 24 (3)
16 hereof, he shall be so liable, if prior to such delivery he had either:

- 17 (1) Been requested, by or on behalf of the person lawfully entitled to a right
18 of property or possession in the goods, not to make such deliver; or
19 (2) Had information that the delivery about to be made was to one not
20 lawfully entitled to the possession of the goods.
21

22 SEC. 26. *Negotiable Receipt Must be Cancelled When Goods Delivered.* – Except
23 as otherwise provided in this Act, where a warehouse operator delivers goods for
24 which he had issued a negotiable receipt, the negotiation of which would transfer the
25 right to the possession of the goods, and fails to take up and cancel the receipt, he
26 shall be liable to any entity who purchases for value in good faith such receipt, for
27 failure to deliver the goods to him, whether such purchaser acquired title to the receipt
28 before or after the delivery of the goods by the warehouse operator.

29 SEC. 27. *Negotiable Receipts Must be Cancelled or Marked When Part of Goods*
30 *Delivered.* – Except as otherwise provided in this Act, where a warehouse operator
31 delivers part of the goods for which he had issued a negotiable receipt and fails to

1 either amend or cancel such receipt to reflect the partial delivery, he shall be liable to
2 anyone who purchases for value in good faith such receipt, for failure to deliver all the
3 goods specified in the receipt, whether such purchaser acquired title to the receipt
4 before or after the delivery of any portion of the goods by the warehouse operator.
5

6 SEC. 28. *Altered Receipts.* – The alteration of a receipt shall not excuse the
7 warehouse operator who issued it from any liability if such alteration was:

- 8 (1) Immaterial;
- 9 (2) Authorized; or
- 10 (3) Made without fraudulent intent.

11 If the alteration was authorized, the warehouse operator shall be liable
12 according to the terms of the receipt as altered. If the alteration was unauthorized
13 but made without fraudulent intent, the warehouse operator shall be liable according
14 to the terms of the receipt as they were before alteration.

15 Material and fraudulent alteration of a receipt shall not excuse the warehouse
16 operator who issued it from liability to deliver, according to the terms of the receipt
17 as originally issued, the goods for which it was issued, but shall excuse him from any
18 other liability.
19

20 SEC. 29. *Warehouse Operator Cannot Set Title to Himself.* – No title or right to
21 the possession of the goods, on the part of the warehouse operator, unless such title
22 or right is derived directly or indirectly from a transfer made by the depositor at the
23 time of or subsequent to the deposit for storage, or from the warehouse operator's
24 lien, shall excuse the Warehouse operator from liability for refusing to deliver the
25 goods according to the terms of the receipt.
26

27 SEC. 30. *Interpleader of Adverse Claimants.* – If more than one person claims
28 the title or possession of the goods, the warehouse operator may, either as a defense
29 to an action brought against him for non-delivery of the goods or as an original suit,
30 whichever is appropriate, require all known claimants to interplead.
31

1 SEC. 31. *Warehouse Operator has Reasonable Time to Determine Validity of*
2 *Claims.* – If someone other than the depositor or person claiming under him has a
3 claim to the title or possession of goods, and the warehouse operator has information
4 of such claim, the warehouse operator shall be excused from liability for refusing to
5 deliver the goods, either to the depositor or person claiming under him or to the
6 adverse claimant until the warehouse operator has had a reasonable time to ascertain
7 the validity of the adverse claim or to bring legal proceedings to compel claimants to
8 interplead.

9
10 SEC. 32. *Adverse Title is No Defense Except As Provided in this Act.* – Except
11 as provided in this Act, no right or title of a third person shall be a defense to an action
12 brought by the depositor or person claiming under him against the warehouse
13 operator for failure to deliver the goods according to the terms of the receipt.

14
15 SEC. 33. *Liability for Non-Existence or Misdescription of Goods* – A warehouse
16 operator shall be liable to the holder of a receipt for damages caused by the non-
17 existence of the goods or by the failure of the goods to correspond with the description
18 thereof in the receipt at the time of its issue. If, however, the goods are described in
19 a receipt merely by a statement of marks or labels upon them or upon packages
20 containing them or by a statement that the goods are said to be goods of a certain
21 kind or that the packages containing the goods are said to contain goods of a certain
22 kind or by words of like purport, such statements, if true, shall not make liable the
23 warehouse operator issuing the receipt, although the goods are not of the kind which
24 the marks or labels upon them indicate or of the kind they were said to be by the
25 depositor.

26
27 SEC. 34. *Liability for Care of Goods.* – A warehouse operator shall be liable for
28 any loss or injury to the goods caused by his failure to exercise such care in regard to
29 them as reasonably vigilant owner of similar goods would exercise, but he shall not
30 be liable, in the absence of an agreement to the contrary, for any loss or injury to the
31 goods which could not have been avoided by the exercise of such care.

1 SEC. 35. *Goods Must be Kept Separate.* – Except as provided in the following
2 section, a warehouse operator shall keep the goods so far separate from goods of
3 other depositors and from other goods of the same depositor for which a separate
4 receipt has been issued, as to permit at all times the identification and redelivery of
5 the goods deposited.

6
7 SEC. 36. *Fungible Goods May Be Commingled if Warehouse Operator*
8 *Authorized.* – If authorized by agreement or by custom, a warehouse operator may
9 mingle fungible goods with other goods of the same kind and grade. In such case,
10 the various depositors of the mingled goods shall own the entire mass in common and
11 each depositor shall be entitled to such portion thereof as the amount deposited by
12 him bears to the whole.

13
14 SEC. 37. *Liability of Warehouse Operator to Depositors of Commingled Goods.*
15 – The warehouse operator shall be severally liable to each depositor for the care and
16 redelivery of his share of such mass to the same extent and under the same
17 circumstances as if the goods had been kept separate.

18
19 SEC. 38. *Attachment or Levy upon Goods for which a Negotiable Receipt Has*
20 *Been Issued.* – If goods are delivered to a warehouse operator by the owner or by a
21 person whose act in conveying the title to them to a purchaser in good faith for value
22 would bind the owner, and a negotiable receipt is issued for them, they cannot
23 thereafter, while in the possession of the warehouse operator, be attached by
24 garnishment or otherwise, or be levied upon under an execution unless the receipt be
25 first surrendered to the warehouse operator or its negotiation enjoined. The
26 warehouse operator shall in no case be compelled to deliver up the actual possession
27 of the goods until the receipt is surrendered to him or impounded by the court.

28
29 SEC. 39. *Creditor's Remedies to Reach Negotiable Receipts.* – A creditor whose
30 debtor is the owner of a negotiable receipt shall be entitled to such aid from courts of
31 appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or in
32 satisfying the claim by means thereof as is allowed at law or in equity within the

1 jurisdiction of the Philippines in regard to property which cannot readily be attached
2 or levied upon by ordinary legal process.

3 SEC. 40. *What Claims are Included in the Warehouse operator's Lien.* – Subject
4 to the provisions of this Act, a warehouse operator shall have a lien on goods deposited
5 or on the proceeds thereof in his hands, for all lawful charges for storage and
6 preservation of the goods; also for all lawful claims for money advanced, interest,
7 insurance, transportation, labor, weighing, coopering and other charges and expenses
8 in relation to such goods, also for all reasonable charges and expenses for notice, and
9 advertisements of sale, and for sale of the goods where default had been made in
10 satisfying the warehouse operator's lien.

11

12 SEC. 41. *Against What Property the Warehouse Operator's Lien may be*
13 *Enforced.* – Subject to the provisions of this Act, a warehouse operator's lien may be
14 enforced:

15 (1) Against all goods, whenever deposited, belonging to the person who is
16 liable as debtor for the claims in regard to which the lien is asserted;
17 and

18 (2) Against all goods belonging to others which have been deposited at any
19 time by the person who is liable as debtor for the claims in regard to
20 which the lien is asserted if such person had been so entrusted with the
21 possession of goods that a pledge of the same by him at the time of the
22 deposit to one who took the goods in good faith for value would have
23 been valid.

24

25 SEC. 42. *How Warehouse operator's Lien may be Lost.* – A warehouse operator
26 loses his lien upon goods:

27 (1) By surrendering possession thereof; or

28 (2) By refusing to deliver the goods when a demand is made with which he
29 is bound to comply under the provisions of this Act.

30

1 SEC. 43. *Negotiable Receipts Must State Charges for which the Lien is Claimed.*

2 – If a negotiable receipt is issued for goods, the warehouse operator shall have no
3 lien thereon except for charges for storage of goods subsequent to the date of the
4 receipt unless the receipt expressly enumerated other charges for which a lien is
5 claimed. In such case, there shall be a lien for the charges enumerated so far as they
6 are within the terms of section twenty-seven although the amount of the charges so
7 enumerated is not stated in the receipt.

8 SEC. 44. *Warehouse Operator Need Not Deliver until Lien is Satisfied.* – A

9 warehouse operator having a lien valid against the person demanding the goods may
10 refuse to deliver the goods to him until the lien is satisfied.

11
12 SEC. 45. *Warehouse Operator's Lien Does Not Preclude Other Remedies.* –

13 Whether a warehouse operator has or has not a lien upon the goods, he is entitled to
14 all remedies allowed by law to a creditor against a debtor for the collection from the
15 depositor of all charges and advances which the depositor has expressly or impliedly
16 contracted with the warehouseman to pay.

17
18 SEC. 46. *Satisfaction of Lien by Sale.* – A warehouse operator's lien for a claim

19 which has become due may be satisfied as follows:

- 20 (1) An itemized statement of the warehouseman's claim, showing the sum
21 due at the time of the notice and the date or dates when it becomes
22 due,
23 (2) A brief description of the goods against which the lien exists,
24 (3) A demand that the amount of the claim as stated in the notice of such
25 further claim as shall accrue, shall be paid on or before a day mentioned,
26 not less than ten days from the delivery of the notice if it is personally
27 delivered, or from the time when the notice shall reach its destination,
28 according to the due course of post, if the notice is sent by mail, and
29 (4) A statement that unless the claim is paid within the time specified, the
30 goods will be advertised for sale and sold by auction at a specified time
31 and place.

1 In accordance with the terms of a notice so given, a sale of the goods by
2 auction may be had to satisfy any valid claim of the warehouse operator for which he
3 has a lien on the goods. The sale shall be had in the place where the lien was
4 acquired, or, if such place is manifestly unsuitable for the purpose of the claim
5 specified in the notice to the depositor has elapsed, and advertisement of the sale,
6 describing the goods to be sold, and stating the name of the owner or person on
7 whose account the goods are held, and the time and place of the sale, shall be
8 published once a week for two consecutive weeks in a newspaper published in the
9 place where such sale is to be held. The sale shall not be held less than fifteen days
10 (15) from the time of the first publication. If there is no newspaper published in such
11 place, the advertisement shall be posted at least ten (10) days before such sale in not
12 less than six (6) conspicuous places therein.

13 From the proceeds of such sale, the warehouse operator shall satisfy his lien
14 including the reasonable charges of notice, advertisement and sale. The balance, if
15 any, of such proceeds shall be held by the warehouse operator and delivered on
16 demand to the person to whom he would have been bound to deliver or justified in
17 delivering goods.

18 At any time before the goods are so sold, any person claiming a right of
19 property or possession therein may pay the warehouse operator the amount necessary
20 to satisfy his lien and to pay the reasonable expenses and liabilities incurred in serving
21 notices and advertising and preparing for the sale up to the time of such
22 payment. The warehouse operator shall deliver the goods to the person making
23 payment if he is a person entitled, under the provisions of this Act, to the possession
24 of the goods on payment of charges thereon. Otherwise, the warehouse operator
25 shall retain the possession of the goods according to the terms of the original contract
26 of deposit.

27

28 SEC. 47. *Perishable and Hazardous Goods.* – If goods are of a perishable
29 nature, or by keeping will deteriorate greatly in value, or, by their order, leakage,
30 inflammability, or explosive nature, will be liable to injure other property, the
31 warehouseman may give such notice to the owner or to the person in whose names
32 the goods are stored, as is reasonable and possible under the circumstances, to satisfy

1 the lien upon such goods and to remove them from the warehouse and in the event
2 of the failure of such person to satisfy the lien and to receive the goods within the
3 time so specified, the warehouse operator may sell the goods at public or private sale
4 without advertising. If the warehouse operator, after a reasonable effort, is unable to
5 sell such goods, he may dispose of them in any lawful manner and shall incur no
6 liability by reason thereof.

7 The proceeds of any sale made under the terms of this section shall be disposed
8 of in the same way as the proceeds of sales made under the terms of the preceding
9 section.

10
11 **SEC. 48. *Other Methods of Enforcing Lien.*** – The remedy for enforcing a lien
12 herein provided does not preclude any other remedies allowed by law for the
13 enforcement of a lien against personal property nor bar the right to recover so much
14 of the warehouse operator’s claim as shall not be paid by the proceeds of the sale of
15 the property.

16
17 **SEC. 49. *Effect of Sale.*** – After goods have been lawfully sold to satisfy a
18 warehouse operator’s lien, or have been lawfully sold or disposed of because of their
19 perishable or hazardous nature, the warehouse operator shall not thereafter be liable
20 for failure to deliver the goods to the depositor or owner of the goods or to a holder
21 of the receipt given for the goods when they were deposited, even if such receipt be
22 negotiable.

23 24 **CHAPTER V**

25 **NEGOTIATION AND TRANSFER OF RECEIPTS**

26 **SEC. 50. *Negotiation of Negotiable Receipt by Indorsement.*** – A negotiable
27 receipt may be negotiated by the indorsement of the person to whose order the goods
28 are, by the terms of the receipt, deliverable. Such indorsement may be in blank, to
29 bearer or to a specified person. If indorsed to a specified person, it may be again
30 negotiated by the indorsement of such person in blank, to bearer or to another
31 specified person. Subsequent negotiation may be made in like manner.

1 SEC. 51. *Transfer of Receipt.* – A receipt may be transferred by the holder to a
2 purchaser or donee.

3 A non-negotiable receipt cannot be negotiated, and the indorsement of such a
4 receipt gives the transferee no additional right.

5
6 SEC. 52. *Who May Negotiate a Receipt.* – A negotiable receipt may be
7 negotiated:

8 (1) By the owner thereof; or

9 (2) By any person to whom the constructive possession of the receipt has
10 been entrusted by the owner, if, by the terms of the receipt, the
11 warehouse operator undertakes to deliver the goods to the order of the
12 person to whom the constructive possession of the receipt has been
13 entrusted.

14
15 SEC. 53. *Rights of Person To Whom a Receipt Has Been Negotiated.* – A person
16 to whom a negotiable receipt has been duly negotiated acquires thereby:

17 (1) Such title to the goods as the person negotiating the receipt to him had
18 or had ability to convey to a purchaser in good faith for value, and also
19 such title to the goods as the depositor or person to whose order the
20 goods were to be delivered by the terms of the receipt had or had ability
21 to convey to a purchaser in good faith for value; and

22 (2) The direct obligation of the warehouse operator to hold possession of
23 the goods for him according to the terms of the receipt as fully as if the
24 warehouse operator and contracted directly with him.

25
26 SEC. 54. *Rights of Person to Whom Receipt Has Been Transferred.* – A person
27 to whom a receipt has been transferred but not negotiated acquires thereby, as
28 against the transferor, the title of the goods subject to the terms of any agreement
29 with the transferor.

30 If the receipt is non-negotiable, such person also acquires the right to notify
31 the warehouse operator of the transfer to him of such receipt and thereby to acquire

1 the direct obligation of the warehouse operator to hold possession of the goods for
2 him according to the terms of the receipt.

3 Prior to the notification of the warehouse operator by the transferor or
4 transferee of a non-negotiable receipt, the title of the transferee to the goods and the
5 right to acquire the obligation of the warehouse operator may be defeated by the levy
6 of an attachment or execution upon the goods by a creditor of the transferor or by a
7 notification to the warehouse operator by the transferor or a subsequent purchaser
8 from the transferor of a subsequent sale of the goods by the transferor.

9

10 SEC. 55. *Transfer of Negotiable Receipt Without Indorsement.* – Where a
11 negotiable receipt is transferred for value and the indorsement of the transferor is
12 essential for negotiation, the transferee acquires a right against the transferor to
13 compel him to indorse the receipt unless a contrary intention appears. The negotiation
14 shall take effect as of the time when the indorsement is actually made.

15

16 SEC. 56. *Warranties of a Sale of Receipt.* – A person who, for value, negotiates
17 or transfers a receipt by indorsement or delivery, including one who assigns for value
18 a claim secured by a receipt, unless a contrary intention appears, warrants:

- 19 (1) That the receipt is genuine;
20 (2) That he has a legal right to negotiate or transfer it;
21 (3) That he has knowledge of no fact which would impair the validity or
22 worth of the receipt; and
23 (4) That he has a right to transfer the title to the goods and that the goods
24 are merchantable or fit for a particular purpose whenever such
25 warranties would have been implied, if the contract of the parties had
26 been to transfer without a receipt of the goods represented thereby.

27

28 SEC. 57. *Indorser not Guarantor.* – The indorsement of a receipt shall not make
29 the indorser liable for any failure on the part of the warehouseman or previous
30 indorsers of the receipt to fulfill their respective obligations.

31

1 SEC. 58. *No Warranty Implied from Accepting Payment of a Debt.* – A
2 mortgagee, pledgee, or holder for security of a receipt who, in good faith, demands
3 or receives payment of the debt for which such receipt is security, whether from a
4 party to a draft drawn for such debt or from any other person, shall not, by so doing,
5 be deemed to represent or to warrant the genuineness of such receipt or the quantity
6 or quality of the goods therein described.

7
8 SEC. 59. *When Negotiation Not Impaired By Fraud, Mistake, or Duress.* – The
9 validity of the negotiation of a receipt is not impaired by the fact that such negotiation
10 was a breach of duty on the part of the person making the negotiation or by the fact
11 that the owner of the receipt was induced by fraud, mistake or duress or to entrust
12 the constructive possession of the receipt to such person, if the person to whom the
13 receipt was negotiated or a person to whom the receipt was subsequently negotiated
14 paid value therefor, without notice of the breach of duty, or fraud, mistake or duress.

15
16 SEC. 60. *Subsequent Negotiation.* – Where a person having sold, mortgaged,
17 or pledged goods which are in warehouse and for which a negotiable receipt has been
18 issued, or having sold, mortgaged, or pledged the negotiable receipt representing such
19 goods, continues in constructive possession of the negotiable receipt, the subsequent
20 negotiation thereof by the person under any sale or other disposition thereof to any
21 person receiving the same in good faith, for value and without notice of the previous
22 sale, mortgage or pledge, shall have the same effect as if the first purchaser of the
23 goods or receipt had expressly authorized the subsequent negotiation.

24
25 SEC. 61. *Negotiation Defeats Vendor's Lien.* – Where a negotiable receipt has
26 been issued for goods, no seller's lien or right of stoppage in *transitu* shall defeat the
27 rights of any purchaser for value in good faith to whom such receipt has been
28 negotiated, whether such negotiation be prior or subsequent to the notification to the
29 warehouse operator who issued such receipt of the seller's claim to a lien or right of
30 stoppage in *transitu*. Nor shall the warehouse operator be obliged to deliver or
31 justified in delivering the goods to an unpaid seller unless the receipt is first
32 surrendered for cancellation.

1
2 **CHAPTER VI**
3 **CRIMINAL OFFENSES**

4 SEC. 62. *Issuance of Receipt for Goods Not Received.* – A warehouse operator
5 or his agent, or an officer or staff of any warehouse operator who issues or aids in the
6 issuance of a warehouse receipt knowing that the goods mentioned therein are not
7 actually in his custody shall be punished by imprisonment of ten (10) years, or a fine
8 equal to triple the value of the goods involved, or both, at the discretion of the Court.
9 If the warehouse operator himself is liable, his accreditation shall likewise be revoked.

10
11 SEC. 63. *Issuance of Receipt Containing False Statement.* – A warehouse
12 operator, or any officer, agent or servant of a warehouse operator who fraudulently
13 issues or aids in fraudulent issuance of a warehouse receipt for goods knowing that it
14 contains any false statement, shall be punished by imprisonment of ten (10) years, or
15 a fine equal to triple the value of the goods involved, or both, at the discretion of the
16 Court. If the warehouse operator himself is liable, his accreditation shall likewise be
17 revoked.

18
19 SEC. 64. *Creation of Fraudulent Duplicate Receipt.* – A warehouse operator, or
20 any officer, agent, or employee of a warehouse operator who issues or aids in issuing
21 a second electronic warehouse receipt for goods knowing that there is an existing
22 prior electronic warehouse receipt for the same goods or any part of them shall be
23 punished by imprisonment of ten (10) years, or a fine equal to triple the value of the
24 goods involved, or both, at the discretion of the Court. If the warehouse operator
25 himself is liable, his accreditation shall likewise be revoked. This provision shall not be
26 applicable if the issuance of a subsequent warehouse receipt was made on the basis
27 of an Order issued by a Court of competent jurisdiction.

28
29 SEC. 65. *Issue for Warehouse Operator's Goods or Receipts Which Do Not State*
30 *That Fact.* – Where goods are deposited with or held by a warehouse operator of
31 which he is owner, either solely or jointly or in common with others, such warehouse
32 operator, or any of his officers, agents, or servants who, knowing this ownership,

1 issues or aids in issuing a negotiable receipt for such goods which does not state such
2 ownership, shall be punished by imprisonment of ten (10) years, or a fine equal to
3 triple the value of the goods involved, or both, at the discretion of the Court. If the
4 warehouse operator himself is liable, his accreditation shall likewise be revoked.

5
6 *SEC. 66. Delivery of Goods Without Obtaining Negotiable Receipt.* – A
7 warehouse operator, or any officer, agent, or servant of a warehouse operator, who
8 delivers goods out of the possession of such warehouse operator, knowing that a
9 negotiable receipt the negotiation of which would transfer the right to the possession
10 of such goods is outstanding and uncanceled, without obtaining the constructive
11 possession of such receipt at or before the time of such delivery, shall, except as
12 provided in this Act, be punished by imprisonment of ten (10) years, or a fine equal
13 to triple the value of the goods involved, or both, at the discretion of the Court. If the
14 warehouse operator himself is liable, his accreditation shall likewise be revoked.

15
16 *SEC. 67. Negotiation of Receipt for Mortgaged Goods.* – Any person who
17 deposits goods to which he has no title, or upon which there is a lien or mortgage,
18 and who takes for such goods a negotiable receipt which he afterwards negotiates for
19 value with intent to deceive and without disclosing his want of title or the existence of
20 the lien or mortgage, shall be punished by imprisonment of ten (10) years, or a fine
21 equal to triple the value of the goods involved, or both, at the discretion of the Court.
22 If the warehouse operator himself is liable, his accreditation shall likewise be revoked.

23
24 *SEC. 68. Unlawful Release of Goods Covered by Warehouse Receipt.* — A
25 warehouse operator, or any officer, agent, or employee of a warehouse operator, who
26 releases without any legal basis any goods covered by an electronic warehouse receipt
27 shall be punished by imprisonment of ten (10) years, or a fine equal to triple the value
28 of the goods involved, or both, at the discretion of the Court. If the warehouse
29 operator himself is liable, his accreditation shall likewise be revoked.

1 **CHAPTER VII**

2 **FINAL PROVISIONS**

3 SEC. 69. *Inter-Connected Registry Information.* — Where feasible, the SEC is
4 ordered and authorized to engage in concerted activity with other government
5 agencies for the linking of the Registry provided under this Act with other registries in
6 order to be able to come up with an inter-connected Registry.

7
8 SEC. 70. *Public Information.* — All entries in the Registry of electronic
9 warehouse receipts shall be available to the public. Likewise, the list of accredited
10 warehouse operators, as well as the list of warehouse operators whose accreditation
11 have been revoked, shall be available to the public. The SEC is ordered and authorized
12 to create rules and regulations to facilitate the orderly and expedient access to such
13 information by the public, in accordance with existing standards under Philippine laws.

14
15 SEC. 71. *Dispute Resolution.* — Except in cases specifically placed under the
16 jurisdiction of the SEC under this Act, as well as cases where the electronic warehouse
17 receipt includes a valid arbitration clause, all actions arising from this Act shall fall
18 under the jurisdiction of the Regional Trial Courts.

19
20 SEC. 72. *Appropriations.* —The SEC may utilize its existing funds, including its
21 savings, for the initial implementation of this Act. For subsequent years, the amounts
22 necessary to carry out the implementation of this Act shall be included by the SEC in
23 its budgetary requirements in the General Appropriations Act.

24
25 SEC. 73. *Implementing Rules and Regulations.* — Within ninety (90) days after
26 the effectivity of this Act, the SEC shall promulgate rules and regulations for the
27 implementation of this Act.

28
29 SEC. 74. *Cases Not Provided For in this Act.* — Any case not provided for in this
30 Act shall be governed by the provisions of existing legislation, or in default thereof, by
31 the established rules of commerce.

1 SEC. 75. *Application of this Act.* — The provisions of this Act do not apply to
2 receipts made and delivered prior to the taking effect hereof.

3
4 SEC. 76. *Separability Clause.* — If any provision of this Act is declared invalid or
5 unconstitutional, other provisions hereof which are not affected thereby shall continue
6 to be in full force and effect.

7
8 SEC. 77. *Repealing Clause.* — Act No. 2137, otherwise known as the Warehouse
9 Receipts Law, is hereby repealed. Any law, presidential decree or issuance, executive
10 order, letter of instruction, administrative order, rule or regulation contrary to or
11 inconsistent with any provision of this Act is hereby repealed or modified accordingly.

12
13 SEC. 78. *Effectivity.* — This Act shall take effect fifteen (15) days after its
14 publication in the Official Gazette of the Philippines or in at least two (2) newspapers
15 of general circulation.

16 *Approved,*