

NINETEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



23 JAN 31 P3:35

SENATE
Senate Bill No. 1814

RECEIVED BY: _____

Introduced by: **Senator Raffy T. Tulfo**

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

Explanatory Note

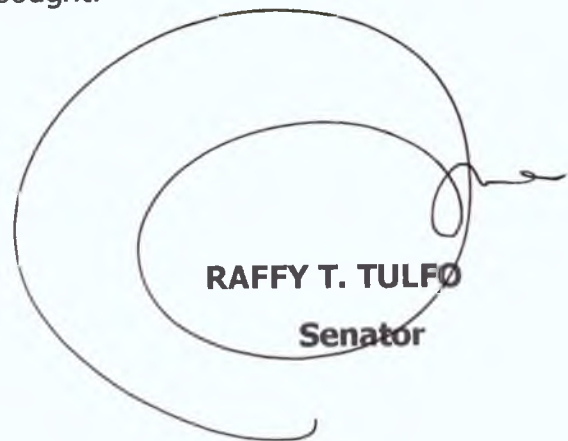
In 2022, the Philippine economy expanded by 7.7 % which was buoyed by strong domestic demand and the reopening of our economy. However, despite our country's economic resiliency, the inflation rate increased to 5.4 % in the first ten months of the previous year due to accelerated global commodity prices and currency depreciation.

In order to achieve full economic recovery, the proposed bill seeks for the establishment of the Maharlika Investments Fund (MIF) which is a sovereign wealth Fund (SWF) that will be used to stabilize budgets, promote economic development and increase our country's savings. The establishment of the Maharlika Investments Fund (MIF) is in line with the National government's 2022-2028 Medium-Term Fiscal Framework (MTFF). The MTFF seeks to achieve a single digit poverty level and increase our gross domestic product (GDP) by the end of 2028. The SWF would enable Government Financial Institutions (GFIs), including the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) the opportunity

to ensure their respective funds' asset allocation will be maximized by obtaining the best absolute return and feasible financial gains on their respective investments and satisfying the requirements of liquidity and security.

Currently, Asian countries such as Singapore, China, Hong Kong, South Korea, Malaysia, Indonesia, Taiwan, Vietnam and East Timor have a Sovereign Wealth Fund. The MWF can be used as a tool to ensure economic growth through stable investment returns with appropriate risk limits that will preserve and enhance the long-term value of the fund.

The passage of this measure is thus earnestly sought.



RAFFY T. TULFO
Senator

NINETEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

23 JAN 31 P 3:35

RECEIVED BY: 

SENATE
Senate Bill No. 1814

Introduced by: **Senator Raffy T. Tulfo**

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

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

1 **Section 1.** Title. – This Act shall be known as the “Maharlika Investment Fund Act”

2

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

1 thereof for macroeconomic stability.

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

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

9
10
11 ***Sec. 3. Definition of Terms.*** – As used in this Act:

12
13 a) **Advisory Body** refers to the body established under this Act which shall
14 provide guidance, counsel and advice to the Board of Directors of the Maharlika
15 Investment Corporation (MIC);

16
17 b) **Board of Directors (Board)** refers to the governing body of the MIC;

18
19 c) **Founding GFIs** refer to the Land Bank of the Philippines (LBP) and
20 Development
21 Bank of the Philippines (DBP);

22
23 d) **Funding Sources** refers to the investment required of the founding GFIs, the
24 National Government (NG), Philippine Amusement and Gaming Corporation
25 (PAGCOR), declared dividends of the Bangko Sentral ng Pilipinas (BSP), and such
26 other sources that may contribute to finance the MIF;

27
28 e) **Independent Director** refers to a person who is independent of management
29 and the controlling shareholder, and is free from any business or other relationship

1 which could, or could reasonably be perceived to, materially interfere with his
2 exercise of independent judgment in carrying out his responsibilities as a director;

3
4 f) **Maharlika Investment Fund (MIF or Fund)** refers to the fund created under
5 this Act;

6
7 g) **Maharlika Investment Corporation (MIC)** refers to the State investment
8 body,
9 created under this Act which shall be responsible for the overall governance and
10 management of the MIF; and

11
12 h) **“Santiago” Principles** refers to the twenty-four (24) Generally Accepted
13 Principles and Practices (GAPP) voluntarily endorsed by the International Forum of
14 Sovereign Wealth Funds (IFSWF) members. The GAPP for Sovereign Wealth Funds
15 (SWFs) are designed as guidelines that assign best practices for the operations of
16 SWFs. They are the rules followed by SWF that promote stability in the global financial
17 system, set proper controls on investment risks, and implement sound governance
18 structure.

19
20
21 **ARTICLE II**

22 **Maharlika Investment Fund**

23
24 ***Sec. 4. Establishment of the Maharlika Investment Fund.*** – There is hereby
25 created a Maharlika Investment Fund (MIF), an independent fund, that adheres to the
26 principles of good governance, transparency, and accountability. Initially, the Fund
27 shall be sourced from the investible funds of select GFIs, from contributions of the
28 National Government, from the declared dividends of the BSP and other sources of
29 funds as provided in this Act.

30
31 The Fund shall be used to invest on a strategic and commercial basis in a manner

1 designed to promote fiscal stability for economic development, and strengthen the
2 top-performing GFIs through additional investment platforms that will help attain the
3 National Government's priority plans.

4
5 **Sec. 5. Ownership of the Maharlika Investment Fund.** – The legal ownership of
6 the MIF shall pertain to the Fund investors in proportion to their contributions.

7
8 **Sec. 6. Objectives of the Maharlika Investment Fund.** – The objectives of MIF
9 are to promote economic development by making strategic and profitable investments
10 in key sectors to preserve and enhance long-term value of the Fund, obtain the optimal
11 absolute return and achievable financial gains on its investments, and to satisfy the
12 requirements of liquidity, safety/security, and yield in order to ensure profitability. In
13 pooling the investible funds from the GFIs and channeling them to diversified financial
14 assets and development projects, the MIC's activities shall contribute to a prudent and
15 transparent management of the government resources.

16
17
18 **ARTICLE III**

19 **Maharlika Investment Corporation**

20
21 **Sec. 7. Establishment of the Maharlika Investment Corporation.** – There is
22 hereby created the Maharlika Investment Corporation (MIC), an independent
23 corporate body, that shall act as a for the purpose of mobilizing and utilizing the MIF
24 for investments in transactions that will enable the Fund to reap optimal returns on
25 investments (ROIs), while contributing to the overall goal of reinvigorating job creation
26 and poverty reduction by steering the economy back to its high-growth path. The MIC
27 shall govern and manage the Fund in accordance with the objectives and purposes
28 set forth in this Act, and it shall adhere to internationally-accepted standards of
29 transparency and accountability. In addition to the Codes of Ethical Standards and
30 Proper Conduct that the Board shall establish, the Corporation shall abide by the fit
31 and proper rule under the Implementing Rules and Regulations of Republic Act No.

1 2629 or the Investment Company Act, Ethical Standards under the Securities
2 Regulation Code, and Ethical Standards set by the International Organization of
3 Securities Commissions (IOSCO) and other significant international organizations of
4 investment entities.

5
6 All transactions of the MIC shall abide by the arm's length principle and the prudent
7 person rule. The provisions of Republic Act No. 8799 or Securities Regulation Code,
8 Republic Act No. 8791 or the General Banking Law, Republic Act No. 2629 or the
9 Investment Company Act, their respective implementing rules and regulations, and
10 other relevant laws, rules, regulations, and issuances by regulating authorities
11 governing transactions with and among directors, officers,
12 stockholders and related interests shall apply to the MIC.

13
14 **Sec. 8. Place of Business.** – The MIC shall have its principal place of business in
15 Metro Manila, but may maintain branches, agencies and correspondents in such other
16 places, within and without the Philippines, as the proper conduct of its business may
17 require.

18
19 **Sec. 9. Corporate Powers.** – The MIC is hereby authorized to adopt, alter, and use
20 a corporate seal which shall be judicially noticed; to enter into contracts; to lease or
21 own real and personal property, and to sell or otherwise dispose of the same; to sue
22 and be sued; and otherwise to do and perform any and all things that may be
23 necessary or proper to carry out the purposes of this Act.

24
25 The MIC may acquire and hold such assets and incur such liabilities in connection with
26 its operations authorized by the provisions of this Act, or as are essential to the proper
27 conduct of such operations.

28
29 The MIC may compromise or release, in whole or in part, any claim of or settled liability
30 to the MIC, regardless of the amount involved, under such terms and conditions as
31 may be prescribed by the Board of Directors, upon favorable recommendation of the

1 Advisory Body, to protect the interests of the MIC and the integrity of the MIF.

2

3

4 **Sec. 10. Functions of the Maharlika Investment Corporation.** – In carrying out
5 its objectives and functions, the MIC shall:

6

7 a) Establish a diversified portfolio of investments in the local and global financial
8 markets

9 and in other assets that promote the objectives of the Fund;

10

11 b) Manage and invest the initial and future contributions to the Fund in accordance
12 with this

13 Act;

14

15 c) Accept and manage investment mandates whose investment purpose is to increase
16 income

17 for development goals;

18

19 d) Develop and foster skills in finance, economics, risk mitigation, good governance
20 and other

21 related areas, consistent with the capacity and capabilities build-up of human
22 resources in

23 the industry; and

24

25 e) Implement international best practices in investing and managing assets in
26 accordance with

27 the internationally-accepted standards and principles of transparency and
28 accountability.

29

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

- I. LBP - Fifty billion pesos (P50 billion); and
- II. DBP - Twenty-five billion pesos (P25 billion)

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

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

Investments of contributors may be in the form of marketable or convertible securities, and other forms, as may be determined by the Board of Directors: *Provided*, That security or debt instruments issued by the MIC to GFIs shall be guaranteed by the NG: *Provided, further*, That all other instruments of MIC shall be subject to laws, rules, and regulations on the contracting of debt and issuance of guarantees by GFIs. Other GFIs and government-owned or -controlled corporations may be authorized to contribute to the MIF, subject to their respective investment and risk management strategies. additional funding may likewise be sourced from investments of private financial institutions and corporations, as may be determined by the Board of Directors.

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

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

- i. For the first and second fiscal year upon effectivity of this Act, the BSP shall remit one hundred percent (100%) of its declared dividends, as computed under R.A. No. 7653, as amended by R.A. No. 11211, to the Fund. In the succeeding fiscal years, the BSP shall remit fifty percent (50%) of its declared dividends to the Fund and the remaining fifty percent (50%) to the NG to fund

1 the increase in the capitalization of BSP in accordance with Section 2 of R.A.
2 No. 7653, as amended by R.A. No. 11211, until the increase in the capitalization
3 of BSP has been fully paid. thereafter, BSP shall remit one hundred percent
4 (100%) of its declared dividends to the Fund.

5
6 ii. PAGCOR and other government-owned gaming operators shall
7 contribute at least ten percent (10%) of gross gaming revenue streams;

8
9 iii. Other sources such as royalties and/or special assessments on natural
10 resources based on the fiscal regime to be implemented by the national
11 government, proceeds from privatization of government assets, and borrowings
12 by the MIF.

13
14 The foregoing annual contributions shall be subject to the automatic review of the
15 Secretary of Finance every five (5) years, taking into consideration the adequacy of
16 the fund in relation to the objectives of this act, the fiscal condition of the NG the
17 condition of the investing GFIs, GOCCs, and other government entities in relation to
18 their exposure to the fund and the overall economic environment.

19
20 Under no circumstance shall the GOCCs providing for the social security of government
21 employees, private sectors, workers and employees, and other sectors and subsectors,
22 such as but not limited to the Government Service Insurance System, Social Security
23 System, and Home Development Mutual Fund, be requested or required to contribute
24 to the MIF. To protect the retirement and other social security benefits of their
25 members, no part of the funds of said GOCCs shall accrue to the MIF.

26
27 **Sec. 12. *Administrative and Operational Expenses of the Maharlika***
28 ***Investment Corporation.* –**

29 The Board of Directors of the MIC is authorized to disburse from the Fund such
30 amounts as may be necessary for administrative and operating expenses, the total of
31 which shall not exceed two percent (2%) of funds managed: *Provided*, That the Board

1 of Directors shall set annual targets to reduce operating and administrative expenses
2 as a share of funds managed: *Provided, further,* That the Secretary of Finance may
3 reduce the allowed expense ratio.

4
5 For the initial operations of the MIC, the Board of Directors is authorized to disburse
6 for its administrative and operating expenses at a total amount not exceeding two
7 percent (2%) of its initial capitalization.

8
9
10 **ARTICLE IV**
11 **Investments**

12
13 ***Sec. 13. Allowable Investments.*** – Subject to strict compliance with Investment
14 and Risk Management Guidelines, the Board of Directors of the MIC shall authorize
15 the following
16 investments:

- 17
18 a) Cash, foreign currencies, metals, and other tradeable commodities;
19
20 b) Fixed income instruments issued by sovereigns, quasi-sovereigns and
21 supranationals;
22
23 c) Domestic and foreign corporate bonds;
24
25 d) Listed or unlisted equities, whether common, preferred, or hybrids;
26
27 e) Islamic investments, such as Sukuk bonds;
28
29 f) Joint Ventures or Co-Investments;
30
31 g) Mutual and Exchange-traded Funds invested in underlying assets;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

h) Commercial real estate and infrastructure projects;

i) Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors, whether in the majority or minority position in commercial, industrial, mining, agricultural, housing, energy, and other enterprises, which may be necessary or contributory to the economic development of the country, or important to the public interest; and

j) Other investments as may be approved by the Board.

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

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

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

Sec. 14. Prohibited Investments. – In no case shall the MIC, in whatever manner or devise, invest in the following:

- 1 (a) Activities and investments related to, and entities with a record of
2 commission of human
3 rights violations, including but not limited to indigenous peoples, farmers,
4 fisherfolk, and
5 labor;
- 6 (b) Activities and investments related to, and corporations involved in the
7 production of cluster
8 munitions, nuclear arms, intercontinental ballistic missiles, and similar
9 technologies and equipment;
- 10 (c) activities and investments resulting in, corporations with a record of serious
11 degradation of
12 the environment; and
- 13 (d) Similar activities, investments and corporations.
- 14

15 **Sec. 15. Investment Policy.** – The Board of Directors shall formulate written
16 policies in relation to the following matters:

17

- 18 (a) Directions on the acceptable balance between risk and return of the
19 overall portfolio;
- 20
- 21 (b) Investment policies, mandates, strategies, and guidelines on financing
22 infrastructure projects and other investments;
- 23
- 24 (c) Risk management for the investments;
- 25
- 26 (d) Standards for assessing the investment performance;
- 27
- 28 (e) Matters relating to international best practices for institutional investments;
- 29
- 30 (f) Matters specific to rules and regulations where investments are domiciled;
- 31

1 (g) Procedural framework and cooperation among investors, including fund
2 commitments, co-investments, voting requirements, exit mechanisms, and
3 other matters pertaining to the pooling of funds and the management thereof;
4

5 (h) Matters relating to the procedure for assessing, deploying, and liquidating
6 investments; and
7

8 (i) All other matters needed to be discussed to guarantee compliance with the
9 objectives

10 of the MIF.
11

12 In the formulation of its investment policies, the Board of Directors shall be guided by
13 the principle that priority must be given to investing in government infrastructure and
14 other developmental projects which would yield the highest return on investment
15 coupled with the developmental impact of lower cost of living and lower cost of basic
16 commodities. The Board of Directors shall ensure that policies formulated are
17 consistent with the objectives of the Fund, and the same shall be subject to periodic
18 review: *Provided*, That, should a particular sub-fund remain unprofitable for a period
19 of three (3) years, said sub-fund shall be closed.
20

21 ***Sec. 16. Limitations and Safeguards on the Maharlika Investment Fund.*** –

22 The management of the MIF shall be subject to a set of investment policies, guidelines,
23 and risk management limits and procedures, as approved by the Board of Directors,
24 upon due consideration of the recommendations of the Advisory Body. Investment
25 and risk management strategies of the MIC shall be in line with the policies and
26 objectives hereunder stated to ensure the long-term viability of the Fund.
27

28 ***Sec. 17. Fees and Charges on the Establishment of the Maharlika***

29 ***Investment Fund.*** – Third party fees and all charges incurred in connection with the
30 establishment and effective management of the MIF, such as custody fees, transaction
31 fees, clearing fees, and management fees payable to external fund managers, shall

1 be charged against the MIF, in accordance with the applicable policies on fund
2 disbursements.

3
4 **Sec. 18. Withdrawals.** – Subject to the exit mechanism guidelines to be set by the
5 Board and concurred to by the Advisory Body, withdrawals from the Fund shall be
6 made only after at least five (5) years of investment activities. The notice period for
7 any withdrawal is one year or shortened as determined by the Board. The capital of
8 the MIC shall not be withdrawn if its effect would be to diminish the MIF to an amount
9 less than the real value of the MIF at its inception.

10
11 **ARTICLE V**
12 **GOVERNANCE**

13
14 **Sec. 19. Board of Directors.** – There shall be fifteen (15) members of the Board
15 composed as follows:

- 16
17 (a) The Secretary of Finance shall sit as the chairperson;
18 (b) Chief Executive Officer of the MIC;
19 (c) President of LBP;
20 (d) President of the DBP;
21 (e) Six (6) regular members, representing the contributors to the fund, with the seats
22 distributed
23 in proportion to their corresponding investments; and
24 (f) Five (5) independent directors from the private sector, the academe, business
25 sector, and
26 investment sector.

27
28 The independent directors shall be chosen by the advisory body. The advisory body
29 shall ensure that the selected members of the Board are with proven probity,
30 competence, expertise and experience in finance, economics, investments, business
31 management, or law, and are highly capable to contribute to the attainment of the

1 objectives and purposes of the MIF.

2

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

8

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

12

13

14 ***Sec. 20. Powers and Functions of the Board of Directors.*** – The primary
15 function of the Board of Directors is to govern and manage the MIC, its assets, and
16 investments in accordance with this Act. As the specific functions of the Board shall
17 include the following:

18

19 (a) To direct the management and operations, and administration of the MIC;

20 (b) To approve and implement the Investment and Risk Management Guidelines and
21 such other investment policies, guidelines, and parameters to effectively carry out the
22 purposes of this Act;

23 (c) To set minimum criteria and targets for investments;

24 (d) To oversee the investment processes which may include asset allocation, portfolio
25 construction, monitoring, and risk management;

26 (e) To approve the issuance of debt and debt-like instruments;

27 (f) To develop strategies (short-, medium-, and long-term) appropriate for
28 investments;

29 (g) To regularly meet and consult with the Advisory Body;

30 (h) To engage and/or appoint an International Advisory Consultant/Council whose
31 main responsibility is to advise the Board on its development strategy and investment

- 1 business, equip executives and management with insights on geopolitical and macro-
2 economic issues, international financial market conditions, and global investment
3 trends;
- 4 (i) To engage external fund managers and investment advisors, as may be necessary,
5 to manage the MIF;
- 6 (j) To exclusively determine the organizational structure, staffing pattern, and number
7 of personnel of the MIC, define their duties and responsibilities, and fix their
8 compensation and other emoluments, including bonuses and the performance bonus
9 authorized under Section 28 of this Act, notwithstanding any provisions of law, rules
10 and regulations, issuances, to the contrary;
- 11 (k) To exclusively prescribe a system for performance standards and evaluation for
12 officials and employees of MIC;
- 13 (l) To exclusively set the criteria and procedures for termination of employment of
14 officials and employees for:
- 15
- 16 i. Gross violation of the provisions in this Act or investment policies and
17 guidelines set by the Board of Directors;
- 18
- 19 ii. Commission of acts inimical to the MIF or the Republic of the Philippines,
20 such as any loss suffered by the Fund caused by negligence, willful
21 misconduct, fraud, or actions in breach of any Investment Agreement;
22 and/or;
- 23
- 24 iii. Failure to meet performance standards set by the Board of Directors.
25
- 26 (m) To appoint key and critical officials and employees as may be necessary to assist
27 the Board of Directors in carrying out its functions;
- 28 (n) To submit semestral reports on investment performance to the Advisory Body and
29 to the President of the Republic of the Philippines;
- 30 (o) To review and certify the MIC/MIF financial statements;
- 31 (p) Act as Trustee of the MIF and such other assets as may be assigned to it and direct

1 how its assets are managed;

2 (q) To constitute an audit committee which shall recommend to the Board and to
3 shareholders during the annual shareholders' meeting the engagement of an external
4 auditor and oversee the internal and external audits mandated under this act; and

5 (r) To perform other functions, duties and responsibilities necessary, related and
6 incidental to the performance of the above-mentioned powers and functions.

7

8 ***Sec. 21. Duties and Qualifications of the Chief Executive Officer (CEO).*** – The

9 CEO shall direct and supervise the operations and internal administration of the MIC,
10 and shall be charged with the risk management, financial performance, human
11 resources, accounting and legal affairs of the corporation. Such powers and duties
12 include:

13

14 (i) Prepare the agenda for the meetings of the BOD and to submit for the
15 consideration of the BOD the policies and measures which are necessary to
16 carry out the purposes and provisions of this Act;

17

18 (ii) Execute and administer the policies and measures approved by the BOD;

19

20 (iii) Develop the MIC's business prospects by studying economic trends and
21 revenue opportunities; projects acquisition and expansion prospects; and
22 oversee financial performance and risk profiles while ensuring that all of
23 regulatory obligations are met;

24

25 (iv) Appoint and fix the remunerations and other emoluments of rank and file
26 employees and other personnel not holding key and critical positions in
27 accordance with the position and compensation plans approved by the BOD, as
28 well as to impose disciplinary measures upon personnel of the MIC: *Provided,*
29 That the removal of personnel shall be with the
30 approval of the BOD; and

31

1 (v) Exercise such other powers as may be vested by the Board of Directors.

2
3 The CEO, in the discharge of its functions, may delegate certain of his administrative
4 responsibilities to other officers of the MIC.

5
6 The CEO shall work closely with the executive management and the Board and must
7 have (i) exceptional experience and expertise in corporate management, financial
8 planning strategy, strategic planning and vision, market and business development,
9 budget development; (ii) has at least ten (10) years management experience,
10 including extensive commercial lending/credit administration experience; (iii) in-depth
11 understanding of the industry including risk management, compliance, and regulatory
12 requirements; (iv) and strategic knowledge of cash flow and capital planning
13 management.

14
15 **Sec. 22. Duties and Qualifications of the Chief Investment and Operating**
16 **Officer (CIOO).** – The CIOO is responsible for regular administration duties of all
17 investment files, communicating investment strategy and policies, managing and
18 developing a team of financial analysts and investment professionals, supervising
19 risk management across portfolios and that sound investment policies are followed.
20 The CIOO must have a degree in finance or a relevant experience in the field and has
21 proven expertise in managing a team of financial analysts and investment
22 professionals.

23
24 **Sec. 23. Quorum and Meetings of the Board.** – The Board of Directors shall meet
25 at least once every month from the effectivity of this Act. It may hold special meetings
26 to consider urgent matters upon call of the Chairperson or upon initiative of at least
27 two (2) members of the Board of Directors.

28
29
30 In order to constitute a quorum in Board meetings, a majority of the total membership
31 of the Board, or at least eight (8) members, shall be present. The approval by a

1 majority of all members of the Board, or at least eight (8) members, shall be required
2 to constitute a decision of the Board.

3
4 The Board of Directors shall maintain and preserve a complete record of the
5 proceedings and deliberations of the Board of Directors, including the tapes and
6 transcripts of the stenographic notes, either in the original form or in microfilm. The
7 meetings of the Board of Directors may be conducted through modern technologies
8 such as teleconferencing and videoconferencing.

9
10 ***Sec. 24. Compensation of the Chairperson and Members of the Board of***
11 ***Directors.*** – The Chairperson and the Members of the Board of Directors shall be
12 entitled to honoraria and/or other reasonable allowances, and/or per diem for each
13 meeting actually attended, and shall be reimbursed for actual and reasonable
14 expenses incurred in the performance of their duties and functions. The rate of the
15 per diem shall be fixed by the Board. The maximum per diem per Regular or Special
16 Board meeting actually attended provided to members of the Board of Directors shall
17 be based on the size of the Corporation but not to exceed the maximum annual
18 amounts as received by members of the Monetary Board of the BSP.

19
20 The salary of the Independent Members of the Board of Directors from the private
21 sector shall be fixed based on the rules set under Section 28 of this Act.

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

29
30
31 The Risk Management Unit shall ensure that the MIC is taking the appropriate measure

1 to achieve a prudent balance between risk and reward in both ongoing and new
2 business activities, taking careful consideration of risk identification, risk measurement
3 and assessment, risk mitigation, risk reporting and monitoring, and risk governance
4 towards a risk-informed approach to the capitalizations of the MIC.

5
6 **Sec. 26. Advisory Body.** – An Advisory Body is hereby created which shall be
7 composed of the Secretary of the DBM, the Director General of NEDA, and two (2)
8 members from the private sector: the President of the Philippine Stock Exchange and
9 the President of the Bankers Association of the Philippines.

10
11 **Sec. 27. Powers and Functions of the Advisory Body.** – The Advisory Body shall
12 exercise the following powers and functions:

13
14 (a) Advise and assist the Board of Directors in the formulation of the general
15 policies related to investment and risk management, and other matters as may
16 be necessary to carry out the provisions and purposes of this Act;

17
18 (b) Advise and provide guidance on issues pertaining or related to the plans
19 and projects of the MIF; and

20
21 (c) Perform other functions, duties and responsibilities, as it may deem
22 necessary.

23
24 The Advisory Body shall not take part in the management or control of the MIF.

25 26 **ARTICLE VI**

27 **Rewards, Incentives and Termination**

28
29 **Sec. 28. Rewards and Incentives.** – The officials, employees and staff of the MIC
30 shall be entitled to honoraria, performance bonus, or any similar performance-based
31 compensation as may be determined by the Board and as approved by the President

1 of the Philippines, taking in consideration, among others, the performance of the Fund,
2 the performance of the individual employee or officer, and industry standards and
3 practices. The criteria for the grant of rewards and incentives shall be determined in
4 the IRR, including the formula for the computation of any amount that will be granted
5 to the Board of Directors, officials, employees, and staff of the MIC. Considering the
6 nature of the fund's intended investments, the criteria and formula shall consider long-
7 term performance of the Fund, acquisition and retention of talent, and the rates of
8 comparators.

9
10
11 **Sec. 29. Effect of Separation.** – Notwithstanding the separation of an official or
12 employee from MIC, the provision of Section 28 shall apply to the performance bonus
13 that said officer or employee is entitled to receive on account of actual performance
14 by the separated official or employee during the period covered by the performance
15 bonus.

16
17
18 **ARTICLE VII**
19 **Exemptions and Privileges**
20

21 **Sec. 30. Exemptions from the GOCC Governance Act of 2011.** – The President
22 of the Republic of the Philippines recognizes the strict requirements set for the GFIs
23 forming the MIC in that they have higher standards of knowledge and expertise in the
24 fields of finance, economics, risk, and governance, and that there is a need for
25 flexibility to operate, function, employ and retain employees to ensure the successful
26 implementation of the goals of the MIC. In this regard, MIC shall be exempted from
27 the coverage and all of the provisions of Republic Act No. 10149 or the "GOCC
28 Governance Act of 2011" except Sections 15 in accordance with Sec. 19 (e) of this
29 Act, 19, 25, and 26 on the fiduciary duties of the board and officers, full disclosure,
30 and special audit.

1 **Sec. 31. Tax Exemptions.** – Any existing law to the contrary notwithstanding, the
2 following transactions and assets of the MIC and MIF shall be exempt from local and
3 national taxes, direct and indirect, that may be imposed under the Local Government
4 Code of 1991, and the National Internal Revenue Code of 1997, as amended, pursuant
5 to the regulations to be issued by the Department of Finance, upon recommendation
6 of the Bureau of Internal Revenue:

7
8 (a) All funds, assets, and properties;

9 (b) All revenues, income, or investment earnings, as well as accruals thereto;

10 and

11 (c) Purchase of supplies, equipment, papers, or documents.

12

13 Importation of supplies and equipment by the MIC and MIF shall be exempt from
14 customs duties, in accordance with the provisions of Republic Act No. 10863,
15 otherwise known as the “Customs Modernization and Tariff Act”.

16

17 *Provided,* That the exemptions granted herein shall be utilized actually, directly,
18 exclusively, and solely for the transactions of the MIC and MIF as distinct legal entities,
19 and not for the purposes of its executives, employees, third parties, and other distinct
20 taxable entities.

21

22 **Sec. 32. Exemptions from the Government Procurement Reform Act.** –

23 Notwithstanding any law or rules, regulations or other issuances to the contrary, the
24 procurement or engagement of the professional or technical services needed in the
25 selection of investments authorized under Section 10 of this Act such as fund
26 management, investment and analysis and advisory underwriting, securities brokerage
27 and dealership, capital market and equity research analysis, and other similar services
28 necessary in the selection of allowable investments under Section 13 of this Act shall
29 be exempted from the provisions of R.A. No. 9184 or the Government Procurement
30 Reform Act and its implementing rules and regulations.

31

1 The competitive selection process and guidelines for the foregoing procurement or
2 engagement of the professional and technical services shall be approved by the MIC
3 board.

4 ***Sec. 33. Exemption from the Salary Standardization Act. –***

5 The officers and employees of the MIC shall be exempt from the provisions of Republic
6 Act No. 6758, otherwise known as the "Salary Standardization Act", and succeeding
7 laws on salary standardization.

8

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

14

15 ***Sec. 34. Designation and Secondment. –*** For the first five (5) years of its
16 operations, the MIC Board, upon the recommendation of the CEO, shall authorize GFI
17 non-executive personnel to the MIC, as may be necessary, subject to existing
18 guidelines on secondment of the Civil Service Commission (CSC).

19

20 The designation of the respective GFIs' personnel to the MIC involves the imposition
21 of additional and/or higher duties to be performed by said personnel for the MIC which
22 is temporary and can be terminated anytime at the pleasure of the appointing
23 officer/authority. Designated personnel shall continue to receive their salaries,
24 benefits, and emoluments from their respective offices or agencies.

25

26 The secondment of the GFIs' personnel to the MIC involves the movement of said
27 personnel from their mother agencies and offices to the MIC, which is temporary in
28 nature, which may or may not require the issuance of an appointment, and which may

1 or may not involve increase in compensation and benefits. Seconded personnel shall
2 receive, in lieu of their respective compensation from their respective agencies or
3 offices, the salaries, emoluments and all other benefits which their positions are
4 entitled to receive from the MIC.

5
6
7 **ARTICLE VIII**

8 **Distribution of Net Profits**

9
10 ***Sec. 35. Distribution of the Net Profits of the Maharlika Investment Fund***

11 ***Corporation.*** – In lieu of taxes and dividend remittance to the National Government,
12 at least twenty five percent (25%) of the net profits of the MIC shall be directly
13 distributed in the form of poverty and subsistence subsidies to families falling below
14 the poverty threshold as determined by the Philippine Statistics Authority (PSA),
15 beginning with the 18.1% of the population, or 19.99 million Filipinos living below the
16 poverty threshold of about P12,030 per month for a family of five (5), per the 2021
17 Family Income and Expenditure Survey of the PSA: *Provided*, That the remainder of
18 the net profits shall be remitted to the National Government, to be earmarked for
19 social welfare programs and projects, excluding infrastructure projects: *Provided*,
20 *further*, That the share of the net profits remitted to the National Government shall
21 not exceed the proportion of investments to the total fund attributable to the National
22 Government.

23
24 ***Sec. 36. Computation of Profits and Losses of the MIC.*** – The profits and losses
25 of the MIC shall be recognized in its books. The recognition of profits and losses of
26 the MIC shall be attributable to the GFIs and investors which shall be subject to their
27 respective accounting and auditing procedures.

1 **ARTICLE IX**

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

3
4 **Sec. 37. Financial Reporting Framework.** – The financial statements and reports
5 shall be prepared, upon the advice of the Advisory Body, in accordance with pertinent
6 provisions of this Act and its IRR, and International Financial Reporting Standards
7 (IFRS) and principles.

8 **Sec. 38. Engagement of an Internal Auditor.** – The Board shall appoint an
9 internal auditor, who shall provide written interim financial and management reports
10 as requested by the Advisory Body. The internal auditor shall be independent from the
11 management of the MIC and shall be under the direct control and supervision of the
12 Board of Directors. The CEO shall ensure that the internal auditor, including the staff,
13 shall have access to all documents and information pertinent to the audit.

14
15 **Sec. 39. Engagement of an External Auditor.** – The Board shall engage, for each
16 accounting period or as soon as practicable after the commencement of the relevant
17 accounting period, an internationally recognized auditing firm to be the External
18 Auditor of the Fund and to audit its financial statements.

19 The External Auditor shall:

- 20
21 (a) Be engaged annually;
22 (b) Be eligible for re-engagement; and
23 (c) Hold office on such terms and conditions as are determined by the Board of
24 Directors.

25
26 **Sec. 40. Audit by the Commission on Audit.** – The books and accounts of the
27 MIC shall be subject to the examination and audit of the Commission on Audit pursuant
28 to Article IX of the 1987 Philippine Constitution. All financial transactions shall be
29 governed by the applicable government laws, rules, and regulations. The COA shall

1 prescribe the guidelines of the audit of the MIC and the Fund under its management
2 in accordance with international best practices. In defining the scope of its audit, the
3 COA shall coordinate with the External Auditor as provided under Section 37 of this
4 Act.

5
6 **Sec. 41. Disposal of Assets.** – Notwithstanding any law, rules, regulations, or other
7 issuances to the contrary, the disposal by MIC, pursuant to its mandate and functions,
8 of shares, securities, and other interests and investments, shall not be covered by
9 existing laws and regulations on disposal of government assets. The aforementioned
10 financial assets shall be considered as forming part of MIC’s inventory of assets held
11 in the regular course of its business activities.

12 13 **ARTICLE X**

14 **Reports and Records**

15
16 **Sec. 42. Oversight Committee.** – There shall be created a Maharlika Investment
17 Fund Joint Congressional Oversight Committee (MIF-JCOC) to oversee, monitor, and
18 evaluate the implementation of this Act. The MIF-JCOC shall be composed of five (5)
19 members each from the House of Representatives and the Senate. The MIF-JCOC shall
20 be co-chaired by the Chairpersons of the House Committee on Banks and Financial
21 Intermediaries and the Senate Committee on Banks, Financial Institution and
22 Currencies.

23
24 The Speaker and Senate President shall designate the other four (4) members of the
25 MIF-JCOC of the House and the Senate from among the members on the House
26 Committee on Banks and Financial Intermediaries and the Senate Committee on
27 Banks, Financial Institution and Currencies, at least one member of which shall be
28 from the minority.

29
30 **Sec. 43. Right to freedom of information of the public.** – All documents of the
31 MIF and the MIC, shall be open, available, accessible to the public, including but not

1 limited to:

- 2
- 3 (a) All investments thereof, whether planned or under negotiation by the mic
4 and on the
5 portfolio of the MIF;
- 6 (b) The statements of assets and liabilities (SALNs) of the members and officials
7 of the board
8 of directors, risk management unit, and advisory board;
- 9 (c) The SALNs of those who appointed and designated the said members and
10 officials;
- 11 (d) Audit documents from the internal auditor, external auditor, and the COA;
12 and
- 13 (e) Similar documents and information.
- 14

15 ***Sec. 44. Provision for Access Rights and Retention Period of Records.*** – The
16 records on the MIC pertaining to its investment activities shall be secured and
17 maintained pursuant to the rules of the National Archives of the Philippines. The
18 disclosure rules under Republic Act No. 8799 or the Securities Regulation Code,
19 Republic Act No. 11232, or the Revised Corporation Code, and other relevant laws,
20 rules, and regulations shall apply to the MIC. The MIC shall be covered by Executive
21 Order No. 2, s. 2016.

22

23 **ARTICLE X**

24 **Reports and Records**

25

26 ***Sec. 42. Oversight Committee.*** – There shall be created a Maharlika Investment
27 Fund Joint
28 Congressional Oversight Committee (MIF-JCOC) to oversee, monitor, and evaluate
29 the implementation of this Act. The MIF-JCOC shall be composed of five (5) members
30 each from the House of Representatives and the Senate. The MIF-JCOC shall be co-
31 chaired by the Chairpersons of the House Committee on Banks and Financial

1 Intermediaries and the Senate Committee on Banks, Financial Institution and
2 Currencies.

3

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

9

10 **Sec. 43. Right to freedom of information of the public.** – All documents of the
11 MIF and the MIC, shall be open, available, accessible to the public, including but not
12 limited to:

13

14 (a) All investments thereof, whether planned or under negotiation by the mic and on
15 the

16 portfolio of the MIF;

17 (b) The statements of assets and liabilities (SALNs) of the members and officials of
18 the board

19 of directors, risk management unit, and advisory board;

20 (c) The SALNs of those who appointed and designated the said members and officials;

21 (d) Audit documents from the internal auditor, external auditor, and the COA; and

22 (e) Similar documents and information.

23 **Sec. 44. Provision for Access Rights and Retention Period of Records.** – The
24 records on the MIC

25 pertaining to its investment activities shall be secured and maintained pursuant to the
26 rules of the National Archives of the Philippines. The disclosure rules under Republic
27 Act No. 8799 or the Securities Regulation Code, Republic Act No. 11232, or the Revised
28 Corporation Code, and other relevant laws, rules, and regulations shall apply to the
29 MIC. The MIC shall be covered by Executive Order No. 2, s. 2016.

30

31 **Sec. 45. Reports of Government Financial Institutions to stakeholders.** –

1 Government financial institutions with investments in the MIC shall include the
2 performance of their investments, a risk assessment of their exposure and strategies
3 to manage such risks, and other relevant information in their annual reports.

4
5 **Sec. 46. Compliance with Santiago Principles.** – The audits required under this
6 article shall include an assessment of the implementation of the Santiago Principles
7 and recommendations to improve compliance with such principles.

8
9
10 **ARTICLE XI**
11 **Offenses and Penalties**
12

13 **Sec. 47. Violation of Disqualification Provision; Penalties.** – When, despite the
14 knowledge of the existence of a ground for disqualifications as provided in Section 19
15 and Section 22 of this Act, a director or officer willfully holds office, or willfully conceals
16 such disqualification, such director, trustee or officer shall be punished with a fine
17 ranging from ten thousand pesos (P10,000.00) to two hundred thousand pesos
18 (P200,000.00) at the discretion of the court, and shall be permanently disqualified
19 from being a director or officer of the Board. When the violation of this provision is
20 injurious or detrimental to the public, the penalty shall be a fine ranging from twenty
21 thousand pesos (P20,000.00) to four hundred thousand pesos (P400,000.00).

22 **Sec. 48. Internal Auditor Collusion; Penalties.** – An independent internal auditor
23 who, in collusion with the corporation’s directors or representatives, certifies the
24 corporation’s financial statements despite its incompleteness or inaccuracy, its failure
25 to give a fair and accurate presentation of the corporation’s condition, or despite
26 containing false or misleading statements, shall be punished with a fine ranging from
27 eighty thousand pesos (P80,000.00) to five hundred thousand pesos (P500,000.00).
28 When the statement or report certified is fraudulent, or had the effect of causing injury
29 to the general public, the auditor or responsible officer may be punished with a fine
30 ranging from one hundred thousand pesos (P100,000.00) to six hundred thousand
31 pesos (P600,000.00).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Sec. 49. Acting as Intermediaries for Graft and Corrupt Practices; Penalties.

– A corporation used for fraud, or for committing or concealing graft and corrupt practices as defined under pertinent statues, shall be liable for a fine ranging from one hundred thousand pesos (P100,000.00) to five million pesos (P5,000,000.00).

When there is a finding that any of its directors, officers, employees, agents, or representatives are engaged in graft and corrupt practices, the Board’s failure to install: (a) safeguards for the transparent and lawful delivery of services; and (b) policies, code of ethics, and procedures against graft and corruption shall be *prima facie* evidence of corporate liability under this section.

Sec. 50. Engaging Intermediaries for Graft and Corrupt Practices; Penalties.

– **A corporation** that appoints an intermediary who engages in graft and corrupt practices for the corporation’s benefit or interest shall be punished with a fine ranging from one hundred thousand pesos (P100,000.00) to one million pesos (P1,000,000.00).

Sec. 51. Tolerating Graft and Corrupt Practices; Penalties.

– A director, or officer who knowingly fails to sanction, report, or file the appropriate action with proper agencies, allows or tolerates graft and corrupt practices or fraudulent acts committed by a board’s directors, officers, or employees shall be punished with a fine ranging from five hundred thousand pesos (P500,000.00) to one million pesos (P1,000,000.00).

Sec. 52. Retaliation Against Whistleblowers.

– A whistleblower refers to any person who provides truthful information relating to the commission or possible commission of any offense or violation under this code. Any person who, knowingly and with intent to retaliate, commits acts detrimental to a whistleblower such as interfering with the lawful employment or livelihood of the whistleblower, shall, at the discretion of the court, be punished with a fine ranging from one hundred thousand pesos (P100,000.00) to one million pesos (P1,000,000.00).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

Sec. 53. *Other Violations of the Act; Separate Liability.* – Violations of any of the other provisions of this Act or its amendments not otherwise specifically penalized therein shall be imprisonment of not less than six (6) years, but not more than twenty (20) years, and by a fine of not less than million pesos to three million pesos (P3,000,000.00) but not more than twice the value of the monetary instrument or property involved in the offense.

Sec. 54. *Prescription of Offenses.* – All offenses punishable under this Act shall be prescribed in fifteen (15) years.

ARTICLE XII
Miscellaneous Provisions

Sec. 55. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Treasurer of the Philippines, in consultation with the founding GFIs, shall promulgate the necessary rules and regulations for the implementation of this Act.

Sec. 56. *Separability Clause.* – If any provisions of this Act are declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain valid.

Sec. 57. *Repealing Clause.* – All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Act, are hereby expressly repealed or modified accordingly.

Section 100 of Republic Act No. 3844, as amended by Republic Act No. 7907, Section 16 of Republic Act No. 7653, as amended by Republic Act No. 11211, Section 26 of Executive Order No. 81 s. 86, as amended by Republic Act No. 8523, are hereby expressly repealed and modified accordingly.

- 1 **Sec. 58. *Effectivity.*** – This Act shall take effect immediately upon its publication in
- 2 the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,