

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



23 MAY 10 A8:23

**SENATE**  
**S. No. 2173**

RECEIVED BY: \_\_\_\_\_

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**Introduced by Senator Jinggoy Ejercito Estrada**

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**AN ACT**  
**PROVIDING FOR THE REVISED WAREHOUSE RECEIPTS LAW OF THE PHILIPPINES**

**EXPLANATORY NOTE**

Act No. 2317 or the Warehouse Receipts Law, enacted in 1912, needs to be updated, strengthened, and modernized to reflect technological advances that will facilitate trade and commerce through better access to loans for the agricultural sector and Micro, Small, and Medium Enterprises (MSMEs).

Data from the Philippine Statistics Authority shows that agriculture is the second largest sector in terms of employment in February 2023 with 11.8 million individuals employed in this sector. However, according to the *Bangko Sentral ng Pilipinas*, households headed by farmers and fisherfolk are the poorest, underbanked, and underserved with only three (3) in ten (10) owning formal transaction accounts. Furthermore, banks do not accept warehouse receipts as credible collateral for loans.

This bill seeks to boost the confidence of banks and other financial institutions on the viability of warehouse receipts as loan collateral through the creation and maintenance of the Securities and Exchange Commission of an Electronic Warehouse Receipts Registry. Furthermore, this bill seeks to professionalize warehousing activity through an accreditation process for warehouse operators and warehouses.

Modernizing the 111-year-old Warehouse Receipts Law would be in line with the BSP's National Strategy for Financial Inclusion, which seeks to improve financial inclusion and resilience. Unbanked agricultural workers would not have to contend with borrowing from informal lenders or be forced to allow middlemen to benefit from their hard work. With a modernized warehouse receipt system in place, inclusive of safeguards that will address banks and financial institutions risk concerns, agricultural workers will be provided better access to credit and will be able to fully maximize the fruits of their labor.

In view of the foregoing circumstances, immediate passage of this bill is earnestly sought.



**JINGGOY EJERCITO ESTRADA**

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PROVIDING FOR THE REVISED WAREHOUSE RECEIPTS LAW OF THE  
PHILIPPINES**

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

**CHAPTER I  
GENERAL PROVISIONS**

1 Section 1. *Short Title.* – This Act shall be known as the “*Revised Warehouse*  
2 *Receipts Law of the Philippines*”.

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

8 Sec. 3. *Definition of Terms.* – As used in this Act:

- 9 a. *Action* refers to a counterclaim, set-off, or suit in equity as provided by law;  
10 b. *Delivery* refers to the voluntary transfer of control from one person to  
11 another;  
12 c. *Deposit* refers to the act of transferring actual possession of goods to a  
13 warehouse operator;  
14 d. *Electronic warehouse receipt* refers to a warehouse receipt in electronic or  
15 digital form;

- 1 e. *Goods* refer to chattel or merchandise in storage or which have been or are  
2 about to be stored;
- 3 f. *Good faith* refers to an abstract or comprehensive term that encompasses  
4 a sincere belief or motive without any malice or the desire to defraud others,  
5 whether it be done negligently or not;
- 6 g. *Guarantee* refers to a guarantee specifically issued by the Philippine  
7 Guarantee Corporation;
- 8 h. *Holder of a receipt* refers to a person who has both constructive possession  
9 of such receipt and a right of property therein;
- 10 i. *Insurance* refers to any form of insurance, whether obtained from a public  
11 or private entity, within the meaning of the Insurance Code of the  
12 Philippines;
- 13 j. *Modern* refers to the adaptation and utilization of modern technology,  
14 including Blockchain technology;
- 15 k. *Negotiable receipt* refers to a receipt in which it is stated that the goods  
16 received will be delivered to the bearer or to the order of any person named  
17 in such receipt;
- 18 l. *Non-negotiable receipt* refers to a receipt in which it is stated that the goods  
19 received will be delivered to the depositor or to any specified person;
- 20 m. *Order* refers to an order by indorsement on the receipt;
- 21 n. *Owner* refers to one who has the right of possession of a warehouse receipt,  
22 but does not include a mortgagee;
- 23 o. *Person* refers to both natural and juridical persons;
- 24 p. *Purchase* refers to the act of acquiring a warehouse receipt in the form of  
25 mortgage or pledge;
- 26 q. *Registry* refers to the Electronic Warehouse Receipts Registry;
- 27 r. *Release order* refers to a written instrument issued by the owner of a receipt  
28 directing a warehouse operator to release his goods to a specific person;
- 29 s. *Value* refers to any consideration sufficient to support a simple contract. An  
30 antecedent or pre-existing obligation, whether for money or not, constitutes  
31 value where a receipt is taken either in satisfaction thereof or as security  
32 therefor;

- 1 t. *Warehouse* refers to 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 u. *Warehouse operator* refers to a person lawfully engaged in the business of  
5 housing goods intended to be used for trading or financing and duly  
6 authorized under this Act;
- 7 v. *Warehouse receipt or receipt* refers to a document issued by a warehouse  
8 operator in accordance with Section 5 of this Act; and,
- 9 w. *Writing* refers to written documents or records, including electronic records.

10 Sec. 4. *Person who may issue Receipts.* – Warehouse receipts may only be  
11 issued by a duly accredited warehouse operator.

12 Sec. 5. *Form of Receipts.* – Every warehouse receipt must contain the following  
13 information:

- 14 a. Location of the warehouse where the goods are stored;
- 15 b. Date of the issue of the receipt;
- 16 c. Consecutive number of the receipt;
- 17 d. Statement whether the goods received will be delivered to the bearer, to a  
18 specified person, or to a specified person or order;
- 19 e. Amount up to which the goods covered by the receipt are insured, and the  
20 name of the insuring entity;
- 21 f. Rate of storage charges;
- 22 g. Description of the goods or the packages containing them;
- 23 h. Signature of the warehouse operator, which may be made by an authorized  
24 agent;
- 25 i. Fact of ownership if the receipt is issued for goods of which the warehouse  
26 operator is owner, either solely, jointly, or in common with other; and,
- 27 j. Statement of the amount of advances made and of liabilities incurred for  
28 which the warehouse operator claims a lien. If the precise amount of such  
29 advances made or of such liabilities incurred is, at the time of the issue of  
30 receipt, unknown to the warehouse operator or to the agent who issues it,  
31 a statement of the fact that advances have been made or liabilities incurred  
32 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 *Sec. 6. Permissible Insertions.* – A warehouse operator may insert in a receipt  
5 any other terms and conditions: *Provided,* That such terms and conditions shall not:

- 6 a. Be contrary to the provisions of this Act; or
- 7 b. Be in any way impair the obligation to exercise that degree of care in the  
8 safekeeping of the goods entrusted which a reasonably careful person  
9 would exercise in regard to similar goods one owns.

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

12 *Sec. 7. Failure to Mark "Non-Negotiable" or "Not Negotiable".* – A warehouse  
13 operator shall clearly indicate or mark on the face of a non-negotiable receipt that it  
14 is "non-negotiable" or "not negotiable". In the absence of such marking, the receipt  
15 shall be deemed negotiable.

16 This section shall not apply, however, to letters, memoranda, or written  
17 acknowledgement of an informal character.

## 18 **CHAPTER II**

### 19 **ELECTRONIC WAREHOUSE RECEIPTS REGISTRY**

20 *Sec. 8. Electronic Warehouse Receipts Registry.* – The Securities and Exchange  
21 Commission (SEC) is hereby tasked with creating and maintaining a modern, online,  
22 centralized, and nationwide Registry where all electronic warehouse receipts can be  
23 registered and accessed, as well as rules and regulations pertaining specifically to  
24 registration and cancellation of electronic warehouse receipts. The SEC is likewise  
25 authorized to engage the services of third parties in creating and maintaining the  
26 Registry.

27 *Sec. 9. Local Sub-Registry.* – In addition to the Registry created and maintained  
28 by the SEC, all warehouses must establish and maintain a Sub-Registry specifically for  
29 goods deposited therein. Failure of a warehouse to keep a Sub-Registry in the  
30 warehouse, as well as any fraud committed thereon, shall be grounds for the  
31 revocation of a warehouse's accreditation.



1 and measurable standards relating to the ability and capacity to handle the  
2 storage of goods and the maintenance of the Sub-Registry;

- 3 b. Issue a certificate of accreditation to qualified warehouse operators and  
4 warehouses upon determination that the requirements and criteria set for  
5 this purpose have been fully satisfied: *Provided*, That the certificate of  
6 accreditation shall be valid only for such period as may be prescribed under  
7 the implementing rules and regulations of this Act;
- 8 c. Monitor the performance of warehouse operators to ensure continuing  
9 compliance with the provisions of this Act and its implementing rules and  
10 regulations;
- 11 d. Suspend or revoke any certificate of accreditation upon due determination  
12 that a warehouse operator no longer meets the criteria for accreditation;
- 13 e. Require regular submission of reports by warehouse operators;
- 14 f. Collect reasonable accreditation and monitoring fees from warehouse  
15 operators which shall be used for operational requirements;
- 16 g. Submit an annual report to the concerned committees of both House of  
17 Congress of the Philippines; and,
- 18 h. Perform such other functions as may be necessary to accomplish the  
19 purposes and objectives of this Act in relation to warehouse operators and  
20 warehouses.

21 *Sec. 16. Accreditation of Warehouse Operators.* – All warehouse operators  
22 issuing warehouse receipts to be used for purposes other than mere storage and  
23 facilitation of logistics are hereby required to seek the accreditation of the SEC. The  
24 SEC shall create rules and regulations to facilitate the accreditation of warehouse  
25 operators. All warehouse operators who are not accredited with the SEC are prohibited  
26 from issuing warehouse receipts.

27 *Sec. 17. Screening Process for Warehouse Operators.* – To ensure the credibility  
28 and integrity of warehouse operators, the SEC is hereby authorized to create a  
29 screening process for warehouse operators, which may include the administration of  
30 written examinations. The SEC shall coordinate with other governmental bodies in  
31 order to create a viable screening process for warehouse operators.





1            *Sec. 22. Justification of Warehouse Operator in Delivering Goods.* – A  
2 warehouse operator is justified in delivering the goods to one who is:

- 3            a. The person lawfully entitled to the possession of the goods, or one’s agent;
- 4            b. A person who is either entitled to delivery by the terms of a non-negotiable  
5            receipt issued for the goods, or who has written authority from the person  
6            so entitled; or
- 7            c. A person in control of a negotiable receipt by the terms of which the goods  
8            are deliverable, indorsed to, or in blank by the person to whom delivery was  
9            promised by the terms of the receipt or by the immediate indorser.

10           *Sec. 23. Warehouse Operator’s Liability for Misdelivery of Goods.* – Where a  
11 warehouse operator delivers the goods to one who is not lawfully entitled to the  
12 possession of them, the warehouse operator shall be liable to all persons having a  
13 right of the property or possession of the goods, unless the warehouse operator had:  
14 (a) been requested by, or on behalf of the person lawfully entitled to a right of property  
15 or possession of goods, not to make such delivery; or (b) received verified information  
16 that the delivery about to be made was to one who is not lawfully entitled to the  
17 possession of the goods.

18           *Sec. 24. Negotiable Receipt must be Cancelled for Complete Delivery of Goods.*  
19 – Except as otherwise provided in this Act, a warehouse operator must cancel a  
20 negotiable receipt once the goods are completely delivered. Failing to do so, the  
21 warehouse operator shall be liable to any person who purchases in good faith such  
22 receipt for failure to deliver the goods to the purchaser, whether the purchaser  
23 acquired title to the receipt before or after the delivery of the goods by the warehouse  
24 operator.

25           *Sec. 25. Negotiable Receipts must be Marked for Partial Delivery of Goods.* –  
26 Except as otherwise provided in this Act, a warehouse operator must mark a  
27 negotiable receipt when only a part of the goods is delivered. Failing to do so, the  
28 warehouse operator shall be liable to anyone who purchases in good faith such receipt,  
29 whether such purchaser acquired title to the receipt before or after the delivery of any  
30 portion of the goods by the warehouse operator.

31           *Sec. 26. Altered Receipts.* – The alteration of a receipt shall not excuse the  
32 warehouse operator who issued it from any liability if such alteration was:

- 1 a. Immaterial;
- 2 b. Authorized; or
- 3 c. Made without fraudulent intent.

4 If the alteration was authorized, the warehouse operator shall be liable  
5 according to the terms of the receipt as altered. If the alteration was unauthorized,  
6 but made without fraudulent intent, the warehouse operator shall be liable according  
7 to the terms of the receipt as they were before alteration.

8 Material and fraudulent alteration of a receipt shall not excuse the warehouse  
9 operator who issued it from liability to deliver, according to the terms of the receipt  
10 as originally issued, the goods for which it was issued: *Provided, however,* That the  
11 warehouse operator shall be excused from any other liability.

12 *Sec. 27. Warehouse Operator cannot have Title or Right to the Possession of*  
13 *Goods.* – A warehouse operator shall have no title or right to the possession of goods,  
14 unless such title or right is derived directly or indirectly from a transfer made by the  
15 depositor at the time of, or subsequent to, the deposit for storage, or from the  
16 warehouse operator’s lien. A warehouse operator cannot be excused from liability for  
17 refusing to deliver the goods according to the terms of the receipt.

18 *Sec. 28. Interpleader of Adverse Claimants.* – If more than one person claims  
19 the title or possession of the goods, the warehouse operator may, either as a defense  
20 to an action brought against them for non-delivery of the goods or as an original suit,  
21 whichever is appropriate, require all known claimants to interplead.

22 *Sec. 29. Warehouse Operator has reasonable time to determine Validity of*  
23 *Claims.* – If a person other than the depositor or person claiming under them has a  
24 claim to the title or possession of goods, and the warehouse operator has information  
25 of such claim, the warehouse operator shall be excused from liability for refusing to  
26 deliver the goods, either to the depositor or person claiming under them to the adverse  
27 claimant until the warehouse operator has had reasonable time to ascertain the validity  
28 of the adverse claim or to bring legal proceedings to compel claimants to interplead.

29 *Sec. 30. Adverse Title is no defense except as provided in this Act.* – Except as  
30 provided in this Act, no right or title of a third person shall be a defense to an action  
31 brought by the depositor or person claiming under them against the warehouse  
32 operator for failure to deliver the goods according to the terms of the receipt.

1            *Sec. 31. Liability for Nonexistence or Misdescription of Goods.* – A warehouse  
2 operator shall be liable to the holder of a receipt for damages caused by the  
3 nonexistence of the goods or by the failure of the goods to correspond with the  
4 description thereof in the receipt at the time of its issue. If, however, the goods are  
5 described in a receipt merely by a statement of marks or labels upon them or upon  
6 packages containing them or by a statement that the goods are said to be goods of a  
7 certain kind or that the packages containing the goods are said to contain goods of a  
8 certain kind or by words of like purport, such statements, if true, shall not make liable  
9 the warehouse operator issuing the receipt, although the goods are not of the kind  
10 which the marks or labels upon them indicate or of the kind they were said to be by  
11 the depositor.

12            *Sec. 32. Liability for Care of Goods.* – A warehouse operator shall be liable for  
13 any loss or injury to the goods caused by their failure to exercise such care in regard  
14 to them as reasonably vigilant owner of similar goods would exercise, but the  
15 warehouse operator shall not be liable, in the absence of an agreement to the  
16 contrary, for any loss or injury to the goods, which could not have been avoided by  
17 the exercise of such care.

18            *Sec. 33. Goods must be kept separate.* – Except as provided in the following  
19 section, a warehouse operator shall keep the goods so far separate from goods of  
20 other depositors and from other goods of the same depositor for which a separate  
21 receipt has been issued, as to permit at all times the identification and redelivery of  
22 the goods deposited.

23            *Sec. 34. Fungible Goods may be comingled if Warehouse Operator Authorized.*  
24 – If authorized by agreement or buy custom, a warehouse operator may mingle  
25 fungible goods with other goods of the same kind and grade. In such case, the various  
26 depositors of the mingled goods shall own the entire mass in common and each  
27 depositor shall be entitled to such portion thereof as the amount deposited by them  
28 bears to the whole.

29            *Sec. 35. Liability of Warehouse Operator to Depositors of Comingled Goods.* –  
30 The warehouse operator shall be severally liable to each depositor for the care and  
31 redelivery of their share of such mass to the same extent and under the same  
32 circumstances as if the goods had been kept separate.

1            *Sec. 36. Attachment or Levy upon Goods for which a Negotiable Receipt has*  
2 *been issued.* – If goods are delivered to a warehouse operator by the owner or by a  
3 person whose act in conveying the title to them to a purchase in good faith for value  
4 would bind the owner, and a negotiable receipt is issued for them, they cannot  
5 thereafter, while in the possession of the warehouse operator, be attached by  
6 garnishment or otherwise, or be lived upon under an execution unless the receipt be  
7 first surrendered to the warehouse operator or its negotiation enjoined. The  
8 warehouse operator shall, in no case, be compelled to deliver the actual possession of  
9 the goods until the receipt is surrendered to the warehouse operator or impounded  
10 by the Court.

11            *Sec. 37. Creditor's Remedies to reach Negotiable Receipts.* – A creditor whose  
12 debtor is the owner of a negotiable receipt shall be entitled to such aid from Courts of  
13 appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or in  
14 satisfying the claim by means thereof as is allowed by law or in equity within the  
15 jurisdiction of the Philippines in regard to property which cannot readily be attached  
16 or levied upon by ordinary legal proceedings.

17            *Sec. 38. What Claims are included in the Warehouse Operator's Lien.* – Subject  
18 to the provisions of this Act, a warehouse operator shall have lien on goods deposited  
19 or on the proceeds thereof in their hand; for all lawful charges for storage and  
20 preservation of the goods; for all lawful claims for money advanced, interest,  
21 insurance, transportation, labor, weighing, coopering, and other charges and  
22 expenses in relation to such goods; for all reasonable charges and expenses for notice,  
23 and advertisements of sale, and for sale of good where default had been made in  
24 satisfying the warehouse operator's lien.

25            *Sec. 39. Against what Property the Warehouse Operator's Lien may be*  
26 *enforced.* – Subject to the provisions of this Act, a warehouse operator's lien may be  
27 enforced:

- 28            a. Against all goods, whenever deposited, belonging to the person who is liable  
29            as debtor for the claims in regard to which the lien is asserted; and,
- 30            b. Against all goods belonging to others which have been deposited at any  
31            time by the person who is liable as debtor for the claims in regard to which  
32            the lien is asserted if such person had been so entrusted with the possession

1 of goods that a pledge of the same by them at the time of the deposit to  
2 one who took the goods in good faith for value would have been valid.

3 *Sec. 40. How Warehouse Operator's Lien may be lost.* – A warehouse operator  
4 loses their lien upon goods:

- 5 a. By surrendering possession thereof; or
- 6 b. By refusing to deliver the goods when a demand is made with which the  
7 warehouse operator is bound to comply under the provisions of this Act.

8 *Sec. 41. Negotiable Receipts must state Charges for which the Lien is Claimed.*

9 – If a negotiable receipt is issued for goods, the warehouse operator shall have no  
10 lien thereon except for charges for storage of goods subsequent to the date of the  
11 receipt unless the receipt expressly enumerated other charges for which a lien is  
12 claimed. In such case, there shall be a lien for the charges enumerated so far as they  
13 are within the terms of Section 25 although the amount of the charges so enumerated  
14 is not state in the receipt.

15 *Sec. 42. Warehouse Operator need not deliver until Lien is satisfied.* – A  
16 warehouse operator having a lien valid against the person demanding the goods may  
17 refuse to deliver the goods to them until the lien is satisfied.

18 *Sec. 43. Warehouse Operator's Lien does not preclude Other Remedies.* –  
19 Whether a warehouse operator has or has not a lien upon the goods, the warehouse  
20 operator is entitled to all remedies allowed by law to a creditor against a debtor for  
21 the collection from the depositor of all charges and advances which the depositor has  
22 expressly or impliedly contracted with the warehouseman to pay.

23 *Sec. 44. Satisfaction of Lien by Sale.* – A warehouse operator's lien for a claim  
24 which has become due may be satisfied as follows:

- 25 a. An itemized statement of the warehouse operator's claim, showing the sum  
26 due at the time of the notice and the date or dates when it becomes due;
- 27 b. A brief description of the goods against which the lien exists;
- 28 c. A demand that the amount of the claim as stated in the notice of such  
29 further claim as shall accrue, shall be paid on or before a day mentioned,  
30 not less than ten (10) days from the delivery of the notice if it is personally  
31 delivered, or from the time when the notice shall reach its destination,  
32 according to the due course of post, if the notice is sent by mail; and

1 d. A statement that unless the claim is paid within the time specified, the goods  
2 will be advertised for sale and sold by auction at a specified time and place.

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

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

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

29 *Sec. 45. Perishable and Hazardous Goods.* – If goods are of a perishable nature,  
30 or by keeping will deteriorate greatly in value, or, by their order, leakage,  
31 inflammability, or explosive nature, will be liable to injure other property, the  
32 warehouse operator may give such notice to the owner or to the person in whose

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

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

11 *Sec. 46. 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 *Sec. 47. Effect of Sale.* – After goods have been lawfully sold to satisfy a  
17 warehouse operator’s lien or have been lawfully sold or disposed of because of their  
18 perishable or hazardous nature, the warehouse operator shall not thereafter be liable  
19 for failure to deliver the goods to the depositor or owner of the goods or to a holder  
20 of the receipt given for the goods when they were deposited, even if such receipt be  
21 negotiable.

## 22 **CHAPTER V**

### 23 **NEGOTIATION AND TRANSFER OF RECEIPTS**

24 *Sec. 48. Negotiation of Negotiable Receipt by Indorsement.* – A negotiable  
25 receipt may be negotiated by the indorsement of the person to whose order the goods  
26 are, by the terms of the receipt, deliverable. Such indorsement may be in blank, to  
27 bearer or to a specified person. If indorsed to a specified person, it may be again  
28 negotiated by the indorsement of such person in blank, to bearer or to another  
29 specified person. Subsequent negotiations may be made in like manner.

30 *Sec. 49. Transfer of Receipt.* – A receipt may be transferred by the holder to a  
31 purchaser or donee.



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

3 Sec. 50. *Who may negotiate a Receipt.* – A negotiable receipt may be  
4 negotiated:

- 5 a. By the owner thereof; or
- 6 b. By any person to whom the constructive possession of the receipt has been  
7 entrusted by the owner, if, by the terms of the receipt, the warehouse  
8 operator undertakes to deliver the goods to the order of the person to whom  
9 the constructive possession of the receipt has been entrusted.

10 Sec. 51. *Rights of a Person to whom a Receipt has been negotiated.* – A person  
11 to whom a negotiable receipt has been duly negotiated acquires thereby:

- 12 a. Such title to the goods as the person negotiating the receipt to them had or  
13 had ability to convey to a purchaser in good faith for value, and also such  
14 title to the goods as the depositor or person to whose order the goods were  
15 to be delivered by the terms of the receipt had or had ability to convey to a  
16 purchaser in good faith for value; and
- 17 b. The direct obligation of the warehouse operator to hold possession of the  
18 goods for them according to the terms of the receipt as fully as if the  
19 warehouse operator contracted directly with them.

20 Sec. 52. *Rights of Person to whom Receipt has been transferred.* – A person to  
21 whom a receipt has been transferred but not negotiated acquires thereby, as against  
22 the transferor, the title of the goods subject to the terms of any agreement with the  
23 transferor.

24 If the receipt is non-negotiable, such person also acquires the right to notify  
25 the warehouse operator of the transfer to them of such receipt and thereby to acquire  
26 the direct obligation of the warehouse operator to hold possession of the goods for  
27 them according to the terms of the receipt.

28 Prior to the notification of the warehouse operator by the transferor or  
29 transferee of a non-negotiable receipt, the title of the transferee to the goods and the  
30 right to acquire the obligation of the warehouse operator may be defeated by the levy  
31 of an attachment or execution upon the goods by a creditor of the transferor or by a

1 notification to the warehouse operator by the transferor or a subsequent purchaser  
2 from the transferor of a subsequent sale of the goods by the transferor.

3       *Sec. 53. Transfer of Negotiable Receipt without Indorsement.* – Where a  
4 negotiable receipt is transferred for value and the indorsement of the transferor is  
5 essential for negotiation, the transferee acquires a right against the transferor to  
6 compel them to indorse the receipt unless a contrary intention appears. The  
7 negotiation shall take effect as of the time when the indorsement is actually made.

8       *Sec. 54. Warranties of a Sale of Receipt.* – A person who, for value, negotiates  
9 or transfers a receipt by indorsement or delivery, including one who assigns for value  
10 a claim secured by a receipt, unless a contrary intention appears, warrants:

- 11       a. That the receipt is genuine;
- 12       b. That the person has a legal right to negotiate or transfer it;
- 13       c. That the person has knowledge of no fact which would impair the validity  
14       or worth of the receipt; and,
- 15       d. That the person has a right to transfer the title to the goods and that the  
16       goods are merchantable or fit for a particular purpose whenever such  
17       warranties would have been implied, if the contract of the parties had been  
18       to transfer without a receipt of the goods represented thereby.

19       *Sec. 55. Indorser no Guarantor.* – The indorsement of a receipt shall not make  
20 the indorser liable for any failure on the part of the warehouseman or previous  
21 indorsers of the receipt to fulfill their respective obligations.

22       *Sec. 56. No Warranty implied from accepting Payment of a Debt.* – A  
23 mortgagee, pledgee, or holder for security of a receipt who, in good faith, demands  
24 or receives payment of the debt for which such receipt is security, whether from a  
25 party to a draft drawn for such debt or from any other person, shall not, by so doing,  
26 be deemed to represent or to warrant the genuineness of such receipt or the quantity  
27 or quality of the goods therein described.

28       *Sec. 57. When Negotiation not impaired by Fraud, Mistake, or Duress.* – The  
29 validity of the negotiation of a receipt is not impaired by the fact that such negotiation  
30 was a breach of duty on the part of the person making the negotiation or by the fact  
31 that the owner of the receipt was induced by fraud, mistake or duress or to entrust  
32 the constructive possession of the receipt to such person, if the person to whom the



1            *Sec. 62. Creation of Fraudulent Duplicate Receipt.* – A warehouse operator or  
2 their agent, officer, or employee who issues or aids in issuing a second electronic  
3 warehouse receipt for goods, knowing that there is an existing prior electronic  
4 warehouse receipt for the same goods or any part of them, shall be punished by  
5 imprisonment of ten (10) years, or a fine equal to triple the value of the goods  
6 involved, or both, at the discretion of the Court, and the accreditation of the  
7 warehouse operator shall likewise be revoked. This provision shall not be applicable if  
8 the issuance of a subsequent warehouse receipt was made on the basis of an order  
9 issued by a court of competent jurisdiction.

10            *Sec. 63. Issue for Warehouse Operator's Goods or Receipts which do not state*  
11 *that Fact.* – Where goods are deposited with or held by a warehouse operator of which  
12 the warehouse operator is owner, either solely or jointly, or in common with others,  
13 such warehouse operator, or any of their agents, officers, or employees who, knowing  
14 this ownership, issues or aids in issuing a negotiable receipt for such goods which  
15 does not state such ownership, shall be punished by imprisonment of ten (10) years,  
16 or a fine equal to triple the value of the goods involved, or both, at the discretion of  
17 the Court, and the accreditation of the warehouse operator shall be revoked.

18            *Sec. 64. Delivery of Goods without obtaining Negotiable Receipt.* – A warehouse  
19 operator or their agent, officer, or employee that delivers goods out of the possession  
20 of such warehouse operator, knowing that a negotiable receipt, the negotiation of  
21 which would transfer the right to the possession of such goods is outstanding and  
22 uncanceled, without obtaining the constructive possession of such receipt at or before  
23 the time of such delivery, except as otherwise authorized in this Act, shall be punished  
24 by imprisonment of ten (10) years, or a fine equal to triple the value of the goods  
25 involved, or both, at the discretion of the Court, and the accreditation of the  
26 warehouse operator shall likewise be revoked.

27            *Sec. 65. Negotiation of Receipt for Mortgaged Goods.* – Any person who  
28 deposits goods which the person has not title, or upon which there is a lien or  
29 mortgage, and who takes for such goods a negotiable receipt which was afterwards  
30 negotiated for value with intent to deceive and without disclosing the want of the title  
31 or the existence of the lien or mortgage, shall be punished by imprisonment of ten



1            *Sec. 72. Cases not provided for in this Act.* – Any case not provided for in this  
2 Act shall be governed by the provisions of existing legislation, or in default thereof, by  
3 the established rules of commerce.

4            *Sec. 73. Application of this Act.* – The provisions of this Act do not apply to  
5 receipts made and delivered prior to the taking effect hereof.

6            *Sec. 74. Separability Clause.* – Should any provision herein be declared  
7 unconstitutional, the other provisions hereof which are not affected shall remain in full  
8 force and effect.

9            *Sec. 75. Repealing Clause.* – Act No. 2137, otherwise known as the Warehouse  
10 Receipts Law, is hereby repealed. All laws, decrees, orders, rules and regulations or  
11 other issuances or parts inconsistent with any provision of this Act are hereby  
12 repealed, amended or modified accordingly.

13            *Sec. 76. Effectivity.* – This Act shall take effect fifteen (15) days after its  
14 publication in the *Official Gazette* or in at least two (2) national newspapers of general  
15 circulation.

*Approved,*