



HOUSE OF REPRESENTATIVES

H. No. 198

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AN ACT

PROVIDING FOR THE REVISED WAREHOUSE RECEIPTS LAW OF THE PHILIPPINES

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

CHAPTER I

GENERAL PROVISIONS

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

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

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

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

- 1 (e) **Goods** refer to chattel or merchandise in storage or which have been or are  
2 about to be stored;  
3
- 4 (f) **Good faith** refers to an abstract or comprehensive term that encompasses a  
5 sincere belief or motive without any malice or the desire to defraud others,  
6 whether it be done negligently or not;  
7
- 8 (g) **Guarantee** refers to a guarantee specifically issued by the Philippine Guarantee  
9 Corporation;  
10
- 11 (h) **Holder of a receipt** refers to a person who has both constructive possession of  
12 such receipt and a right of property therein;  
13
- 14 (i) **Insurance** refers to any form of insurance, whether obtained from a public or  
15 private entity, within the meaning of the Insurance Code of the Philippines;  
16
- 17 (j) **Modern** refers to the adaptation and utilization of modern technology, including  
18 Blockchain technology;  
19
- 20 (k) **Negotiable receipt** refers to a receipt in which it is stated that the goods received  
21 will be delivered to the bearer or to the order of any person named in such  
22 receipt;  
23
- 24 (l) **Non-Negotiable Receipt** refers to a receipt in which it is stated that the goods  
25 received will be delivered to the depositor or to any other specified person;  
26
- 27 (m) **Order** refers to an order by indorsement on the receipt;  
28
- 29 (n) **Owner** refers to one who has the right of possession of a warehouse receipt but  
30 does not include a mortgagee;  
31
- 32 (o) **Person** refers to both natural and juridical persons;  
33
- 34 (p) **Purchase** refers to the act of acquiring a warehouse receipt in the form of  
35 mortgage or pledge;  
36
- 37 (q) **Registry** refers to the Electronic Warehouse Receipts Registry;  
38
- 39 (r) **Release order** refers to a written instrument issued by the owner of a receipt  
40 directing a warehouse operator to release his goods to a specific person;  
41
- 42 (s) **Value** refers to any consideration sufficient to support a simple contract. An  
43 antecedent or pre-existing obligation, whether for money or not, constitutes  
44 value where a receipt is taken either in satisfaction thereof or as security  
45 therefor;  
46
- 47 (t) **Warehouse** refers to a place that houses goods intended to be used for trading or  
48 financing within the territory of the Philippines operated and maintained by a  
49 warehouse operator;

1 (u) **Warehouse operator** refers to a person lawfully engaged in the business of  
2 housing goods intended to be used for trading or financing and duly authorized  
3 under this Act;

4  
5 (v) **Warehouse receipt or receipt** refers to a document issued by a warehouse  
6 operator in accordance with Section 5 of this Act; and

7  
8 (w) **Writing** refers to written documents or records, including electronic records.  
9

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

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

15  
16 (a) Location of the warehouse where the goods are stored;

17  
18 (b) Date of the issue of the receipt;

19  
20 (c) Consecutive number of the receipt;

21  
22 (d) Statement whether the goods received will be delivered to the bearer, to a  
23 specified person, or to a specified person or order;

24  
25 (e) Amount up to which the goods covered by the receipt are insured, and the  
26 name of the insuring entity;

27  
28 (f) Rate of storage charges;

29  
30 (g) Description of the goods or of the packages containing them;

31  
32 (h) Signature of the warehouse operator, which may be made by an authorized  
33 agent;

34  
35 (i) Fact of ownership if the receipt is issued for goods of which the warehouse  
36 operator is owner, either solely, jointly, or in common with others; and

37  
38 (j) Statement of the amount of advances made and of liabilities incurred for  
39 which the warehouse operator claims a lien. If the precise amount of such  
40 advances made or of such liabilities incurred is, at the time of the issue of  
41 receipt, unknown to the warehouse operator or to the agent who issues it, a  
42 statement of the fact that advances have been made or liabilities incurred and  
43 the purpose thereof is sufficient.

44  
45 A warehouse operator shall be liable to any person injured thereby for all  
46 damages caused by the omission from a warehouse receipt of any of the terms herein  
47 required.



1 Executive Order No. 58, Series of 2018, and to the extent allowed by the provisions of  
2 applicable laws, may provide guarantee on eligible loans secured by warehouse receipts  
3 or the goods evidenced thereby.

4  
5 **CHAPTER III**  
6 **ACCREDITATION**

7  
8 **SEC. 13. Role of the SEC.** – The SEC shall be the primary regulatory body in  
9 charge of all matters related to warehouse receipts, including accreditation of  
10 warehouse operators and warehouses. While the SEC may consult with other regulatory  
11 bodies including the Department of Trade and Industry, the Department of Finance, and  
12 the Department of Agriculture, warehousing experts, and other organizations that are  
13 representatives of a particular sector, the SEC shall, at all times, be the lead agency in  
14 ensuring the successful implementation of this Act: *Provided*, That the regulatory  
15 bodies, warehousing experts, and other organization representative of a particular  
16 sector shall only be consulted on goods, crops, and practices they are familiar with.

17  
18 **SEC. 14. Warehousing Experts.** – The SEC is authorized to issue rules and  
19 regulations in order to determine who shall qualify as warehousing experts.  
20 Warehousing experts must be persons knowledgeable and with actual experience in  
21 operating and maintaining warehouses in accordance with globally accepted best  
22 practices in warehousing.

23  
24 **SEC. 15. Functions and Responsibilities of the SEC as Accrediting Agency.** – As  
25 the accrediting entity, the SEC shall have the following functions and responsibilities:

- 26  
27 (a) Institute and operationalize a system of accreditation for warehouse  
28 operators: *Provided*, That the criteria for accreditation shall include sound and  
29 measurable standards relating to the ability and capacity to handle the storage  
30 of goods and the maintenance of the Sub-Registry;  
31  
32 (b) Issue a certificate of accreditation to qualified warehouse operators and  
33 warehouses upon determination that the requirements and criteria set for this  
34 purpose have been fully satisfied: *Provided*, That the certificate of accreditation  
35 shall be valid only for such period as may be prescribed under the implementing  
36 rules and regulations of this Act;  
37  
38 (c) Monitor the performance of warehouse operators to ensure continuing  
39 compliance with the provisions of this Act and its implementing rules and  
40 regulations;  
41  
42 (d) Suspend or revoke any certificate of accreditation upon due determination that a  
43 warehouse operator no longer meets the criteria for accreditation;  
44  
45 (e) Require regular submission of reports by warehouse operators;  
46  
47 (f) Collect reasonable accreditation and monitoring fees from warehouse operators  
48 which shall be used for operational requirements;

1 (g) Submit an annual report to the President of the Philippines and the concerned  
2 committees of both Houses of Congress of the Philippines; and  
3

4 (h) Perform such other functions as may be necessary to accomplish the purposes  
5 and objectives of this Act in relation to warehouse operators and warehouses.  
6

7 **SEC. 16. Accreditation of Warehouse Operators.** – All warehouse operators  
8 issuing warehouse receipts to be used for purposes other than mere storage and  
9 facilitation of logistics are hereby required to seek the accreditation of the SEC. The SEC  
10 shall create rules and regulations to facilitate the accreditation of warehouse operators.  
11 All warehouse operators who are not accredited with the SEC are prohibited from  
12 issuing warehouse receipts.  
13

14 **SEC. 17. Screening Process for Warehouse Operators.** – To ensure the credibility  
15 and integrity of warehouse operators, the SEC is hereby authorized to create a screening  
16 process for warehouse operators, which may include the administration of written  
17 examinations. The SEC shall coordinate with other governmental bodies in order to  
18 create a viable screening process for warehouse operators.  
19

20 **SEC. 18. Warehouse Operator's Bond.** – Prior to the operation of the warehouse,  
21 a warehouse operator must post a bond to answer for any liabilities the warehouse  
22 operator may have in the operation of the warehouse during the effectivity of its  
23 accreditation. The SEC is hereby ordered and authorized to come up with rules and  
24 regulations concerning the warehouse operator's bond.  
25

26 **SEC. 19. Mandatory Insurance.** – A warehouse operator shall produce insurance  
27 coverage for his, her or its business and the warehouse or warehouses the warehouse  
28 operator shall operate. No warehouse operator shall be accredited by the SEC unless the  
29 warehouse operator is able to comply with this requirement. The SEC shall issue the  
30 appropriate guidelines for the mandatory insurance coverage requirement which shall  
31 include the minimum insurance requirements for warehouses and warehouse  
32 operators: *Provided*, That the minimum insurance requirements are in accordance with  
33 globally accepted best practices for warehouse and warehouse operators.  
34

35 **SEC. 20. Effect of Lapse or Absence of Insurance.** – The SEC may revoke the  
36 accreditation of any warehouse operator that is found to be operating without  
37 appropriate insurance coverage or with lapsed insurance policy, or whose warehouses  
38 are found to be operating without a current insurance coverage.  
39

40 **CHAPTER IV**  
41 **OBLIGATIONS AND RIGHTS OF WAREHOUSE OPERATORS**  
42 **UPON THEIR RECEIPTS**  
43

44 **SEC. 21. Obligation of a Warehouse Operator to Deliver Goods.** – A warehouse  
45 operator, in the absence of a lawful defense provided by this Act, is bound to deliver the  
46 goods upon a demand made either by the holder of a receipt for the goods or by the  
47 depositor if such demand is accompanied with:  
48

49 (a) An offer to satisfy the warehouse operator's lien, if applicable;

1 (b) A written offer to surrender control of the receipt and perform all actions  
2 necessary to surrender said control; and

3  
4 (c) A readiness and willingness to sign an acknowledgement that the goods have  
5 been delivered, if such signature is requested by the warehouse operator.  
6

7 In case the warehouse operator refuses or fails to deliver the goods in  
8 compliance with a demand by the holder or depositor, the burden shall be upon the  
9 warehouse operator to establish the existence of a lawful defense for such refusal.  
10

11 **SEC. 22. *Justification of Warehouse Operator in Delivering Goods.*** – A  
12 warehouse operator is justified in delivering the goods to one who is:

13  
14 (a) The person lawfully entitled to the possession of the goods, or one's agent;

15  
16 (b) A person who is either entitled to delivery by the terms of a non-negotiable  
17 receipt issued for the goods, or who has written authority from the person so  
18 entitled; or

19  
20 (c) A person in control of a negotiable receipt by the terms of which the goods are  
21 deliverable, indorsed to, or in blank by the person to whom delivery was  
22 promised by the terms of the receipt or by the immediate indorser.  
23

24 **SEC. 23. *Warehouse Operator's Liability for Misdelivery of Goods.*** – Where a  
25 warehouse operator delivers the goods to one who is not lawfully entitled to the  
26 possession of them, the warehouse operator shall be liable to all persons having a right  
27 of the property or possession of the goods, unless the warehouse operator had: (a) been  
28 requested by, or on behalf of the person lawfully entitled to a right of property or  
29 possession of goods, not to make such delivery; or (b) received verified information that  
30 the delivery about to be made was to one who is not lawfully entitled to the possession  
31 of the goods.  
32

33 **SEC. 24. *Negotiable Receipt Must be Cancelled for Complete Delivery of Goods.***  
34 – Except as otherwise provided in this Act, a warehouse operator must cancel a  
35 negotiable receipt once the goods are completely delivered. Failing to do so, the  
36 warehouse operator shall be liable to any person who purchases in good faith such  
37 receipt for failure to deliver the goods to the purchaser, whether the purchaser acquired  
38 title to the receipt before or after the delivery of the goods by the warehouse operator.  
39

40 **SEC. 25. *Negotiable Receipts Must be Marked for Partial Delivery of Goods.*** –  
41 Except as otherwise provided in this Act, a warehouse operator must mark a negotiable  
42 receipt when only a part of the goods are delivered. Failing to do so, the warehouse  
43 operator shall be liable to anyone who purchases in good faith such receipt, whether  
44 such purchaser acquired title to the receipt before or after the delivery of any portion of  
45 the goods by the warehouse operator.  
46

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

- 1 (a) Immaterial;
- 2
- 3 (b) Authorized; or
- 4
- 5 (c) Made without fraudulent intent.
- 6

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

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

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

23  
24 **SEC. 28. Interpleader of Adverse Claimants.** – If more than one person claims  
25 the title or possession of the goods, the warehouse operator may, either as a defense to  
26 an action brought against him, her or it for non-delivery of the goods or as an original  
27 suit, whichever is appropriate, require all known claimants to interplead.

28  
29 **SEC. 29. Warehouse Operator Has Reasonable Time to Determine Validity of**  
30 **Claims.** – If a person other than the depositor or person claiming under him, her or it  
31 has a claim to the title or possession of goods, and the warehouse operator has  
32 information of such claim, the warehouse operator shall be excused from liability for  
33 refusing to deliver the goods, either to the depositor or person claiming under him, her  
34 or it to the adverse claimant until the warehouse operator has had a reasonable time to  
35 ascertain the validity of the adverse claim or to bring legal proceedings to compel  
36 claimants to interplead.

37  
38 **SEC. 30. Adverse Title is No Defense Except as Provided in This Act.** – Except as  
39 provided in this Act, no right or title of a third person shall be a defense to an action  
40 brought by the depositor or person claiming under him, her or it against the warehouse  
41 operator for failure to deliver the goods according to the terms of the receipt.

42  
43 **SEC. 31. Liability for Nonexistence or Misdescription of Goods.** – A warehouse  
44 operator shall be liable to the holder of a receipt for damages caused by the  
45 nonexistence of the goods or by the failure of the goods to correspond with the  
46 description thereof in the receipt at the time of its issue. If, however, the goods are  
47 described in a receipt merely by a statement of marks or labels upon them or upon  
48 packages containing them or by a statement that the goods are said to be goods of a



1 certain kind or that the packages containing the goods are said to contain goods of a  
2 certain kind or by words of like purport, such statements, if true, shall not make liable  
3 the warehouse operator issuing the receipt, although the goods are not of the kind  
4 which the marks or labels upon them indicate or of the kind they were said to be by the  
5 depositor.

6  
7 **SEC. 32. Liability for Care of Goods.** – A warehouse operator shall be liable for  
8 any loss or injury to the goods caused by his, her or its failure to exercise such care in  
9 regard to them as reasonably vigilant owner of similar goods would exercise, but the  
10 warehouse operator shall not be liable, in the absence of an agreement to the contrary,  
11 for any loss or injury to the goods which could not have been avoided by the exercise of  
12 such care.

13  
14 **SEC. 33. Goods Must be Kept Separate.** – Except as provided in the following  
15 section, a warehouse operator shall keep the goods so far separate from goods of other  
16 depositors and from other goods of the same depositor for which a separate receipt has  
17 been issued, as to permit at all times the identification and redelivery of the goods  
18 deposited.

19  
20 **SEC. 34. Fungible Goods May Be Commingled if Warehouse Operator**  
21 **Authorized.** – If authorized by agreement or by custom, a warehouse operator may  
22 mingle fungible goods with other goods of the same kind and grade. In such case, the  
23 various depositors of the mingled goods shall own the entire mass in common and each  
24 depositor shall be entitled to such portion thereof as the amount deposited by him, her  
25 or it bears to the whole.

26  
27 **SEC. 35. Liability of Warehouse Operator to Depositors of Commingled Goods.**  
28 – The warehouse operator shall be severally liable to each depositor for the care and  
29 redelivery of his, her or its share of such mass to the same extent and under the same  
30 circumstances as if the goods had been kept separate.

31  
32 **SEC. 36. Attachment or Levy upon Goods for which a Negotiable Receipt Has**  
33 **Been Issued.** – If goods are delivered to a warehouse operator by the owner or by a  
34 person whose act in conveying the title to them to a purchaser in good faith for value  
35 would bind the owner, and a negotiable receipt is issued for them, they cannot  
36 thereafter, while in the possession of the warehouse operator, be attached by  
37 garnishment or otherwise, or be levied upon under an execution unless the receipt be  
38 first surrendered to the warehouse operator or its negotiation enjoined. The warehouse  
39 operator shall, in no case, be compelled to deliver the actual possession of the goods  
40 until the receipt is surrendered to the warehouse operator or impounded by the court.

41  
42 **SEC. 37. Creditor's Remedies to Reach Negotiable Receipts.** – A creditor whose  
43 debtor is the owner of a negotiable receipt shall be entitled to such aid from courts of  
44 appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or in  
45 satisfying the claim by means thereof as is allowed by law or in equity within the  
46 jurisdiction of the Philippines in regard to property which cannot readily be attached or  
47 levied upon by ordinary legal process.

1           **SEC. 38. *What Claims Are Included in the Warehouse Operator's Lien.*** – Subject  
2 to the provisions of this Act, a warehouse operator shall have a lien on goods deposited  
3 or on the proceeds thereof in his, her or its hand; for all lawful charges for storage and  
4 preservation of the goods; for all lawful claims for money advanced, interest, insurance,  
5 transportation, labor, weighing, cooping and other charges and expenses in relation to  
6 such goods; for all reasonable charges and expenses for notice, and advertisements of  
7 sale; and for sale of the goods where default had been made in satisfying the warehouse  
8 operator's lien.

9  
10           **SEC. 39. *Against What Property the Warehouse Operator's Lien May be***  
11 ***Enforced.*** – Subject to the provisions of this Act, a warehouse operator's lien may be  
12 enforced:

- 13
- 14           (a) Against all goods, whenever deposited, belonging to the person who is liable as  
15 debtor for the claims in regard to which the lien is asserted; and
  - 16
  - 17           (b) Against all goods belonging to others which have been deposited at any time by  
18 the person who is liable as debtor for the claims in regard to which the lien is  
19 asserted if such person had been so entrusted with the possession of goods that  
20 a pledge of the same by him, her or it at the time of the deposit to one who took  
21 the goods in good faith for value would have been valid.
  - 22

23           **SEC. 40. *How Warehouse Operator's Lien May be Lost.*** – A warehouse operator  
24 loses his, her or its lien upon goods:

- 25
- 26           (a) By surrendering possession thereof; or
  - 27
  - 28           (b) By refusing to deliver the goods when a demand is made with which the  
29 warehouse operator is bound to comply under the provisions of this Act.
  - 30

31           **SEC. 41. *Negotiable Receipts Must State Charges for Which the Lien is Claimed.***  
32 – If a negotiable receipt is issued for goods, the warehouse operator shall have no lien  
33 thereon except for charges for storage of goods subsequent to the date of the receipt  
34 unless the receipt expressly enumerated other charges for which a lien is claimed. In  
35 such case, there shall be a lien for the charges enumerated so far as they are within the  
36 terms of Section 25 although the amount of the charges so enumerated is not stated in  
37 the receipt.

38

39           **SEC. 42. *Warehouse Operator Need Not Deliver until Lien is Satisfied.*** – A  
40 warehouse operator having a lien valid against the person demanding the goods may  
41 refuse to deliver the goods to him, her or it until the lien is satisfied.

42

43           **SEC. 43. *Warehouse Operator's Lien Does Not Preclude Other Remedies.*** –  
44 Whether a warehouse operator has or has not a lien upon the goods, the warehouse  
45 operator is entitled to all remedies allowed by law to a creditor against a debtor for the  
46 collection from the depositor of all charges and advances which the depositor has  
47 expressly or impliedly contracted with the warehouseman to pay.

1           **SEC. 44. Satisfaction of Lien by Sale.** – A warehouse operator’s lien for a claim  
2 which has become due may be satisfied as follows:

- 3
- 4           (a) An itemized statement of the warehouse operator’s claim, showing the sum due  
5           at the time of the notice and the date or dates when it becomes due;
- 6
- 7           (b) A brief description of the goods against which the lien exists;
- 8
- 9           (c) A demand that the amount of the claim as stated in the notice of such further  
10           claim as shall accrue, shall be paid on or before a day mentioned, not less than  
11           ten (10) days from the delivery of the notice if it is personally delivered, or from  
12           the time when the notice shall reach its destination, according to the due course  
13           of post, if the notice is sent by mail; and
- 14
- 15           (d) A statement that unless the claim is paid within the time specified, the goods will  
16           be advertised for sale and sold by auction at a specified time and place.
- 17

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

30

31           From the proceeds of such sale, the warehouse operator shall satisfy his, her or its  
32 lien including the reasonable charges of notice, advertisement and sale. The balance,  
33 if any, of such proceeds shall be held by the warehouse operator and delivered on  
34 demand to the person to whom the warehouse operator would have been bound to  
35 deliver or justified in delivering goods.

36

37           At any time before the goods are so sold, any person claiming a right of property  
38 or possession therein may pay the warehouse operator the amount necessary to satisfy  
39 his, her or its lien and to pay the reasonable expenses and liabilities incurred in serving  
40 notices and advertising and preparing for the sale up to the time of such payment. The  
41 warehouse operator shall deliver the goods to the person making payment if the  
42 warehouse operator is a person entitled, under the provisions of this Act, to the  
43 possession of the goods on payment of charges thereon. Otherwise, the warehouse  
44 operator shall retain the possession of the goods according to the terms of the original  
45 contract of deposit.

46

47           **SEC. 45. Perishable and Hazardous Goods.** – If goods are of a perishable nature,  
48 or by keeping will deteriorate greatly in value, or, by their order, leakage, inflammability,  
49 or explosive nature, will be liable to injure other property, the warehouse operator may

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

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

13  
14 **SEC. 46. Other Methods of Enforcing Lien.** – The remedy for enforcing a lien  
15 herein provided does not preclude any other remedies allowed by law for the  
16 enforcement of a lien against personal property nor bar the right to recover so much of  
17 the warehouse operator's claim as shall not be paid by the proceeds of the sale of the  
18 property.

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

26  
27 **CHAPTER V**  
28 **NEGOTIATION AND TRANSFER OF RECEIPTS**  
29

30 **SEC. 48. Negotiation of Negotiable Receipt by Indorsement.** – A negotiable  
31 receipt may be negotiated by the indorsement of the person to whose order the goods  
32 are, by the terms of the receipt, deliverable. Such indorsement may be in blank, to  
33 bearer or to a specified person. If indorsed to a specified person, it may be again  
34 negotiated by the indorsement of such person in blank, to bearer or to another specified  
35 person. Subsequent negotiation may be made in like manner.

36  
37 **SEC. 49. Transfer of Receipt.** – A receipt may be transferred by the holder to a  
38 purchaser or donee.

39  
40 A non-negotiable receipt cannot be negotiated, and the indorsement of such a  
41 receipt gives the transferee no additional right.

42  
43 **SEC. 50. Who May Negotiate a Receipt.** – A negotiable receipt may be  
44 negotiated:

- 45  
46 (a) By the owner thereof; or  
47  
48 (b) By any person to whom the constructive possession of the receipt has been  
49 entrusted by the owner, if, by the terms of the receipt, the warehouse operator

1           undertakes to deliver the goods to the order of the person to whom the  
2           constructive possession of the receipt has been entrusted.

3  
4           **SEC. 51. *Rights of a Person to Whom a Receipt Has Been Negotiated.*** – A person  
5 to whom a negotiable receipt has been duly negotiated acquires thereby:

- 6  
7           (a) Such title to the goods as the person negotiating the receipt to him, her or it had  
8           or had ability to convey to a purchaser in good faith for value, and also such title  
9           to the goods as the depositor or person to whose order the goods were to be  
10          delivered by the terms of the receipt had or had ability to convey to a purchaser  
11          in good faith for value; and  
12  
13          (b) The direct obligation of the warehouse operator to hold possession of the goods  
14          for him, her or it according to the terms of the receipt as fully as if the  
15          warehouse operator contracted directly with him, her or it.

16  
17           **SEC. 52. *Rights of Person to Whom Receipt Has Been Transferred.*** – A person to  
18 whom a receipt has been transferred but not negotiated acquires thereby, as against  
19 the transferor, the title of the goods subject to the terms of any agreement with the  
20 transferor.

21  
22           If the receipt is non-negotiable, such person also acquires the right to notify the  
23 warehouse operator of the transfer to him, her or it of such receipt and thereby to  
24 acquire the direct obligation of the warehouse operator to hold possession of the goods  
25 for him, her or it according to the terms of the receipt.

26  
27           Prior to the notification of the warehouse operator by the transferor or  
28 transferee of a non-negotiable receipt, the title of the transferee to the goods and the  
29 right to acquire the obligation of the warehouse operator may be defeated by the levy  
30 of an attachment or execution upon the goods by a creditor of the transferor or by a  
31 notification to the warehouse operator by the transferor or a subsequent purchaser  
32 from the transferor of a subsequent sale of the goods by the transferor.

33  
34           **SEC. 53. *Transfer of Negotiable Receipt Without Indorsement.*** – Where a  
35 negotiable receipt is transferred for value and the indorsement of the transferor is  
36 essential for negotiation, the transferee acquires a right against the transferor to compel  
37 him, her or it to indorse the receipt unless a contrary intention appears. The negotiation  
38 shall take effect as of the time when the indorsement is actually made.

39  
40           **SEC. 54. *Warranties of a Sale of Receipt.*** – A person who, for value, negotiates  
41 or transfers a receipt by indorsement or delivery, including one who assigns for value a  
42 claim secured by a receipt, unless a contrary intention appears, warrants:

- 43  
44          (a) That the receipt is genuine;  
45  
46          (b) That the person has a legal right to negotiate or transfer it;  
47  
48          (c) That the person has knowledge of no fact which would impair the validity or  
49          worth of the receipt; and

1 (d) That the person has a right to transfer the title to the goods and that the goods  
2 are merchantable or fit for a particular purpose whenever such warranties would  
3 have been implied, if the contract of the parties had been to transfer without a  
4 receipt of the goods represented thereby.  
5

6 **SEC. 55. Indorser not Guarantor.** – The indorsement of a receipt shall not make  
7 the indorser liable for any failure on the part of the warehouseman or previous  
8 indorsers of the receipt to fulfill their respective obligations.  
9

10 **SEC. 56. No Warranty Implied from Accepting Payment of a Debt.** – A  
11 mortgagee, pledgee, or holder for security of a receipt who, in good faith, demands or  
12 receives payment of the debt for which such receipt is security, whether from a party to  
13 a draft drawn for such debt or from any other person, shall not, by so doing, be deemed  
14 to represent or to warrant the genuineness of such receipt or the quantity or quality of  
15 the goods therein described.  
16

17 **SEC. 57. When Negotiation Not Impaired by Fraud, Mistake, or Duress.** – The  
18 validity of the negotiation of a receipt is not impaired by the fact that such negotiation  
19 was a breach of duty on the part of the person making the negotiation or by the fact  
20 that the owner of the receipt was induced by fraud, mistake or duress or to entrust the  
21 constructive possession of the receipt to such person, if the person to whom the receipt  
22 was negotiated or a person to whom the receipt was subsequently negotiated paid  
23 value therefor, without notice of the breach of duty, or fraud, mistake or duress.  
24

25 **SEC. 58. Subsequent Negotiation.** – Where a person having sold, mortgaged, or  
26 pledged goods which are in warehouse and for which a negotiable receipt has been  
27 issued, or having sold, mortgaged, or pledged the negotiable receipt representing such  
28 goods, continues in constructive possession of the negotiable receipt, the subsequent  
29 negotiation thereof by the person under any sale or other disposition thereof to any  
30 person receiving the same in good faith, for value and without notice of the previous  
31 sale, mortgage or pledge, shall have the same effect as if the first purchaser of the goods  
32 or receipt had expressly authorized the subsequent negotiation.  
33

34 **SEC. 59. Negotiation Defeats Vendor's Lien.** – Where a negotiable receipt has  
35 been issued for goods, no seller's lien or right of stoppage in *transitu* shall defeat the  
36 rights of any purchaser for value in good faith to whom such receipt has been  
37 negotiated, whether such negotiation be prior or subsequent to the notification to the  
38 warehouse operator who issued such receipt of the seller's claim to a lien or right of  
39 stoppage in *transitu*. Nor shall the warehouse operator be obliged to deliver or justified  
40 in delivering the goods to an unpaid seller unless the receipt is first surrendered for  
41 cancellation.  
42

43 **CHAPTER VI**  
44 **CRIMINAL OFFENSES**  
45

46 **SEC. 60. Issuance of Receipt for Goods Not Received.** – A warehouse operator or  
47 his, her or its agent, officer, or employee who issues or aids in the issuance of a  
48 warehouse receipt, knowing that the goods mentioned therein are not actually in his,

1 her or its custody, shall be punished by imprisonment of ten (10) years, or a fine equal  
2 to triple the value of the goods involved, or both, at the discretion of the court, and the  
3 accreditation of the warehouse operator shall likewise be revoked.

4  
5 **SEC. 61. Issuance of Receipt Containing False Statement.** – A warehouse  
6 operator or his, her or its agent, officer, or employee who fraudulently issues or aids in  
7 fraudulent issuance of a warehouse receipt for goods, knowing that it contains a false  
8 statement, shall be punished by imprisonment of ten (10) years, or a fine equal to triple  
9 the value of the goods involved, or both, at the discretion of the court, and the  
10 accreditation of the warehouse operator shall likewise be revoked.

11  
12 **SEC. 62. Creation of Fraudulent Duplicate Receipt.** – A warehouse operator or  
13 his, her or its agent, officer, or employee who issues or aids in issuing a second  
14 electronic warehouse receipt for goods, knowing that there is an existing prior  
15 electronic warehouse receipt for the same goods or any part of them, shall be punished  
16 by imprisonment of ten (10) years, or a fine equal to triple the value of the goods  
17 involved, or both, at the discretion of the court, and the accreditation of the warehouse  
18 operator shall likewise be revoked. This provision shall not be applicable if the issuance  
19 of a subsequent warehouse receipt was made on the basis of an order issued by a court  
20 of competent jurisdiction.

21  
22 **SEC. 63. Issue for Warehouse Operator's Goods or Receipts Which Do Not State**  
23 **That Fact.** . – Where goods are deposited with or held by a warehouse operator of which  
24 the warehouse operator is owner, either solely or jointly or in common with others,  
25 such warehouse operator, or any of his, her or its agents, officers, or employees who,  
26 knowing this ownership, issues or aids in issuing a negotiable receipt for such goods  
27 which does not state such ownership, shall be punished by imprisonment of ten (10)  
28 years, or a fine equal to triple the value of the goods involved, or both, at the discretion  
29 of the court, and the accreditation of the warehouse operator shall likewise be revoked.

30  
31 **SEC. 64. Delivery of Goods Without Obtaining Negotiable Receipt.** – A  
32 warehouse operator or his, her or its agent, officer, or employee that delivers goods out  
33 of the possession of such warehouse operator, knowing that a negotiable receipt, the  
34 negotiation of which would transfer the right to the possession of such goods is  
35 outstanding and uncanceled, without obtaining the constructive possession of such  
36 receipt at or before the time of such delivery, except as otherwise authorized in this Act,  
37 shall be punished by imprisonment of ten (10) years, or a fine equal to triple the value of  
38 the goods involved, or both, at the discretion of the court, and the accreditation of the  
39 warehouse operator shall likewise be revoked.

40  
41 **SEC. 65. Negotiation of Receipt for Mortgaged Goods.** – Any person who  
42 deposits goods which the person has no title, or upon which there is a lien or mortgage,  
43 and who takes for such goods a negotiable receipt which was afterwards negotiated for  
44 value with intent to deceive and without disclosing the want of title or the existence of  
45 the lien or mortgage, shall be punished by imprisonment of ten (10) years, or a fine  
46 equal to triple the value of the goods involved, or both, at the discretion of the court.

47  
48 **SEC. 66. Unlawful Release of Goods Covered by Warehouse Receipt.** – A  
49 warehouse operator or his, her or its agent, officer, or employee that releases, without

1 any legal basis, any goods covered by an electronic warehouse receipt shall be punished  
2 by imprisonment of ten (10) years, or a fine equal to triple the value of the goods  
3 involved, or both, at the discretion of the court, and the accreditation of the warehouse  
4 operator shall likewise be revoked.

5  
6 **CHAPTER VII**  
7 **FINAL PROVISIONS**  
8

9 **SEC. 67. *Inter-Connected Registry Information.*** – Where feasible, the SEC shall  
10 coordinate with other government agencies in order to link up the Registry provided  
11 under this Act with other registries.  
12

13 **SEC. 68. *Public Information.*** – All entries in the Registry of electronic warehouse  
14 receipts shall be available to the public. Likewise, the list of accredited warehouse  
15 operators, as well as the list of warehouse operators whose accreditation have been  
16 revoked, shall be available to the public. The SEC shall formulate the guidelines to  
17 facilitate the orderly and expedient access to such information by the public, in  
18 accordance with existing standards under Philippine laws.  
19

20 **SEC. 69. *Dispute Resolution.*** – Except in cases specifically placed under the  
21 jurisdiction of the SEC under this Act, as well as cases where the electronic warehouse  
22 receipt includes a valid arbitration clause, all actions arising from this Act shall fall under  
23 the jurisdiction of the Regional Trial Courts.  
24

25 **SEC. 70. *Appropriations.*** – The initial funding for the implementation of this Act  
26 shall be charged against the current operating budget of the SEC. Thereafter, the  
27 amount necessary for its continued implementation shall be included in the annual  
28 operating budget of the SEC.  
29

30 **SEC. 71. *Implementing Rules and Regulations.*** – Within ninety (90) days after  
31 the effectivity of this Act, the SEC shall promulgate rules and regulations for the  
32 implementation of this Act.  
33

34 **SEC. 72. *Cases Not Provided For in this Act.*** – Any case not provided for in this  
35 Act shall be governed by the provisions of existing legislation, or in default thereof, by  
36 the established rules of commerce.  
37

38 **SEC. 73. *Application of this Act.*** – The provisions of this Act do not apply to  
39 receipts made and delivered prior to the taking effect hereof.  
40

41 **SEC. 74. *Separability Clause.*** – If any provision of this Act is declared invalid or  
42 unconstitutional, the other provisions hereof which are not affected thereby shall  
43 continue to be in full force and effect.  
44

45 **SEC. 75. *Repealing Clause.*** – Act No. 2137, otherwise known as the Warehouse  
46 Receipts Law, is hereby repealed. Any law, presidential decree or issuance, executive  
47 order, letter of instruction, administrative order, rule or regulation contrary to or  
48 inconsistent with any provision of this Act is hereby repealed or modified accordingly.



1           **SEC. 76. Effectivity.** – This Act shall take effect fifteen (15) days after its  
2 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,