



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,