

**REVISED IMPLEMENTING RULES AND REGULATIONS OF THE
MAHARLIKA INVESTMENT FUND ACT OF 2023 (REPUBLIC ACT NO. 11954)**

RULE I

Preliminary Provisions

Section 1. Title and Purpose. This "Revised Implementing Rules and Regulations of the Maharlika Investment Fund Act of 2023," hereinafter called the IRR or Rules, is promulgated pursuant to Section 54 of Republic Act (R.A.) No. 11954 for the purpose of prescribing the guidelines, procedures, and standards for the implementation thereof.

Section 2. Interpretation. These Rules shall be liberally construed to ensure the fulfillment of the declared policy objectives of R.A. No. 11954.

RULE II

Definition of Terms

Section 3. Definitions. For purposes of this IRR, the following terms are hereby defined as follows:

- (a) *Advisory Body* refers to the body, composed of the Secretary of the Department of Budget and Management (DBM), the Secretary of National Economic and Development Authority (NEDA), and the Treasurer of the Philippines, established under R.A. No. 11954 which shall provide guidance, counsel and advice to the Board of Directors of the Maharlika Investment Corporation, and all other functions as provided for in the law;
- (b) *Board of Directors (Board)* refers to the governing body of the Maharlika Investment Corporation;
- (c) *Divestment* refers to the transfer of title or disposal of interest in property by voluntarily, completely, and actually depriving or dispossessing oneself of his right or title to it in favor of a person or persons other than his spouse or any relative within the fourth civil degree of consanguinity or affinity;
- (d) *Founding Government Financial Institutions (Founding GFIs)* refer to the Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP);
- (e) *Independent Director* refers to a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;

- (f) *Maharlika Investment Corporation (MIC)* refers to the State investment body, a government-owned and -controlled corporation (GOCC) created under R.A. No. 11954 which shall be responsible for the overall governance and management of the MIF;
- (g) *Maharlika Investment Fund (MIF or Fund)* refers to the fund created under R.A. No. 11954;
- (h) *Regular Director* refers to a director appointed by the President of the Philippines who shall serve in the Board full-time, and shall not hold any other public office during his tenure, unless otherwise provided in R.A. No. 11954; and
- (i) *"Santiago" Principles* refers to the twenty-four (24) Generally Accepted Principles and Practices (GAPP) voluntarily endorsed by the International Forum of Sovereign Wealth Funds (IFSWF) members. The GAPP for Sovereign Wealth Funds (SWFs) are designed as guidelines that assign best practices for the operations of SWFs. They are the rules followed by SWF that promote stability in the global financial system, set proper controls on investment risks, and implement sound governance structure.

RULE III

Maharlika Investment Corporation

Section 4. Establishment of the Maharlika Investment Corporation. The "Maharlika Investment Corporation" created under R.A. No. 11954 shall act as the sole vehicle for the purpose of mobilizing and utilizing the MIF for investments in transactions in order to generate optimal returns on investments (ROIs), while contributing to the overall goal of reinvigorating job creation and accelerating poverty reduction by sustaining the economy's high growth trajectory, while ensuring sustainable development.

The MIC shall govern and manage the Fund in accordance with the objectives and purposes set forth in R.A. No. 11954, and other laws, rules and regulations, and it shall adhere to the Santiago Principles and other internationally-accepted standards of transparency and accountability: *Provided*, That the MIC shall coordinate with all relevant institutions to ensure harmonization of policies.

Section 5. Place of Business. The MIC shall have its principal place of business in Metro Manila, but may maintain branches and offices in such other places, within and outside the Philippines, as the proper conduct of its business may require.

Section 6. Capitalization and Initial Funding. The MIC shall have an authorized capital stock of Five hundred billion pesos (₱500,000,000,000.00) to be

divided into Five billion (5,000,000,000) shares, with a par value of One hundred pesos (₱100.00) per share which shall have the following classifications and features:

- (1) Common shares of Three billion seven hundred fifty million (3,750,000,000) equivalent to Three hundred seventy five billion pesos (₱375,000,000,000.00), to be subscribed by the National Government, its agencies or instrumentalities, including government-owned and -controlled corporations (GOCCs) or government financial institutions (GFIs): Provided, That, One billion two hundred fifty million (1,250,000,000) shares equivalent to One hundred twenty-five billion pesos (₱125,000,000,000.00) shall initially be subscribed by the following:
 - (a) Land Bank of the Philippines — Fifty billion pesos (₱50,000,000,000.00);
 - (b) Development Bank of the Philippines — Twenty-Five billion pesos (₱25,000,000,000.00); and
 - (c) National Government — Fifty billion pesos (₱50,000,000,000.00);

Provided, further, That, of the One hundred twenty-five billion pesos (₱125,000,000,000.00), Seventy-five billion pesos (₱75,000,000,000.00) pertaining to the contributions of the Founding GFIs shall be fully paid by them. The contributions shall be deposited to the account of the Treasurer of the Philippines for the benefit of the MIC.

The details of the transfer of the contributions from the account of the Treasurer of the Philippines to the MIC shall be discussed at the organizational meeting of the Board. The Bureau of the Treasury (BTr) shall transfer the contributions to the account of MIC within five (5) business days from receipt of the relevant Board Resolution.

The Fifty billion pesos (₱50,000,000,000.00) pertaining to the National Government contributions shall be deposited in the MIC designated account in accordance with the instruction of the Board of Directors; and

- (2) Preferred shares of One billion two hundred fifty million (1,250,000,000) equivalent to One hundred twenty-five billion pesos (₱125,000,000,000.00) to be made available for subscription by the National Government, its agencies or instrumentalities, GFIs or GOCCs, as well as reputable private financial institutions and corporations, except Social Security System (SSS), Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (Pag-IBIG Fund), Overseas Workers Welfare Administration (OWWA), and Philippine Veterans Affairs Office (PVAO) Pension Fund: Provided, That, preferred

shares shall be non-voting, non-participating, non-convertible, and may be issued from time to time by the Board of Directors in one or more series, specifying the relative rights, preferences and further limitations thereof.

For this purpose, the right to vote of the stockholders in accordance with Sections 6, 31, 32, 33, 37, 38, 39, 41, 42, 43, 45, 47, 61, and 76 of the Revised Corporation Code shall not apply in so far as the preferred shareholders are concerned.

Additional investments may likewise be sourced from investments of reputable private and State-owned financial institutions and corporations in the form and under the terms and conditions that the Board of Directors may prescribe. A single private sector shareholder's interest includes the direct or indirect shareholdings in MIC held by the shareholder, as well as those held by the corporation, its subsidiaries, affiliates, and related parties that are owned or controlled directly or indirectly by the shareholder.

The contribution of the National Government shall come from the following sources:

- (a) **Bangko Sentral ng Pilipinas (BSP) Dividends.** For the first and second fiscal years upon the effectivity of R.A. No. 11954, One hundred percent (100%) of the BSP's total declared dividends, as computed under Republic Act No. 7653, also known as the "New Central Bank Act," amended by Republic Act No. 11211, shall be remitted to the National Government for the capitalization of the MIC, in the amount not exceeding the Fifty billion pesos (₱50,000,000,000.00) initial subscription of the National Government to the capitalization of the MIC under this Section: Provided, That, the Monetary Board may recommend to the President of the Philippines the reduction of BSP's dividend contribution to the MIC whenever economic conditions may warrant. Thereafter, the dividends of the BSP shall be remitted to the National Government to fund the increase in the capitalization of the BSP in accordance with Section 2 of Republic Act No. 7653, as amended by Republic Act No. 11211.
- (b) **Government Share in the Philippine Amusement and Gaming Corporation (PAGCOR).** Ten percent (10%) of the National Government's share from the income of the PAGCOR, as provided for in Presidential Decree No. 1869, as amended: Provided, That, the share earmarked for the Universal Health Care Act under Sec. 37 (b) of Republic Act No. 11223 shall not in any manner be diminished: Provided, further, That, the above funding from PAGCOR will be for a period of five (5) years. Other government-owned gaming operators and/or regulators shall also contribute ten percent (10%) of their revenues from gaming operations. Within thirty (30) days from the

effectivity of the Implementing Rules and Regulations, the Governance Commission for GOCCs (GCG) shall submit the list of government-owned gaming operators and/or regulators that should remit to the MIC. The list shall be updated annually, or as often as necessary. The remittance of revenues of gaming operators and/or regulators shall be for five (5) years.

PAGCOR and other government-owned gaming operators and/or regulators shall remit the National Government's share to the Bureau of the Treasury (BTr). Thereafter, the BTr shall immediately release and transfer the portion intended for the MIF to the MIC, subject to the usual budgeting, accounting, and auditing rules and regulations.

(c) **Department of Finance-Privatization and Management Office (DOF-PMO).**

- i. Properties, real and personal, identified by the Privatization Council. The real and personal properties to be identified by the Privatization Council to be contributed to the MIC shall be directly related to its mandate. The properties to be contributed to the MIC shall be appraised at their fair market value at the time of their transfer. The title, as well as all rights and obligations pertaining thereto, shall be transferred to the MIC: Provided, That, the MIC shall in no case be held liable for outstanding tax liabilities of the properties; and
- ii. Proceeds from the privatization of government assets, the amount of which shall be determined by the Privatization Council consistent with the fiscal program of the government.

(d) **Other sources** based on the fiscal regime to be implemented by the National Government, which may include but not limited to the following:

- i. Royalties;
- ii. Special assessments; and
- iii. Shares of stock owned by the Republic of the Philippines; subject to laws, rules, and regulations applicable to the transfer and disposition of said shares.

Except for item (ii), other contributions to the MIC capitalization shall be determined by subsequent law, or any appropriate body, as applicable.

The Founding GFIs and the National Government may, upon recommendation of the Advisory Body, and without prejudice to additional

subscription and payment, use its stock dividends from its unappropriated retained earnings in the MIC, to subscribe and pay for the balance of the authorized capital stock.

The government agencies and GOCCs providing for the social security and public health insurance of government employees, private sector workers and employees, and other sectors and subsectors, such as, but not limited to, the SSS, GSIS, PhilHealth, Pag-IBIG Fund, OWWA, and PVAO Pension Fund shall be absolutely prohibited, whether mandatory or voluntary, to contribute to the capitalization of the MIC.

Section 7. Increase in Capitalization. The Board, upon the recommendation of the Advisory Body, shall request Congress for legislation to increase the capitalization of the MIC up to such an amount, as may be necessary to attain the objectives of the law.

Section 8. Corporate Powers. The MIC is hereby authorized to adopt, alter, and use a corporate seal which shall be judicially noticed; to enter into contracts; to lease or own real and personal property, and to sell or otherwise dispose of the same; to sue and be sued; and otherwise to do and perform any and all things that may be necessary or proper to carry out the purposes of R.A. No. 11954.

The MIC may acquire and hold such assets and incur such liabilities in connection with its operations authorized by the provisions of R.A. No. 11954, or as are essential to the proper conduct of such operations.

The MIC may compromise or release, in whole or in part, any claim of or settled liability to the MIC, under such terms and conditions as may be prescribed by the Board, upon favorable recommendation of the Advisory Body, to protect the interests of the MIC and the integrity of the MIF: Provided, That, in no event shall the MIC compromise or release any claim or liability in excess of the amount as prescribed under relevant laws, rules and regulations.

Section 9. Functions of the Maharlika Investment Corporation. In carrying out its objectives and functions, the MIC shall:

- (a) Establish a diversified portfolio of investments in the local and global financial markets and in other assets that promote the objectives of the Fund, which function shall include the crafting of investment policies, guidelines and targets, and risk management limits and monitoring procedures;
- (b) Manage and invest the initial and future contributions to the Fund in accordance with R.A. No. 11954;

- (c) Accept and manage investment mandates whose investment purpose is to increase income for development goals;
- (d) Develop and foster skills in finance, economics, risk mitigation, good governance, and other related areas, consistent with the capacity and capabilities build-up of human resources in the industry; and
- (e) Implement international best practices in investing and managing assets in accordance with the Santiago Principles and other internationally-accepted standards and principles of transparency and accountability.

Section 10. Issuance of Bonds. The MIC may issue all kinds of bonds, debentures, and securities, and/or the renewal or refunding thereof (hereinafter called "Bonds"), within and/or outside the Philippines, at such terms, rates, and conditions as the Board of Directors may determine, subject to compliance with the provisions of applicable law, and rules and regulations promulgated by the Monetary Board.

To the extent applicable, the MIC shall provide for appropriate reserves for the redemption or retirement of the Bonds. These bonds and other obligations, to the extent applicable, shall be redeemable at the option of the MIC at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the MIC.

Such obligations shall be secured by the assets under the management of the MIC, including the stocks, bonds, debentures, and other securities purchased or held by it under the provisions of R.A. No. 11954. These bonds and debentures may be long-term, medium, or short-term, with fixed interest rate or floating interest rate.

In no instance shall the Philippine government guarantee any Bonds issued by the MIC.

Section 11. Administrative and Operational Expenses of the Maharlika Investment Corporation. The Board of the MIC is authorized to disburse from the Fund such amounts as may be necessary for administrative and operating expenses, the total of which shall not exceed two percent (2%) of funds managed: Provided, That, the Board of Directors shall set annual targets to reduce operating and administrative expenses as a share of funds managed: Provided, further, That, the foregoing ceiling shall decrease as the size of the Fund increases based on industry practice.

If expenses in any year are less than the maximum amount permissible, the difference shall not be availed of as additional expenses in the following years.

RULE IV

Maharlika Investment Fund

Section 12. Establishment of the Maharlika Investment Fund. The Maharlika Investment Fund (MIF) created under R.A. No. 11954 shall adhere to the principles of good governance, transparency, and accountability. The Fund shall initially be sourced from the capitalization of the MIC, as provided for in R.A. No. 11954; the investible funds of select GFIs and from contributions of the National Government, as well as other sources of funds, as provided in R.A. No. 11954: Provided, That, other GFIs and GOCCs may invest into the MIF, subject to their respective investment and risk management strategies, and approval of their respective boards: Provided, further, That, government agencies and GOCCs providing for the social security and public health insurance of government employees, private sector workers and employees, and other sectors and subsectors, such as, but not limited to, the SSS, GSIS, PhilHealth, Pag-IBIG Fund, OWWA, and PVAO Pension Fund, shall be absolutely prohibited, whether mandatory or voluntary, to invest in the MIF: Provided, furthermore, That, the investments in the Fund made by LBP, DBP, and other GFIs shall not exceed twenty-five percent (25%) of their current net worth, as of end of the month subsequent to the transfer of the contributions from the account of the Treasurer of the Philippines to the MIC.

Additional investments may likewise be sourced from investments of reputable private and State-owned financial institutions and corporations in the form and under the terms and conditions that the Board of Directors may prescribe.

The Fund shall be used to invest on a strategic and commercial basis in a manner designed to promote fiscal stability for economic development, and strengthen the top-performing GFIs through additional investment platforms that will help attain the National Government's priority plans.

Section 13. Objective of the Maharlika Investment Fund. The objective of the MIF is to promote socio-economic development. This will be achieved by making strategic and profitable investments in key sectors to preserve and enhance long-term value of the Fund; to obtain the optimal absolute return and achievable financial gains on its investments; and to satisfy the requirements of liquidity, safety/security, and yield in order to ensure profitability. In pooling the investible funds from the GFIs, and channeling them to diversified financial assets and development projects, the MIC's activities shall contribute to a prudent and transparent management of the government resources.

RULE V

Investments

Section 14. Allowable Investments. Subject to strict compliance with the Investment and Risk Management Guidelines, the Board of Directors of the MIC may engage in the following investments:

- (a) Cash, foreign currencies, metals, and other tradeable commodities;
- (b) Fixed income instruments issued by sovereigns, quasi-sovereigns and supranationals;
- (c) Domestic and foreign corporate bonds;
- (d) Listed or unlisted equities, whether common, preferred, or hybrids;
- (e) Islamic investments, such as Sukuk bonds;
- (f) Joint ventures or co-investments, mergers and acquisitions;
- (g) Mutual and exchange-traded funds invested in underlying assets;
- (h) Real estate and infrastructure projects: Provided, That, investments in infrastructure projects shall be directed towards the fulfillment of national priorities such as the national infrastructure program of the Department of Public Works and Highways (DPWH) and other infrastructure agencies, the inclusive innovation industry strategy of the Department of Trade and Industry (DTI), and the public investment programs of the National Economic and Development Authority (NEDA);
- (i) Programs and projects on health, education, research and innovation, and other such investments that contribute to sustainable development;
- (j) Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors, whether in the majority or minority position in commercial, industrial, mining, agricultural, housing, energy, and other enterprises, which may be necessary or contributory to the economic development of the country, or important to the public interest; and
- (k) Other investments with sustainable and developmental impact aligned with Section 17 of R.A. No. 11954, as may be approved by the Board, such as those covering idle properties, whether located within or outside the Philippines, owned by government agencies and instrumentalities.

The Investments in real estate, including agro-industrial estates and economic zones, estate infrastructure and other development projects, whether alone or in partnership with other corporate entities, shall be limited to high-impact projects as approved by the appropriate approving body, to ensure that these are in line with the socioeconomic development program of the government.

The Board of Directors of the MIC shall likewise ensure that all allowable investments as provided in this Section are in accordance with the principle of sustainability.

Section 15. Forms of Joint Ventures and Co-Investments. In line with Section 14 (f) of R.A. No. 11954, the Board shall prescribe the form, as well as the terms and conditions, of the joint venture and/or co-investment, subject to pertinent laws, rules and regulations: Provided, That, the board and management of the MIC shall ensure that all transactions with private and other State-owned entities in a joint venture or co-investment are not prejudicial to the interest of the government and complies with the principles under the last paragraph of Section 12 of R.A. No. 11954.

To ensure transparency and accountability, the MIC shall regularly publish the terms and conditions of the arrangement, in the form and manner as determined by the Board, as well as all financial statements and reports relative to the operations of the joint venture and/or co-investment on its website, which shall be immediately updated and made easily accessible to the public.

Section 16. Prohibited Investments. In no case shall the MIC, in whatever manner or devise, invest in areas that are explicitly prohibited under existing laws and conventions to which the Philippines is a party.

Section 17. Investment Policy. The Board of Directors shall formulate written policies in relation to the following matters:

- (a) Directions on the acceptable balance between risk and return of the overall portfolio;
- (b) Investment policies, including asset allocation and rules on diversification across asset classes, geographies, sectors, required minimum credit ratings, policies that promote environment, social, and governance (ESG) principles, mandates, strategies, and guidelines on financing infrastructure projects and other investments, including Public Private Partnership projects;
- (c) Risk management for the investments, including prudential standards and concentration limits to avoid undue risk concentration from excessive exposures;

- (d) Standards for assessing the investment performance;
- (e) Matters relating to international best practices for institutional investments;
- (f) Matters specific to rules and regulations where investments are domiciled;
- (g) Procedural framework and cooperation among investors, including fund commitments, co-investments, voting requirements, exit mechanisms, and other matters pertaining to the pooling of funds and the management thereof;
- (h) Matters relating to the procedure for assessing, deploying, and liquidating investments;
- (i) Disclosure and transparency mechanisms to oversee compliance by various departments of the MIC with the standards, procedures and policies set by the Board;
- (j) Aside from the potential earnings, the Board shall take into account risks other than economic, such as climate risks and those that are reported under rules and regulations of government agencies requiring ESG reporting as well as resource valuation studies and natural capital accounting in making investment decisions; and
- (k) All other matters needed to be discussed to guarantee compliance with the objectives of the MIF.

In the formulation of its investment policies, the Board of Directors shall be guided by the principle that priority must be given to investing in government infrastructure and other developmental projects which would yield the highest return on investment coupled with the developmental impact of lower cost of living and lower cost of basic commodities, as well as in those investments that incorporate ESG considerations and sustainable practices. The Board of Directors shall ensure that policies formulated are consistent with the objectives of the Fund, and the same shall be subject to periodic review, or as may be necessary.

All investment policies approved by the Board of the MIC shall be posted on its website which shall be immediately updated and be made easily accessible to the public.

Section 18. Limitations and Safeguards on the Maharlika Investment Fund. The management of the MIF shall be subject to a set of investment policies, guidelines, and risk management limits and procedures, as approved by the Board of Directors, upon due consideration of the recommendations of the Advisory Body.

Investment and risk management strategies of the MIC shall be in line with the policies and objectives hereunder stated to ensure the long-term viability of the Fund.

Investment and risk management plans, strategies and activities of the MIC, involving the MIF, shall be disclosed and published on its website that will be immediately updated and made easily accessible to the public.

No guarantee involving financial liability arising from any action of the MIC shall be binding upon the Philippine government without obtaining the written authority of the proper authorities under existing laws.

Section 19. Fees and Charges on the Establishment of the Maharlika Investment Fund. Third-party fees and all charges incurred in connection with the establishment and effective management of the MIF, such as custody fees, transaction fees, clearing fees, and management fees payable to external fund managers, shall be charged against the MIF, in accordance with the applicable policies on fund disbursements.

RULE VI Governance

Section 20. Board of Directors. There shall be nine (9) members of the Board of Directors composed as follows:

- (a) The Secretary of Finance shall sit as the Chairperson in an ex-officio capacity;
- (b) President and Chief Executive Officer (PCEO) of the MIC as Vice-Chairperson;
- (c) President and CEO of the LBP;
- (d) President and CEO of the DBP;
- (e) Two (2) Regular Directors; and
- (f) Three (3) Independent Directors from the private sector.

Provided, That, in case of a merger, consolidation, abolition, or dissolution of any of the founding GFIs, the seat in the Board of the absorbed, dissolved, or abolished GFI shall be filled by one of the next highest-ranking officers authorized by the Board of the GFI, which assumed the rights of the absorbed, dissolved, or abolished GFI.

The Secretary of Finance and the PCEO of LBP and DBP, as ex-officio members may designate and authorize an alternate, who shall be at least an Undersecretary or Executive Vice President in rank, respectively.

Unless specifically limited in the letter of designation, the duly designated ex-officio Alternate may act and vote with the same power and legal effect as that of

the ex-officio Director in the Board and Board-Level Committee meetings, and during the entire period that the ex-officio Director is a Board Member.

The ex-officio members of the Board shall designate a qualified Alternate through a written notice to the MIC. The ex-officio member may also revoke the designation of the Alternate at any time, provided it shall be effective only upon written notice to the MIC.

The duly-designated Alternate shall also cease to act with the power and authority of the ex-officio member upon the subsequent designation of another Alternate, when the ex-officio member has ceased to be a member of the Governing Board, or upon the death, civil interdiction or the resignation from the public service of the ex-officio member concerned.

All Directors shall continue to hold office until their successors shall have been appointed and duly qualified, unless sooner removed or resigned.

Section 21. Qualifications of the Regular Directors. Regular Directors must possess the following qualifications:

- (a) Citizen of the Philippines;
- (b) At least thirty-five (35) years of age; and
- (c) Must be of good moral standing and reputation, of recognized probity and independence, and have substantial experience and expertise in any of the following:
 - (i) Corporate governance and administration;
 - (ii) Investment in financial assets; and
 - (iii) Management of investments in the global and local markets.

Section 22. Appointment of Regular Directors. The Regular Directors shall be appointed by the President of the Philippines upon recommendation of the Advisory Body.

Section 23. Term of Regular Directors. The Regular Directors shall serve for a term of three (3) years, unless sooner removed for cause.

In case of removal or resignation, the appointment to any vacancy shall only be for the unexpired term of the predecessor. The appointment of a Regular Director to fill such vacancy shall be in accordance with the manner provided for regular nomination, shortlisting and appointment of Regular Directors.

Section 24. Conflict of Interests and Divestments of Regular Directors. The Regular Directors shall serve in the Board full-time, and shall not hold any other public office or post during their tenure. Neither will the Regular Directors

have or possess any private financial and business interest while in office. In this regard, Regular Directors shall be required to resign from, divest themselves of any and all interests in any private institutions that would put them in conflict with the interests of the MIC before assumption to their office.

Section 25. Qualifications of Independent Directors. The Advisory Body shall ensure that the selected Independent Directors are with proven probity, competence, expertise and experience in finance, economics, investments, business management, or law, and are highly capable to contribute to the attainment of the objectives and purposes of the MIF.

Section 26. Appointment and Term of Office of Independent Directors. The Independent Directors shall be appointed by the President of the Philippines, upon the recommendation of the Advisory Body, for a term of one (1) year. The Independent Directors shall be eligible for reappointment: Provided, That, the cumulative term of an Independent Director shall not exceed nine (9) years.

Section 27. Conflict of Interests of Independent Directors. The Independent Directors shall not hold any business or financial interests and other relationships which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out their responsibilities as directors.

Section 28. Restriction After End of Tenure. At least one (1) year from the end of their tenure, the Regular and Independent Directors shall be barred from employment, whether in full-time or advisory capacity, in any private company and institution, the interests of which directly compete with or in conflict with the MIC.

Section 29. Bond of the Board of Directors. The PCEO, Regular and Independent Directors shall be bonded to the government for the faithful performance of all duties imposed upon them by law and for the faithful accounting of all funds and public properties coming into their custody or control in accordance with the Public Bonding Law under the Revised Administrative Code, Executive Order No. 449, s. 1997, and related laws and issuances. Prior to the discharge of duties, said members shall be required to secure a fidelity bond of Ten million pesos (₱10,000,000.00).

Section 30. Submission of Nominations for Vacant Regular and Independent Director and PCEO Positions. In the interest and exigency of service, the Advisory Board shall submit to the Office of the President the list of nominees to vacant Regular and Independent Director, and PCEO positions not later than thirty (30) days from such vacancy: Provided, That, the President may either accept or reject the recommendation of the Advisory Body: and, Provided, finally, That, the President may require the Advisory Body to submit additional names of nominees.

Section 31. Screening and Shortlisting of Candidates by the Advisory Body. In line with the Fit and Proper Rule of the GCG, the Advisory Body shall formulate its rules and criteria in the selection and nomination of prospective appointees pursuant to Secs. 21, 25, 32 and 37 of these Rules. On the basis of such criteria, the Advisory Body shall select suitable and qualified candidates for vacancies in the PCEO, and Regular and Independent Director seats from the public and private sectors. Provided, That, the Ad Hoc Technical Unit created pursuant to Section 41 (a) and the GCG shall receive and check the submitted documents against the checklist of qualifications provided by the Advisory Body to ascertain if they are all qualified, using a non-discretionary "pass/fail" criterion within Fifteen (15) days from receipt of the list of potential candidates from the Advisory Body. Provided, further, That, only those nominations and applications that meet all the qualifications and do not have any of the disqualifications will be transmitted to the Advisory Body for further evaluation and shortlisting. The Advisory Body shall then submit to the Office of the President the list of nominees for PCEO, Regular and Independent Directors not later than thirty (30) days from receipt of the qualified candidates from the Ad Hoc Technical Unit.

Section 32. Powers and Functions of the Board of Directors. The primary function of the Board of Directors is to govern and manage the MIC, its assets, and investments in accordance with R.A. No. 11954. The specific functions of the Board shall include the following:

- (a) To direct the management and operations, and administration of the MIC;
- (b) To approve and implement the Investment and Risk Management Guidelines and such other investment policies, guidelines, and parameters to effectively carry out the purposes of R.A. No. 11954;
- (c) To set minimum criteria and targets for investments;
- (d) To oversee the investment processes which may include asset allocation, portfolio construction, monitoring, and risk management;
- (e) To approve the issuance of debt and debt-like instruments;
- (f) To develop short, medium, and long-term strategies appropriate for investments;
- (g) To meet and consult with the Advisory Body quarterly, or as may be necessary;
- (h) To engage as may be necessary an International Advisory Consultant whose main responsibility is to advise the Board on its development strategy and investment business, equip executives and management with insights on

geopolitical and macroeconomic issues, international financial market conditions, and global investment trends;

(i) To engage external fund managers and investment advisors, as may be necessary, to manage the MIF;

(j) To declare dividends in accordance with law and subject to the provisions of Republic Act No. 7656;

(k) To determine in accordance with Republic Act No. 10149, or the "GOCC Governance Act of 2011," the organizational structure, staffing pattern, number of personnel of the MIC, and define their duties and responsibilities as well as their compensation and other emoluments: Provided, That, the Board shall determine the positions that are highly technical, including their compensation and other emoluments, and bonuses: Provided, further, That, in all cases, such compensation and emoluments shall be comparable with the prevailing rates in the private sector. The organizational structure, staffing pattern and compensation structure of the MIC shall be subject to the approval of the President of the Philippines;

(l) To exclusively prescribe a system for performance standards and evaluation for officials and employees of MIC;

(m) To set the criteria and procedures for termination of employment of officials and employees for:

(1) Gross violation of the provisions of R.A. No. 11954 or investment policies and guidelines set by the Board of Directors;

(2) Commission of acts inimical to the MIF or the Republic of the Philippines, such as any loss suffered by the Fund caused by negligence, willful misconduct, fraud, or actions in breach of any Investment Agreement; and/or

(3) Failure to meet performance standards set by the Board of Directors.

(n) To appoint key and critical officials and employees as may be necessary to assist the Board of Directors in carrying out its functions;

(o) To submit semestral reports on investment performance to the Advisory Body and to the President of the Philippines;

(p) To review and certify the MIC/MIF financial statements;

(q) To act as Trustee of the MIF and such other assets as may be assigned to it and direct how its assets are managed;

(r) To constitute an Audit Committee from among its members. The Audit Committee shall recommend to the Board the engagement of an external auditor and oversee the internal and external audits mandated under R.A. No. 11954;

(s) To perform other functions, duties and responsibilities necessary, related and incidental to the performance of the above-mentioned powers and functions;

(t) To create, set up, and launch one or more sub-funds within the Fund, each of which shall have its specific investment objectives and strategies to be determined by the Board of Directors in line with the investment objectives and policies of the Fund; and

(u) To create, by resolution, other committees that the Board may deem necessary in the management of the Corporation's affairs, or as may be required by law or by rules and regulations.

The committees of the Board shall have such powers and functions, and shall be composed of members, as shall be provided in a publicly available Committee Charter. The Board committees shall be composed of Board members or such other persons nominated by the Board. The committees may likewise perform such other powers and functions as may be delegated to them by the Board. All such committees shall keep a record of their proceedings and report the same to the Board whenever required. The Board shall have the power to appoint and remove the members of such Board committees.

Section 33. Quorum and Meetings of the Board. The Board of Directors shall meet at least once every two (2) weeks, or as often as may be necessary upon its constitution.

It may hold special meetings to consider urgent matters upon call of the Chairperson or upon initiative of at least two (2) members of the Board of Directors.

In order to constitute a quorum in Board meetings, a majority of the total membership of the Board shall be present. The approval by a majority of all members of the Board of Directors shall be required to constitute a decision of the Board of Directors.

The Board of Directors shall maintain and preserve a complete record of the proceedings and deliberations of the Board of Directors, including the minutes, transcripts, and records, either in original or digital form. The meetings of the Board of Directors may be conducted in person or remotely through teleconferencing, video conferencing and other modern technological means.

Section 34. Disqualifications of Directors. A person shall be disqualified from being a director, if within five (5) years prior to his appointment as such, the person was:

- (a) convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;
- (b) found administratively liable for any offense involving fraudulent acts;
- (c) convicted by final judgment or found liable by a foreign court or equivalent foreign regulatory authority for acts, violations, or misconduct similar to those enumerated in paragraphs (a) and (b) above; or
- (d) has a pending administrative, civil or criminal case relating to fraud, plunder, corrupt practices, money laundering, tax evasion, or any similar crimes involving misuse of money or breach of trust.

The foregoing grounds are without prejudice to qualifications or other disqualifications, which the Board of Directors may impose in its promotion of good corporate governance.

Section 35. Prohibited Acts and Transactions. The following shall constitute prohibited acts and transactions of the members of the Board of Directors, as provided under Section 44, in relation to Sections 20 and 22, of R.A. No. 11954:

- (a) Financial and material interest. The members of the Board of Directors shall not, directly or indirectly, have any financial and/or material interest in any transaction requiring the approval of their office. Upon knowledge of a potential or actual conflict of interest, the Director shall immediately inform the Board of such conflict for its appropriate action. The concerned Director shall inhibit himself/herself from the discussion and action on the relevant transaction;
- (b) Outside employment and other activities related thereto.
 - (1) Regular and Independent Directors during their incumbency shall not own, control, manage or accept employment as officer, employee, consultant, counsel, broker, agent, trustee or nominee in any private enterprise that has a material transaction with, or whose interest directly competes or in conflict with the MIC, unless expressly allowed by law;
 - (2) Regular Directors shall not engage in the private practice of their profession unless authorized by the Constitution or law, provided, that

such practice will not conflict or tend to conflict with their official functions; and

(3) Regular Directors shall neither recommend any person to any position in a private enterprise which has a regular or pending official transaction with their office, unless such recommendation or referral is mandated by (1) law, or (2) international agreements, commitment, and obligation, or part of the functions of his office.

The foregoing prohibitions shall continue to apply for a period of one (1) year after resignation, retirement or separation from the MIC, except in the case of subparagraph (b) (2) above, but the professional concerned cannot practice his profession in connection with any matter before the office that Regular Director used to be with, in which case the one (1) year prohibition shall likewise apply.

Section 36. Removal of Members of the Board of Directors. In accordance with the requirements of due process, the President of the Philippines may *motu proprio* or upon the recommendation of the Board of Directors remove the PCEO, as well as the Regular and Independent Directors, for any of the following reasons:

- (a) If the Director subsequently possesses the disqualifications under Section 20 of RA No. 11954;
- (b) If the Director is physically or mentally incapacitated that the Director cannot properly discharge his duties and responsibilities and such incapacity has lasted for more than six (6) months; or
- (c) If the Director is guilty of acts or operations which are of fraudulent or illegal character or which are manifestly opposed to the aims and interests of the MIC.

Section 37. Duties and Qualifications of the President and Chief Executive Officer. The PCEO shall direct and supervise the operations and internal administration of the MIC, and shall be charged with the risk management, financial performance, human resources, accounting and legal affairs of the MIC. The PCEO shall have the following powers and duties:

- (a) Provide strategic leadership, vision, and management for the fund's overall operations, aiming to maximize return on investment and contribute to the long-term economic prosperity of the nation;
- (b) Design and execute strategic initiatives that resonate with the fund's objectives and align with the country's broader financial and economic strategies;

(c) Prepare the agenda for the meetings of the Board of Directors and to submit for the consideration of the Board of Directors the policies and measures which are necessary to carry out the purposes and provisions of R.A. No. 11954;

(d) Execute and administer the policies and measures approved by the Board of Directors;

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

(f) Exercise such other powers as may be vested by the Board of Directors. The PCEO, in the discharge of its functions, may delegate administrative responsibilities to other officers of the MIC.

The PCEO shall work closely with the executive management and the Board and must have: (a) exceptional experience and expertise in corporate management, financial planning strategy, strategic planning and vision, market and business development, budget development; (b) minimum of ten (10) years management experience, including extensive commercial lending/credit administration experience; (c) in-depth understanding of the industry, including risk management, compliance, and regulatory requirements; and (d) strategic knowledge of cash flow and capital planning management.

The PCEO shall be appointed by the President of the Philippines, as recommended by the Advisory Body, for a term of three (3) years.

Section 38. Duties and Qualifications of the Chief Investment and Operating Officer (CIOO). The CIOO is responsible for regular administration duties of all investment files, communicating investment strategy and policies, managing and developing a team of financial analysts and investment professionals, supervising risk management across portfolios and ensuring sound investment policies are followed.

The CIOO shall be appointed by the Board of Directors and shall be coterminous with the PCEO.

The CIOO must have a degree in Finance, or a related field and has proven expertise in managing a team of financial analysts and investment professionals.

Section 39. Risk Management Committee. The Board shall organize a Risk Management Committee composed of five (5) members as follows:

(a) One (1) Independent Director as Chairperson;

(b) One (1) ex-officio member of the Board;

(c) One (1) Regular Director; and

(d) Two (2) senior executives of the MIC, one of whom is the Chief Risk Management Officer or officer equivalent in rank.

The Risk Management Committee shall ensure that the MIC is taking the appropriate measures to achieve a prudent balance between risk and reward in both ongoing and new business activities, taking careful consideration of risk identification, measurement and assessment, mitigation, reporting and monitoring. The specific functions of the Risk Management Committee shall be determined by the Board.

Section 40. Audit Committee. The Board shall organize an Audit Committee and prescribe its functions and membership.

Section 41. Advisory Body. An Advisory Body is hereby created which shall be composed of the Secretary of the DBM, the Secretary of NEDA, and the Treasurer of the Philippines.

(a) Secretariat. The Advisory Body shall be supported by a Secretariat which shall provide administrative and technical support.

The Secretariat shall be formed from the existing employees and staff of the BTr. Provided, That, whenever the need arises, the Advisory Body may create an Ad Hoc Technical Unit which shall come from existing employees and staff of the BTr, DBM, NEDA, and other agencies.

(b) Meetings. During the first year of implementation of R.A. No. 11954, the Advisory Body shall meet monthly, thereafter, meetings of the Advisory Body shall be conducted as may be necessary.

Section 42. Powers and Functions of the Advisory Body. The Advisory Body shall exercise the following powers and functions:

(a) Advise and assist the Board of Directors in the formulation of the general policies related to investment and risk management, and other matters as may be necessary to carry out the provisions and purposes of R.A. No. 11954;

(b) Advise and provide guidance on issues pertaining or related to the plans and projects of the MIC;

(c) Recommend Regular and Independent Director candidates who shall be appointed by the President of the Philippines pursuant to Section 20 of R.A. No. 11954; and

(d) Perform other functions, duties and responsibilities, necessary to effectively carry out its mandate.

Except as otherwise provided under this Act, the Advisory Body shall not take part in the management of the MIC.

RULE VII

Exemptions and Privilege

Section 43. Applicability of the GOCC Governance Act of 2011. The MIC shall be subject to the provisions of Republic Act No. 10149 or the "GOCC Governance Act of 2011," except in the following:

(a) Qualifications, selection, and appointment of the PCEO, Regular and Independent Directors of the Board;

(b) Determination of organizational structure, staffing pattern and compensation structure of the MIC, without prejudice to the power of the GCG to conduct a compensation study and to develop a Compensation and Position Classification System which shall apply to the officers and employees of the MIC, except those determined by the Board as highly technical; and

(c) System of performance standards and evaluation for officials and employees of the MIC.

Section 44. Applicability of the Government Procurement Reform Act. All procurement activities of the MIC shall be subject to, and governed by, the provisions of Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act" and its implementing rules and regulations, except the engagement of professional, or technical services necessary for the selection of investments under Section 8 hereof, such experts in fund management, investment analysis, advisory and underwriting, law, accounting, tax, human resources, asset valuation, securities brokerage and dealership, and capital market and equity research analysis: Provided, That, the selection process to be adopted by the MIC for the engagement of the foregoing professional and technical services shall be open and competitive, and approved by the Board.

RULE VIII

Transitory Provisions

Section 45. Designation and Secondment. For the first five (5) years of its operations, the MIC Board, upon the recommendation of the PCEO, shall authorize GFI non-executive personnel to the MIC, as may be necessary, subject to existing guidelines on secondment of the Civil Service Commission.

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

The secondment of the GFIs' personnel to the MIC involves the movement of said personnel from their mother agencies and offices to the MIC, which is temporary in nature, which may or may not require the issuance of an appointment, and which may or may not involve increase in compensation and benefits. Seconded personnel shall receive, in lieu of their respective compensation from their respective agencies or offices, the salaries, emoluments and all other benefits which their positions are entitled to receive from the MIC.

Section 46. Applicability of R.A. No. 7656. The MIC shall be subject to the provisions of Republic Act No. 7656 or "An Act Requiring Government-Owned or -Controlled Corporations to Declare Dividends under Certain Conditions to the National Government, and for Other Purposes."

RULE IX

Financial Reporting Framework and Audit of Records

Section 47. Financial Reporting Framework. The financial statements and reports shall be prepared in accordance with the relevant Financial Reporting Standards and Principles.

Section 48. Engagement of an Internal Auditor. The Board shall appoint an internal auditor, who shall provide audit reports to the Board of Directors. The internal auditor shall be independent from the management of the MIC and shall be under the direct control and supervision of the Board of Directors. The PCEO shall ensure that the internal auditor, including the staff, shall have access to all documents and information pertinent to the audit.

The Board shall determine the qualifications, as well as the duties and responsibilities of the internal auditor.

Section 49. Engagement of an External Auditor. The Board shall engage, for each accounting period or as soon as practicable after the commencement of the relevant accounting period, an internationally recognized auditing firm to be the external auditor of the Fund and to audit its financial statements.

The external auditor shall conduct an annual audit, for a maximum engagement period of three (3) consecutive years under such terms as may be determined by the Board of Directors.

Section 50. Audit by the Commission on Audit. The books and accounts of the MIC shall be subject to the examination and audit of the COA pursuant to Article IX of the 1987 Philippine Constitution. All financial transactions shall be governed by the applicable government laws, rules and regulations. The COA shall prescribe the guidelines of the audit of the MIC and the Fund under its management in accordance with international best practices. In defining the scope of its audit, the COA shall coordinate with the external auditor as provided under Section 35 of R.A. No. 11954. The COA shall conduct a special audit every five (5) years.

Section 51. Disposal of Investment Assets. Notwithstanding any law, rules, regulations, or other issuances to the contrary, the disposal by MIC, pursuant to its mandate and functions, of shares, securities, and other interests and investments, shall not be covered by existing laws and regulations on disposal of government assets.

RULE X

Reports and Records

Section 52. Joint Congressional Oversight Committee. There shall be created a Maharlika Investment Fund Joint Congressional Oversight Committee (MIF-JCOC) to oversee, monitor, and evaluate the implementation of R.A. No. 11954. The MIF-JCOC shall be composed of seven (7) members each from the House of Representatives and the Senate. The MIF-JCOC shall be co-chaired by the Chairpersons of the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies.

The Speaker and Senate President shall designate the other six (6) members of the MIF-JCOC of the House and the Senate from among the members on the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies, at least one member of which shall be from the Minority.

The MIC shall make a quarterly confidential submission of all investments, whether planned or under negotiation by the MIC and on the portfolio of the MIF, to the MIF-JCOC.

All audit reports of the internal and external auditors for each accounting period shall likewise be submitted to the MIF-JCOC.

Section 53. Right to Freedom of Information of the Public. All documents of the MIF and the MIC, shall be open, available, and accessible to the public, as may be allowed by law, in both English and Filipino, including but not limited to:

- (a) All investments thereof, by the MIC and on the portfolio of the MIF;
- (b) The Statement of Assets, Liabilities, and Net Worth (SALNs) of the members and officials of the Board of Directors, Risk Management Committee, and Advisory Body;
- (c) The SALNs of those who appointed and designated the said members and officials;
- (d) Audit documents from the COA; and
- (e) Similar documents and information.

Section 54. Provision for Access Rights and Retention Period of Records. The records on the MIC pertaining to its investment activities shall be secured and maintained pursuant to the rules of the National Archives of the Philippines. The relevant disclosure rules under Republic Act No. 8799 or the "Securities Regulation Code," Republic Act No. 11232, or the "Revised Corporation Code of the Philippines," and other laws, rules and regulations shall apply to the MIC. The MIC shall be covered by Executive Order No. 2, s. 2016. All reports of the MIC pursuant to the disclosure rules under existing laws shall be published on its website that shall be immediately updated and made easily accessible to the public.

Section 55. Management of Information Assets. An information security culture shall be established to protect and maintain the confidentiality, integrity, and availability of information, from its creation, access, processing, transmission, retention, and disposal, in accordance with R.A. No. 10173 or the "Data Privacy Act" and other relevant laws, rules, and regulations.

Section 56. Reports of Government Financial Institutions to Stakeholders. GFIs with investments in the MIC shall include the performance of their investments, a risk assessment of their exposure and strategies to manage such risks, and other relevant information in their annual reports.

GFIs with investments in the MIC shall provide the reports under this Section in the manner prescribed by the appropriate regulatory body.

Section 57. Compliance with Santiago Principles. The audits required under this article shall include an assessment of the implementation of the Santiago Principles and recommendations to improve compliance with such principles.

The MIC shall maintain and improve, on an ongoing basis, compliance with the Santiago Principles. It must always keep up-to-date on the evolving requirements of the generally accepted principles and practices to be able to develop, review, and strengthen the organization, policies, and investment practices.

The internal auditor shall conduct the assessment provided under this Section every two (2) years, to be submitted to the Board.

Section 58. Dispute Settlement. The provision of existing laws to the contrary notwithstanding, any dispute, controversy or claim arising out of or relating to investments entered pursuant to R.A. No. 11954 or the breach, termination or invalidity thereof shall be resolved by good faith negotiations between the parties.

In the event that such negotiations do not succeed, any dispute, controversy or claim arising out of or relating to investments entered pursuant to R.A. No. 11954 or the breach, termination or invalidity thereof shall be settled in accordance with internationally accepted institutional systems of arbitration of which the Philippines is a signatory.

The MIF-JCOC created under Section 38 R.A. No. 11954 shall regularly be apprised of the status of any dispute settlement proceeding.

RULE XI

Offenses and Penalties

Section 59. Violation of Disqualification Provision; Penalties. A director or officer who willfully holds office while possessing any of the disqualifications or willfully conceals a ground for disqualification as provided for in Section 20 and Section 22 of R.A. No. 11954 shall be punished with a fine ranging from Five million pesos (₱5,000,000.00) to Seven million pesos (₱7,000,000.00) at the discretion of the court, and perpetual disqualification from holding public office. When the violation of this provision is injurious or detrimental to the public, the penalty shall be a fine ranging from Ten million pesos (₱10,000,000.00) to Fifteen million pesos (₱15,000,000.00).

Section 60. Violation by an Independent Auditor; Penalties. An independent auditor who, knowingly certifies the corporation's financial statements despite its gross incompleteness or inaccuracy, its failure to give a fair and accurate presentation of the corporation's condition, or despite containing false or misleading statements, shall be punished with a fine ranging from Five million

pesos (₱5,000,000.00) to Seven million pesos (₱7,000,000.00), imprisonment of six (6) years, and perpetual disqualification from holding public office. When the statement or report certified is fraudulent, or had the effect of causing injury to the general public, the auditor or responsible officer may be punished with a fine ranging from Ten million pesos (₱10,000,000.00) to Fifteen million pesos (₱15,000,000.00), imprisonment of six (6) years, and perpetual disqualification from holding public office.

Section 61. Acting as Intermediaries for Graft and Corrupt Practices; Penalties. Any person, natural or juridical, who allows itself to be used for fraud, or for committing or concealing graft and corrupt practices — by the directors, officers, or other employees of the MIC — as defined under pertinent laws, rules and regulations, shall be liable for a fine ranging from One million pesos (₱1,000,000.00) to Five million pesos (₱5,000,000.00), imprisonment of six (6) years, and perpetual disqualification from holding public office. When there is a finding that any of its directors, officers, employees, agents, or representatives are engaged in graft and corrupt practices, the Board of Directors' failure to install: (a) safeguards for the transparent and lawful delivery of services; and (b) policies, code of ethics, and procedures against graft and corruption shall be prima facie evidence of corporate liability under this Section.

Section 62. Tolerating Graft and Corrupt Practices; Penalties. A director or officer of the MIC who fails to sanction, report, or file the appropriate action with proper agencies, allows or tolerates graft and corrupt practices or fraudulent acts committed by a director, officer, employee, agent or representative shall be punished with a fine ranging from Five million pesos (₱5,000,000.00) to Ten million pesos (₱10,000,000.00), imprisonment of twenty (20) years, and perpetual disqualification from holding public office.

Section 63. Retaliation Against Whistleblowers. A whistleblower refers to any person who provides truthful information relating to the commission or possible commission of any offense or violation under R.A. No. 11954. Any person who, knowingly and with intent to retaliate, commits acts detrimental to a whistleblower such as interfering with the lawful employment or livelihood of the whistleblower, shall, at the discretion of the court, be punished with a fine ranging from One million pesos (₱1,000,000.00) to Two million pesos (₱2,000,000.00), and imprisonment of six (6) years.

Section 64. Separate Liability. Liability for any of the foregoing offenses shall be separate from and in addition to any other administrative, civil, or criminal liability under other laws, such as, but not limited to:

- (a) Act No. 3815 or "The Revised Penal Code," as amended;
- (b) Republic Act No. 3019 or the "Anti-Graft and Corrupt Practices Act," as amended;

(c) Republic Act No. 6713 or the "Code of Conduct and Ethical Standards for Public Officials and Employees";

(d) Republic Act No. 1379 or "An Act Declaring Forfeiture in Favor of the State any Property Found to have been Unlawfully Acquired by any Public Officer or Employee and Providing for the Proceedings Therefor";

(e) Republic Act No. 7080 or "An Act Defining and Penalizing the Crime of Plunder";

(f) Republic Act No. 9160 or the "Anti-Money Laundering Act of 2001," as amended;

(g) Executive Order 292 or the "Administrative Code of 1987";

(h) Republic Act No. 9184 or the "Government Procurement Reform Act";

(i) Republic Act No. 386 or "The Civil Code of the Philippines," as amended;

(j) Republic Act No. 11232 or the "Revised Corporation Code of the Philippines"; and

(k) Other relevant laws, rules, and regulations.

Section 65. Prescription of Crimes/Offenses. The crimes/offenses punishable under R.A. No. 11954 shall prescribe in ten (10) years. However, the right of the State to recover properties unlawfully acquired by the person involved, nominees, or transferees in embezzlement and misappropriation of the funds shall not be barred by prescription, laches, or estoppel.

RULE XII

Miscellaneous Provisions

Section 66. Appropriations. A portion of the National Government capital contribution, either through subscription of common shares or of preferred shares, under Section 6 of R.A. No 11954 shall be sourced from the following:

(a) **Bangko Sentral ng Pilipinas (BSP) Dividends.** For the first and second fiscal years upon the effectivity of R.A. No. 11954, One hundred percent (100%) of the BSP's actual total declared dividends, as computed under Republic Act No. 7653, also known as the "New Central Bank Act," as amended by Republic Act No. 11211, shall be remitted to the National Government for the capitalization of the MIC, in the amount not exceeding the Fifty billion pesos (₱50,000,000,000.00) initial subscription of the National Government to the capitalization of the MIC under this Section: Provided, That, the Monetary Board may recommend to the President of the

Philippines the reduction of BSP's dividend contribution to the MIC whenever economic conditions may warrant; thereafter, the dividends of the BSP shall be remitted to the National Government to fund the increase in the capitalization of the BSP in accordance with Section 2 of Republic Act No. 7653, as amended by Republic Act No. 11211;

(b) **Government share in PAGCOR, and revenue from other government-owned gaming operators and/or regulators.** Ten percent (10%) of the National Government's share from the income of the PAGCOR, as provided for in Presidential Decree No. 1869, as amended; Provided, That, the share earmarked for the Universal Health Care Act under Sec. 37 (b) of Republic Act No. 11223 shall not in any manner be diminished; Provided, further, That, the above funding from PAGCOR will be for a period of five (5) years. Accordingly, other government-owned gaming operators and/or regulators shall also contribute Ten percent (10%) of their revenues from gaming operations for a period of Five (5) years;

(c) **DOF-PMO Proceeds from the privatization of government assets,** the amount of which shall be determined by the Privatization Council, subject to budgeting, accounting, and auditing laws, rules, and regulations subject to the conditions provided under Section 6 of R.A. No. 11954; and

(d) **Other sources,** such as royalties and/or special assessments, subject to budgeting, accounting, and auditing laws, rules, and regulations.

The amount of contribution provided in Section 6 of R.A. No 11954, as certified by the BTr, as may be applicable, shall be remitted to the National Treasury as a special account in the General Fund and are hereby appropriated solely for the payment of the MIC's capitalization subscribed by the National Government which shall not exceed Fifty-one percent (51%) of the authorized capital stock. Thereafter, all funds collected under Section 6 of R.A. No 11954 shall be deposited to the National Treasury under the General Fund to support the national budget.

Section 67. Statutory Counsel. The Office of the Government Corporate Counsel (OGCC) shall be the statutory counsel of the MIC.

The MIC may maintain an in-house Legal Counsel and Legal Department pursuant to Section 21 (k) of R.A. No 11954. subject to the control and supervision of the OGCC as mandated by Executive Order No. 292, s. 1987 or the "Administrative Code of 1987." The OGCC, however, may delegate to the Legal Department the handling of cases and review of certain legal matters and contracts in line with the terms and conditions that the OGCC and the MIC may agree upon to ensure expediency and the protection of MIC's interests.

Section 68. Corporate Term of the MIC. The MIC shall exist for a term of thirty-five (35) years from the date of the effectivity of R.A. No. 11954, unless sooner repealed or extended by Congress.

Section 69. Suppletory Application. The provisions of Republic Act No. 11232, also known as the "Revised Corporation Code of the Philippines," to the extent relevant and consistent with R.A. No. 11954, shall be applicable to the MIC.

Section 70. Separability Clause. If any provision of R.A. No. 11954 or these Rules are declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain valid.

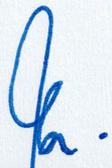
Section 71. Repealing and Amendatory Clause. All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of R.A. No. 11954, are hereby repealed or modified accordingly.

Particularly, the following laws or provisions of laws are hereby expressly amended to the extent of ensuring the full implementation of the provisions of R.A. No. 11954:

- (a) Section 2 of Republic Act No. 7653, or the "New Central Bank Act," as amended by Republic Act No. 11211; and
- (b) Presidential Decree No. 1869, otherwise known as the "PAGCOR Charter, as amended," without prejudice to Section 37 of Republic Act No. 11223 or the "Universal Health Care Act."

Section 72. Effectivity. These Rules shall take effect immediately after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved in consultation with the Land Bank of the Philippines and the Development Bank of the Philippines, pursuant to Section 54 of R.A. No. 11954 this 10th day of November 2023.


SHARON P. ALMANZA
Deputy Treasurer
OIC - Bureau of the Treasury



10 NOV 2023