

**TWENTIETH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
First Regular Session

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SENATE
Office of the Secretary

25 AUG -7 P2:54

SENATE

RECEIVED BY: _____

S.B. No. 1105

Introduced by SEN. WIN GATCHALIAN

**AN ACT
STRENGTHENING AND MODERNIZING THE WAREHOUSE RECEIPTS
SYSTEM, REPEALING ACT NO. 2137 OR THE "WAREHOUSE RECEIPTS LAW
OF 1912", AND OTHER RELATED PURPOSES**

EXPLANATORY NOTE

The May 2025 Labor Force Survey conducted by the Philippine Statistics Authority (PSA) shows that agriculture is the second largest sector in terms of persons employed in the Philippines, accounting for 21.1% of the 50.29 million employed persons in the country.¹ Despite comprising a significant portion of the labor force and of employed persons in the country, the 2021 Financial Inclusion Survey of the Bangko Sentral ng Pilipinas (BSP) shows that farmers or workers in the agriculture sector has the highest level of financial exclusion, reaching 73% in 2021.²

Act No. 2137 or the Warehouse Receipts Law of 1912 was supposed to help our farmers access credit by providing a simple means to store goods in the warehouse and trade or encumber the warehouse receipt. However, the same law has not been updated since its enactment more than a century ago and remains to be inadequate in supporting commercial transactions today. Thus, there is clearly a need to review,

¹ *Participation in the labor force in May 2025 increased to 52.32 million Filipinos aged 15 years and over*, PSA, at <https://psa.gov.ph/statistics/labor-force-survey> (last visited July 9, 2025).

² *2021 Financial Inclusion Survey*, BSP, at <https://www.bsp.gov.ph/Inclusive%20Finance/Financial%20Inclusion%20Reports%20and%20Publications/2021/2021FISToplineReport.pdf> (last visited July 9, 2025).

revise and update its contents to make it responsive to the present needs of the agricultural sector and to take advantage of modern technological advances that could be used to establish a system that is more secure, transparent, and reliable, as well as promote the ease of doing business.

Accordingly, this bill seeks to strengthen and modernize the country's warehouse receipts system by establishing a central electronic Registry for all Warehouse Receipts, to be made readily available online, which shall be managed by the Securities and Exchange Commission, and by providing for the accreditation of warehouses engaged in the issuance of warehouse receipts.

With the use of a centralized IT system that serves as a repository of all issued warehouse receipts and the accreditation of participating warehouses, banks and other financial institutions will be more confident in the integrity and the use of warehouse receipts as collateral by our farmers and MSMEs since it complements the banks' risk management tools in doing its due diligence. Such system will provide the basis for cheaper access to credit and will allow farmers to sell their crops at a time when they can maximize their profit and avoid losses. Moreover, the centralized repository system of issued warehouse receipts will provide market information needed for strategic policy decisions concerning food security.

The bill also provides for the requirement of bonds and insurance for warehouse operators and incorporates a guarantee mechanism through the Philippine Guarantee Corporation in providing guarantee for all loans backed by warehouse receipts as collateral.

In view of the foregoing, the immediate passage of this proposed measure is earnestly sought.



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OF 1912", AND OTHER RELATED PURPOSES

Be it enacted by the Senate and the 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 to low-cost credit, particularly for entities engaged in agricultural businesses such as farming, 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, the following terms are defined as follows:

- (1) "Action" includes counterclaim, set-off, and suits in equity as provided by law.

- 1 (2) "Delivery" means voluntary transfer of control from one person to
2 another.
- 3 (3) "Deposit" means the act of transferring actual possession of goods to a
4 warehouse operator.
- 5 (4) "Goods" means chattels or merchandise in storage or which has been or
6 is about to be stored.
- 7 (5) "Guarantee" specifically refers to a guarantee issued by the Philippine
8 Guarantee Corporation.
- 9 (6) "Holder" or "holder of a receipt" means a person who has both
10 constructive possession of such receipt and a right of property therein.
- 11 (7) "Insurance" shall mean any form of insurance, whether obtained from a
12 public or private entity, as defined by the Insurance Code of the
13 Philippines.
- 14 (8) "Order" means an order by indorsement on the receipt.
- 15 (9) "Owner" refers to one who has the right of possession of a warehouse
16 receipt, but does not include a mortgagee..
- 17 (10) "Person" includes both natural and juridical persons.
- 18 (11) "Purchase" includes taking the property as a mortgagee or as a pledgee.
- 19 (12) "Receipt" means an Electronic Warehouse Receipt.
- 20 (13) "Registry" refers to the Electronic Warehouse Receipts Registry.
- 21 (14) "Release Order" means a written instrument issued by the owner of a
22 receipt directing a warehouse operator to release his goods to a specific
23 person.
- 24 (15) "Value" means any consideration sufficient to support a simple contract.
25 An antecedent or pre-existing obligation, whether for money or not,
26 constitutes value where a receipt is taken, either in satisfaction thereof
27 or as security therefor.
- 28 (16) "Warehouse" means a place that houses goods intended to be used for
29 trading or financing within the territory of the Philippines operated and
30 maintained by a warehouse operator.

1 (17) "Warehouse operator" means a person lawfully engaged in the business
2 of housing goods within the territory of the Philippines intended to be
3 used for trading or financing and duly authorized under this Act.

4 (18) "Writing" for the purpose of this Act includes electronic records.
5

6 SEC. 4. *Persons Who May Issue Receipts.* – Warehouse receipts may only be
7 issued by a duly authorized warehouse operator.
8

9 SEC. 5. *Form of Receipts.* – Every warehouse receipt must contain:

- 10 (1) The location of the warehouse where the goods are stored;
- 11 (2) The date of the issue of the receipt;
- 12 (3) The serial number of the receipt;
- 13 (4) A statement whether the goods received will be delivered to the bearer,
14 to a specified person, or to a specified person or their order;
- 15 (5) The amount up to which the goods covered by the receipt are insured,
16 and the name of the insuring entity;
- 17 (6) The rate of storage charges;
- 18 (7) A description of the goods or of the packages containing them;
- 19 (8) The signature of the warehouse operator which may be made by his
20 authorized agent;
- 21 (9) If the receipt is issued for goods of which the warehouse operator is the
22 owner, either solely or jointly or in common with others, the fact of such
23 ownership; and
- 24 (10) A statement of the amount of advances made and of liabilities incurred
25 for which the warehouse operator claims a lien. If the precise amount
26 of such advances made or of such liabilities incurred is, at the time of
27 issue, unknown to the warehouse operator or to their agent who issues
28 it, a statement of the fact that advances have been made or liabilities
29 incurred and the purpose thereof is sufficient.

30 A warehouse operator shall be liable to any person injured thereby for all
31 damages caused by the omission from a warehouse receipt of any of the terms herein
32 required.

1 online, centralized, and nationwide Registry where all electronic warehouse receipts
2 can be registered and accessed, as well as rules and regulations pertaining specifically
3 to registration and cancellation of electronic warehouse receipts. The SEC is likewise
4 authorized to engage the services of third parties in creating and maintaining the
5 Registry.

6
7 SEC. 11. *Local Sub-Registry.* – In addition to the Registry created and
8 maintained by the SEC, all warehouses must establish and maintain a Sub-Registry
9 specifically for goods deposited therein. Failure of a warehouse to keep a Sub-Registry
10 in the warehouse, as well as any fraud committed thereon, shall be grounds for the
11 revocation of a warehouse's accreditation.

12
13 SEC. 12. *Transferability of Receipts.* – All warehouse receipts, regardless of
14 what is stated upon their face, are transferable at the option of the holder.

15
16 SEC. 13. *Collateralization of Receipts.* – All warehouse receipts, regardless of
17 what is stated upon their face, may be collateralized in accordance with Republic Act
18 No. 11057, otherwise known as the "Personal Property Security Act".

19
20 SEC. 14. *Guarantee on All Warehouse Receipts Securing Financial Obligations.*
21 – Upon the establishment and operationalization of the Registry, the Philippine
22 Guarantee Corporation (PHILGUARANTEE), in accordance with its consolidated
23 mandate under Executive Order No. 58, Series of 2018, and to the extent allowed by
24 enabling provisions of applicable laws, may provide guarantee on eligible loans
25 secured by warehouse receipts or the goods evidenced thereby.

26
27 **CHAPTER III**
28 **ACCREDITATION**
29

30 SEC. 15. *Role of the SEC.* – The SEC shall be the primary regulatory body in
31 charge of all matters related to warehouse receipts, including accreditation. While the
32 SEC may consult with other regulatory bodies, including but not limited to the
33 Department of Trade and Industry (DTI), the Department of Finance (DOF), and the

1 Department of Agriculture (DA), warehousing experts, and other organizations
2 representative of a particular sector, the SEC shall, at all times, be the lead agency in
3 ensuring the successful implementation of this Act: *Provided*, That the regulatory
4 bodies, warehousing experts, and other organizations representative of a particular
5 sector shall only be consulted on goods, crops, and practices they are familiar with.

6
7 SEC. 16. *Warehousing Experts.* – The SEC is authorized to create rules and
8 regulations in order to determine the persons who would qualify as warehousing
9 experts. The warehousing experts must be persons knowledgeable, and with actual
10 experience, in operating and maintaining warehouses in accordance with globally
11 accepted best practices in warehousing.

12
13 SEC. 17. *Functions and Responsibilities of the SEC as Accrediting Agency.* – As
14 the accrediting entity, the SEC shall have the following functions and responsibilities:

- 15 (1) Institute and operationalize a system of accreditation for warehouse
16 operators: *Provided*, That the criteria for accreditation shall include
17 sound and measurable standards relating to the ability and capacity to
18 handle the storage of goods and the maintenance of the Sub-Registry;
- 19 (2) Issue certificate of accreditation to qualified warehouse operators and
20 warehouses upon determination that the requirements and criteria set
21 for this purpose have been fully satisfied: *Provided*, That the certificate
22 of accreditation shall be valid only for such period as may be prescribed
23 under the implementing rules and regulations of this Act;
- 24 (3) Monitor the performance of warehouse operators to ensure continuing
25 compliance with the provisions of this Act and its implementing rules and
26 regulations;
- 27 (4) Place under probation, suspend, or revoke any certificate of
28 accreditation upon due determination that a warehouse operator no
29 longer meets the criteria for accreditation;
- 30 (5) Require regular submission of reports by warehouse operators;
- 31 (6) Collect reasonable accreditation and monitoring fees from warehouse
32 operators which shall be used for operational requirements;

- 1 (7) Submit an annual report to the President of the Philippines and the
2 concerned committees of both Houses of Congress; and
3 (8) Perform such other functions as may be necessary to accomplish the
4 purposes and objectives of this Act in relation to warehouse operators
5 and warehouses.
6

7 SEC. 18. *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 obtain accreditation with the SEC. The
10 SEC is hereby ordered and authorized to create rules and regulations to facilitate the
11 accreditation of warehouse operators. All warehouse operators who are not accredited
12 with the SEC are prohibited from issuing warehouse receipts.
13

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

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

26 SEC. 21. *Mandatory Insurance.* – No warehouse operator shall be granted
27 accreditation unless the warehouse operator and their warehouse are insured. The
28 SEC is hereby ordered and authorized to come up with rules and regulations
29 concerning the minimum insurance requirements for warehouses and warehouse
30 operators: *Provided, That* the minimum insurance requirements are in accordance with
31 globally accepted best practices in insurance for warehouse and warehouse operators.

SEC. 22. *Effect of Lapse or Absence of Insurance.* – The SEC may revoke the accreditation of any warehouse operator who is found to be operating without insurance or with lapsed insurance, or whose warehouses are found to be operating without insurance or with lapsed insurance.

CHAPTER IV

OBLIGATIONS AND RIGHTS OF WAREHOUSE OPERATORS UPON THEIR RECEIPTS

SEC. 23. *Obligation of a Warehouse Operator to Deliver Goods.* – A warehouse operator, in the absence of some lawful excuse provided by this Act, is bound to deliver the goods upon a demand made either by the holder of a receipt for the goods or by the depositor, if such demand is accompanied with:

- (1) An offer to satisfy the warehouse operator's lien, if applicable;
- (2) A written offer to surrender control of the receipt and perform all actions necessary to surrender said control; and
- (3) A readiness and willingness to sign when the goods are delivered, and an acknowledgment that they have been delivered, if such signature is requested by the warehouse operator.

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

SEC. 24. *Justification of Warehouse Operator in Delivering Goods.* – A warehouse operator is justified in delivering the goods to one who is:

- (1) The person lawfully entitled to the possession of the goods, or their agent;
- (2) A person who is either himself entitled to delivery by the terms of a non-negotiable receipt issued for the goods, or who has written authority from the person so entitled; or
- (3) A person in control of a negotiable receipt by the terms of which the goods are deliverable to them or order, or which has been indorsed to

1 them or in blank by the person to whom delivery was promised by the
2 terms of the receipt or by their immediate indorser.

3
4 SEC. 25. *Warehouse Operator's Liability for Misdelivery of Goods.* – Where a
5 warehouse operator delivers the goods to one who is not in fact lawfully entitled to
6 the possession of them, the warehouse operator shall be liable to all persons having
7 a right of property or possession of the goods, unless such delivery was made in
8 accordance with Section 24(2) and (3), or the warehouse operator:

9 (1) Had been requested, by or on behalf of the person lawfully entitled to a
10 right of property or possession of the goods, not to make such delivery;
11 or

12 (2) Had information that the delivery about to be made was to one not
13 lawfully entitled to the possession of the goods.

14
15 SEC. 26. *Negotiable Receipt Must be Cancelled When Goods Delivered.* – Except
16 as otherwise provided in this Act, where a warehouse operator delivers goods for
17 which they had issued a negotiable receipt, the negotiation of which would transfer
18 the right to the possession of the goods, and fails to take up and cancel the receipt,
19 they shall be liable to any entity who purchases for value in good faith such receipt,
20 for failure to deliver the goods to such purchaser, whether such purchaser acquired
21 title to the receipt before or after the delivery of the goods by the warehouse operator.

22 SEC. 27. *Negotiable Receipts Must be Cancelled or Marked When Part of Goods*
23 *Delivered.* – Except as otherwise provided in this Act, where a warehouse operator
24 delivers part of the goods for which they had issued a negotiable receipt and fails to
25 either amend or cancel such receipt to reflect the partial delivery, they shall be liable
26 to anyone who purchases for value in good faith such receipt, for failure to deliver all
27 the goods specified in the receipt, whether such purchaser acquired title to the receipt
28 before or after the delivery of any portion of the goods by the warehouse operator.

29
30 SEC. 28. *Altered Receipts.* – The alteration of a receipt shall not excuse the
31 warehouse operator who issued it from any liability if such alteration was:

- (1) Immaterial;
- (2) Authorized; or
- (3) Made without fraudulent intent.

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

Material and fraudulent alteration of a receipt shall not excuse the warehouse operator who issued it from liability to deliver, according to the terms of the receipt as originally issued, the goods for which it was issued, but shall excuse them from any other liability.

SEC. 29. Warehouse Operator Cannot Set Title to Themselves. – A warehouse operator shall have no title or right to the possession of the goods, on the part of the unless such title or right is derived directly or indirectly from a transfer made by the depositor at the time of or subsequent to the deposit for storage, or from the warehouse operator's lien. A warehouse operator shall not be excused from liability for refusing to deliver the goods according to the terms of the receipt.

SEC. 30. Interpleader of Adverse Claimants. – If more than one person claims the title or possession of the goods, the warehouse operator may, either as a defense to an action brought against them for non-delivery of the goods or as an original suit, whichever is appropriate, require all known claimants to interplead.

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

1 SEC. 32. *Adverse Title Is No Defense Except As Provided in this Act.* – Except
2 as provided in this Act, no right or title of a third person shall be a defense to an action
3 brought by the depositor or person claiming under them against the warehouse
4 operator for failure to deliver the goods according to the terms of the receipt.
5

6 SEC. 33. *Liability for Non-Existence or Misdescription of Goods.* – A warehouse
7 operator shall be liable to the holder of a receipt for damages caused by the non-
8 existence of the goods or by the failure of the goods to correspond with the description
9 thereof in the receipt at the time of its issue. If, however, the goods are described in
10 a receipt merely by a statement of marks or labels upon them or upon packages
11 containing them or by a statement that the goods are said to be goods of a certain
12 kind or that the packages containing the goods are said to contain goods of a certain
13 kind or by words of like purport, such statements, if true, shall not make liable the
14 warehouse operator issuing the receipt, although the goods are not of the kind which
15 the marks or labels upon them indicate or of the kind they were said to be by the
16 depositor.
17

18 SEC. 34. *Liability for Care of Goods.* – A warehouse operator shall be liable for
19 any loss or injury to the goods caused by their failure to exercise such care in regard
20 to them as reasonably vigilant owner of similar goods would exercise, but they shall
21 not be liable, in the absence of an agreement to the contrary, for any loss or injury to
22 the goods which could not have been avoided by the exercise of such care.
23

24 SEC. 35. *Goods Must be Kept Separate.* – Except as provided in the following
25 section, a warehouse operator shall keep the goods so far separate from goods of
26 other depositors and from other goods of the same depositor for which a separate
27 receipt has been issued, as to permit at all times the identification and redelivery of
28 the goods deposited.
29

30 SEC. 36. *Fungible Goods May Be Commingled if Warehouse Operator*
31 *Authorized.* – If authorized by agreement or by custom, a warehouse operator may
32 mingle fungible goods with other goods of the same kind and grade. In such case,

1 the various depositors of the mingled goods shall own the entire mass in common and
2 each depositor shall be entitled to such portion thereof as the amount deposited by
3 them bears to the whole.

4
5 *SEC. 37. Liability of Warehouse Operator to Depositors of Commingled Goods.*
6 – The warehouse operator shall be severally liable to each depositor for the care and
7 redelivery of their share of such mass to the same extent and under the same
8 circumstances as if the goods had been kept separate.

9
10 *SEC. 38. Attachment or Levy upon Goods for which a Negotiable Receipt Has*
11 *Been Issued.* – If goods are delivered to a warehouse operator by the owner or by a
12 person whose act in conveying the title to them to a purchaser in good faith for value
13 would bind the owner, and a negotiable receipt is issued for them, they cannot
14 thereafter, while in the possession of the warehouse operator, be attached by
15 garnishment or otherwise, or be levied upon under an execution unless the receipt be
16 first surrendered to the warehouse operator or its negotiation enjoined. The
17 warehouse operator shall in no case be compelled to deliver up the actual possession
18 of the goods until the receipt is surrendered to them or impounded by the court.

19
20 *SEC. 39. Creditor's Remedies to Reach Negotiable Receipts.* – A creditor whose
21 debtor is the owner of a negotiable receipt shall be entitled to such aid from courts of
22 appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or in
23 satisfying the claim by means thereof as is allowed at law or in equity within the
24 jurisdiction of the Philippines in regard to property which cannot readily be attached
25 or levied upon by ordinary legal process.

26 *SEC. 40. What Claims are Included in the Warehouse Operator's Lien.* – Subject
27 to the provisions of this Act, a warehouse operator shall have a lien on goods deposited
28 or on the proceeds thereof in his hands, for all lawful charges for storage and
29 preservation of the goods; for all lawful claims for money advanced, interest,
30 insurance, transportation, labor, weighing, coopering and other charges and expenses
31 in relation to such goods; for all reasonable charges and expenses for notice, and

1 advertisements of sale, and for sale of the goods where default had been made in
2 satisfying the warehouse operator's lien.

3
4 SEC. 41. *Against What Property the Warehouse Operator's Lien may be*
5 *Enforced.* – Subject to the provisions of this Act, a warehouse operator's lien may be
6 enforced:

7 (1) Against all goods, whenever deposited, belonging to the person who is
8 liable as debtor for the claims in regard to which the lien is asserted;
9 and

10 (2) Against all goods belonging to others which have been deposited at any
11 time by the person who is liable as debtor for the claims in regard to
12 which the lien is asserted if such person had been so entrusted with the
13 possession of goods that a pledge of the same by them at the time of
14 the deposit to one who took the goods in good faith for value would
15 have been valid.

16
17 SEC. 42. *How Warehouse Operator's Lien May be Lost.* – A warehouse operator
18 loses their lien upon goods:

19 (1) By surrendering possession thereof; or

20 (2) By refusing to deliver the goods when a demand is made with which
21 they are bound to comply under the provisions of this Act.

22
23 SEC. 43. *Negotiable Receipts Must State Charges for which the Lien is Claimed.*
24 – If a negotiable receipt is issued for goods, the warehouse operator shall have no
25 lien thereon except for charges for storage of goods subsequent to the date of the
26 receipt unless the receipt expressly enumerates other charges for which a lien is
27 claimed. In such case, there shall be a lien for the charges enumerated so far as they
28 are within the terms of Section 27 although the amount of the charges so enumerated
29 is not stated in the receipt.

1 SEC. 44. *Warehouse Operator Need Not Deliver until Lien is Satisfied.* – A
2 warehouse operator having a lien valid against the person demanding the goods may
3 refuse to deliver the goods to them until the lien is satisfied.

4
5 SEC. 45. *Warehouse Operator's Lien Does Not Preclude Other Remedies.* –
6 Whether a warehouse operator has or has not a lien upon the goods, they are entitled
7 to all remedies allowed by law to a creditor against a debtor for the collection from
8 the depositor of all charges and advances which the depositor has expressly or
9 impliedly contracted with the warehouse operator to pay.

10
11 SEC. 46. *Satisfaction of Lien by Sale.* – A warehouse operator's lien for a claim
12 which has become due may be satisfied as follows:

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

26 In accordance with the terms of a notice so given, a sale of the goods by
27 auction may be had to satisfy any valid claim of the warehouse operator for which he
28 has a lien on the goods. The sale shall be had in the place where the lien was
29 acquired, or, if such place is manifestly unsuitable for the purpose of the claim
30 specified in the notice to the depositor has elapsed, and advertisement of the sale,
31 describing the goods to be sold, and stating the name of the owner or person on
32 whose account the goods are held, and the time and place of the sale, shall be

1 published once a week for two consecutive weeks in a newspaper published in the
2 place where such sale is to be held. The sale shall not be held less than fifteen days
3 (15) from the time of the first publication. If there is no newspaper published in such
4 place, the advertisement shall be posted at least ten (10) days before such sale in not
5 less than six (6) conspicuous places therein.

6 From the proceeds of such sale, the warehouse operator shall satisfy their lien
7 including the reasonable charges of notice, advertisement and sale. The balance, if
8 any, of such proceeds shall be held by the warehouse operator and delivered on
9 demand to the person to whom he would have been bound to deliver or justified in
10 delivering goods.

11 At any time before the goods are so sold, any person claiming a right of
12 property or possession therein may pay the warehouse operator the amount necessary
13 to satisfy their lien and to pay the reasonable expenses and liabilities incurred in
14 serving notices and advertising and preparing for the sale up to the time of such
15 payment. The warehouse operator shall deliver the goods to the person making
16 payment if they are a person entitled, under the provisions of this Act, to the
17 possession of the goods on payment of charges thereon. Otherwise, the warehouse
18 operator shall retain the possession of the goods according to the terms of the original
19 contract of deposit.

20
21 SEC. 47. *Perishable and Hazardous Goods.* – If goods are of a perishable
22 nature, or by keeping will deteriorate greatly in value, or, by their order, leakage,
23 inflammability, or explosive nature, will be liable to injure other property, the
24 warehouse operator may give such notice to the owner or to the person in whose
25 names the goods are stored, as is reasonable and possible under the circumstances,
26 to satisfy the lien upon such goods and to remove them from the warehouse and in
27 the event of the failure of such person to satisfy the lien and to receive the goods
28 within the time so specified, the warehouse operator may sell the goods at public or
29 private sale without advertising. If the warehouse operator, after a reasonable effort,
30 is unable to sell such goods, the warehouse operator may dispose of them in any
31 lawful manner and shall incur no liability by reason thereof.

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

SEC. 48. *Other Methods of Enforcing Lien.* – The remedy for enforcing a lien herein provided does not preclude any other remedies allowed by law for the enforcement of a lien against personal property nor bar the right to recover so much of the warehouse operator's claim as shall not be paid by the proceeds of the sale of the property.

SEC. 49. *Effect of Sale.* – After goods have been lawfully sold to satisfy a warehouse operator’s lien, or have been lawfully sold or disposed of because of their perishable or hazardous nature, the warehouse operator shall not thereafter be liable for failure to deliver the goods to the depositor or owner of the goods or to a holder of the receipt given for the goods when they were deposited, even if such receipt be negotiable.

CHAPTER V

NEGOTIATION AND TRANSFER OF RECEIPTS

SEC. 50. *Negotiation of Negotiable Receipt by Indorsement.* – A negotiable receipt may be negotiated by the indorsement of the person to whose order the goods are, by the terms of the receipt, deliverable. Such indorsement may be in blank, to bearer or to a specified person. If indorsed to a specified person, it may be again negotiated by the indorsement of such person in blank, to bearer or to another specified person. Subsequent negotiation may be made in like manner.

SEC. 51. *Transfer of Receipt.* – A receipt may be transferred by the holder to a purchaser or donee.

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

1 SEC. 52. *Who May Negotiate a Receipt.* – A negotiable receipt may be
2 negotiated:

3 (1) By the owner thereof; or

4 (2) By any person to whom the constructive possession of the receipt has
5 been entrusted by the owner, if, by the terms of the receipt, the
6 warehouse operator undertakes to deliver the goods to the order of the
7 person to whom the constructive possession of the receipt has been
8 entrusted.

9
10 SEC. 53. *Rights of Person To Whom a Receipt Has Been Negotiated.* – A person
11 to whom a negotiable receipt has been duly negotiated acquires thereby:

12 (1) Such title to the goods as the person negotiating the receipt to them had
13 or had ability to convey to a purchaser in good faith for value, and also
14 such title to the goods as the depositor or person to whose order the
15 goods were to be delivered by the terms of the receipt had or had ability
16 to convey to a purchaser in good faith for value; and

17 (2) The direct obligation of the warehouse operator to hold possession of
18 the goods for them according to the terms of the receipt as fully as if
19 the warehouse operator contracted directly with them.

20
21 SEC. 54. *Rights of Person to Whom Receipt Has Been Transferred.* – A person
22 to whom a receipt has been transferred but not negotiated acquires thereby, as
23 against the transferor, the title of the goods subject to the terms of any agreement
24 with the transferor.

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

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

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

3
4 SEC. 55. *Transfer of Negotiable Receipt Without Indorsement.* – Where a
5 negotiable receipt is transferred for value and the indorsement of the transferor is
6 essential for negotiation, the transferee acquires a right against the transferor to
7 compel them to indorse the receipt unless a contrary intention appears. The
8 negotiation shall take effect as of the time when the indorsement is actually made.

9
10 SEC. 56. *Warranties of a Sale of Receipt.* – A person who, for value, negotiates
11 or transfers a receipt by indorsement or delivery, including one who assigns for value
12 a claim secured by a receipt, unless a contrary intention appears, warrants:

- 13 (1) That the receipt is genuine;
14 (2) That they have a legal right to negotiate or transfer it;
15 (3) That they have knowledge of no fact which would impair the validity or
16 worth of the receipt; and
17 (4) That they have a right to transfer the title to the goods and that the
18 goods are merchantable or fit for a particular purpose whenever such
19 warranties would have been implied, if the contract of the parties had
20 been to transfer without a receipt of the goods represented thereby.

21
22 SEC. 57. *Indorser not a Guarantor.* – The indorsement of a receipt shall not
23 make the indorser liable for any failure on the part of the warehouse operator or
24 previous indorsers of the receipt to fulfill their respective obligations.

25
26 SEC. 58. *No Warranty Implied from Accepting Payment of a Debt.* – A
27 mortgagee, pledgee, or holder for security of a receipt who, in good faith, demands
28 or receives payment of the debt for which such receipt is security, whether from a
29 party to a draft drawn for such debt or from any other person, shall not, by so doing,
30 be deemed to represent or to warrant the genuineness of such receipt or the quantity
31 or quality of the goods therein described.

1 SEC. 59. *When Negotiation Not Impaired By Fraud, Mistake, or Duress.* – The
2 validity of the negotiation of a receipt is not impaired by the fact that such negotiation
3 was a breach of duty on the part of the person making the negotiation or by the fact
4 that the owner of the receipt was induced by fraud, mistake or duress or to entrust
5 the constructive possession of the receipt to such person, if the person to whom the
6 receipt was negotiated or a person to whom the receipt was subsequently negotiated
7 paid value therefor, without notice of the breach of duty, fraud, mistake, or duress.
8

9 SEC. 60. *Subsequent Negotiation.* – Where a person having sold, mortgaged,
10 or pledged goods which are in warehouse and for which a negotiable receipt has been
11 issued, or having sold, mortgaged, or pledged the negotiable receipt representing such
12 goods, continues in constructive possession of the negotiable receipt, the subsequent
13 negotiation thereof by the person under any sale or other disposition thereof to any
14 person receiving the same in good faith, for value and without notice of the previous
15 sale, mortgage or pledge, shall have the same effect as if the first purchaser of the
16 goods or receipt had expressly authorized the subsequent negotiation.
17

18 SEC. 61. *Negotiation Defeats Vendor's Lien.* – Where a negotiable receipt has
19 been issued for goods, no seller's lien or right of stoppage *in transitu* shall defeat the
20 rights of any purchaser for value in good faith to whom such receipt has been
21 negotiated, whether such negotiation be prior or subsequent to the notification to the
22 warehouse operator who issued such receipt of the seller's claim to a lien or right of
23 stoppage *in transitu*. Nor shall the warehouse operator be obliged to deliver or
24 justified in delivering the goods to an unpaid seller unless the receipt is first
25 surrendered for cancellation.
26

27 **CHAPTER VI** 28 **CRIMINAL OFFENSES** 29

30 SEC. 62. *Issuance of Receipt for Goods Not Received.* – A warehouse operator
31 or their agent, or an officer or staff of any warehouse operator who issues or aids in
32 the issuance of a warehouse receipt knowing that the goods mentioned therein are
33 not actually in their custody shall be punished by imprisonment of ten (10) years, or

1 a fine equal to triple the value of the goods involved, or both, at the discretion of the
2 Court. If the warehouse operator themselves is liable, their accreditation shall likewise
3 be revoked.

4
5 SEC. 63. *Issuance of Receipt Containing False Statement.* – A warehouse
6 operator, or any officer, agent or servant of a warehouse operator who fraudulently
7 issues or aids in fraudulent issuance of a warehouse receipt for goods knowing that it
8 contains any false statement, shall be punished by imprisonment of ten (10) years, or
9 a fine equal to triple the value of the goods involved, or both, at the discretion of the
10 Court. If the warehouse operator themselves is liable, their accreditation shall likewise
11 be revoked.

12
13 SEC. 64. *Creation of Fraudulent Duplicate Receipt.* – A warehouse operator, or
14 any officer, agent, or employee of a warehouse operator who issues or aids in issuing
15 a second electronic warehouse receipt for goods knowing that there is an existing
16 prior electronic warehouse receipt for the same goods or any part of them shall be
17 punished by imprisonment of ten (10) years, or a fine equal to triple the value of the
18 goods involved, or both, at the discretion of the Court. If the warehouse operator
19 themselves is liable, their accreditation shall likewise be revoked. This provision shall not
20 be applicable if the issuance of a subsequent warehouse receipt was made on the
21 basis of an Order issued by a Court of competent jurisdiction.

22
23 SEC. 65. *Issue for Warehouse Operator's Goods or Receipts Which Do Not State*
24 *That Fact.* – Where goods are deposited with or held by a warehouse operator of
25 which they are the owner, either solely or jointly or in common with others, such
26 warehouse operator, or any of their officers, agents, or servants who, knowing this
27 ownership, issues or aids in issuing a negotiable receipt for such goods which does
28 not state such ownership, shall be punished by imprisonment of ten (10) years, or a
29 fine equal to triple the value of the goods involved, or both, at the discretion of the
30 Court. If the warehouse operator themselves is liable, their accreditation shall likewise
31 be revoked.

1 SEC. 66. *Delivery of Goods Without Obtaining Negotiable Receipt.* – A
2 warehouse operator, or any officer, agent, or servant of a warehouse operator, who
3 delivers goods out of the possession of such warehouse operator, knowing that a
4 negotiable receipt the negotiation of which would transfer the right to the possession
5 of such goods is outstanding and uncanceled, without obtaining the constructive
6 possession of such receipt at or before the time of such delivery, shall, except as
7 provided in this Act, be punished by imprisonment of ten (10) years, or a fine equal
8 to triple the value of the goods involved, or both, at the discretion of the Court. If the
9 warehouse operator themselves is liable, their accreditation shall likewise be revoked.

11 SEC. 67. *Negotiation of Receipt for Mortgaged Goods.* – Any person who
12 deposits goods to which they have no title, or upon which there is a lien or mortgage,
13 and who takes for such goods a negotiable receipt which they afterwards negotiate
14 for value with intent to deceive and without disclosing their want of title or the
15 existence of the lien or mortgage, shall be punished by imprisonment of ten (10) years,
16 or a fine equal to triple the value of the goods involved, or both, at the discretion of
17 the Court. If the warehouse operator themselves is liable, their accreditation shall
18 likewise be revoked.

20 SEC. 68. *Unlawful Release of Goods Covered by Warehouse Receipt.* – A
21 warehouse operator, or any officer, agent, or employee of a warehouse operator, who
22 releases without any legal basis any goods covered by an electronic warehouse receipt
23 shall be punished by imprisonment of ten (10) years, or a fine equal to triple the value
24 of the goods involved, or both, at the discretion of the Court. If the warehouse
25 operator themselves is liable, their accreditation shall likewise be revoked.

27 **CHAPTER VII** 28 **FINAL PROVISIONS**

30 SEC. 69. *Inter-Connected Registry Information.* – Where feasible, the SEC is
31 ordered and authorized to engage in concerted activity with other government
32 agencies for the linking of the Registry provided under this Act with other registries in
33 order to be able to come up with an inter-connected Registry.

1 SEC. 70. *Public Information.* – All entries in the Registry of electronic
2 warehouse receipts shall be available to the public. Likewise, the list of accredited
3 warehouse operators, as well as the list of warehouse operators whose accreditation
4 have been revoked, shall be available to the public. The SEC is ordered and authorized
5 to create rules and regulations to facilitate the orderly and expedient access to such
6 information by the public, in accordance with existing standards under Philippine laws.

7
8 SEC. 71. *Dispute Resolution.* – Except in cases specifically placed under the
9 jurisdiction of the SEC under this Act, as well as cases where the electronic warehouse
10 receipt includes a valid arbitration clause, all actions arising from this Act shall fall
11 under the jurisdiction of the Regional Trial Courts.

12
13 SEC. 72. *Appropriations.* – The SEC may utilize its existing funds, including its
14 savings, for the initial implementation of this Act. For subsequent years, the amounts
15 necessary to carry out the implementation of this Act shall be included by the SEC in
16 its budgetary requirements in the General Appropriations Act.

17
18 SEC. 73. *Implementing Rules and Regulations.* – Within ninety (90) days after
19 the effectivity of this Act, the SEC shall promulgate rules and regulations for the
20 implementation of this Act.

21
22 SEC. 74. *Cases Not Provided For in this Act.* – Any case not provided for in this
23 Act shall be governed by the provisions of existing legislation, or in default thereof, by
24 the established rules of commerce.

25
26 SEC. 75. *Application of this Act.* – The provisions of this Act do not apply to
27 receipts made and delivered prior to the taking effect hereof.

28
29 SEC. 76. *Separability Clause.* – If any provision of this Act is declared invalid or
30 unconstitutional, other provisions hereof which are not affected thereby shall continue
31 to be in full force and effect.

1 SEC. 77. *Repealing Clause.* – Act No. 2137, otherwise known as the Warehouse
2 Receipts Law, is hereby repealed. Any law, presidential decree or issuance, executive
3 order, letter of instruction, administrative order, rule or regulation contrary to or
4 inconsistent with any provision of this Act is hereby repealed or modified accordingly.

5
6 SEC. 78. *Effectivity.* – This Act shall take effect fifteen (15) days after its
7 publication in the Official Gazette of the Philippines or in at least two (2) newspapers
8 of general circulation.

Approved,