

**MGA ALITUNTUNIN KAGAWARAN, KAWANIHAN AT
TANGGAPAN AT MGA KAUTUSANG PAMPANGASIWAAN**
[DEPARTMENT, BUREAU AND OFFICE ADMINISTRATIVE ORDERS AND
REGULATIONS]

National Economic and Development Authority

**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 11647 OR
AN ACT PROMOTING FOREIGN INVESTMENTS, AMENDING THEREBY
REPUBLIC ACT NO. 7042, OTHERWISE KNOWN AS THE "FOREIGN
INVESTMENTS ACT OF 1991", AS AMENDED, AND FOR OTHER PURPOSES**

RULE I. DEFINITIONS

SECTION 1. DEFINITION OF TERMS. – For purposes of these Rules and Regulations:

- a. **Act** shall refer to Republic Act No. 7042 entitled "An Act to Promote Foreign Investments, Prescribe the Procedures for Registering Enterprises Doing Business in the Philippines, and for Other Purposes", also known as the Foreign Investments Act of 1991, as amended.
- b. **Administrative agency** refers to any regulatory agency expressly vested with jurisdiction to regulate, administer or adjudicate matters affecting substantial rights and interest of private persons, the principal powers of which are exercised by a collective body, such as a commission, board or council as defined in the Administrative Code of 1987.
- c. **Advanced technology** are high technologies or emerging technologies, based on modern scientific knowledge of biological and physical sciences, and require advanced knowledge of solid-state physics, chemistry, materials science and engineering, and information technology. Advanced technology shall also include a higher degree or form of technology than what is domestically available and needed for the development of certain industries.
- d. **BOI** shall refer to the Board of Investments.
- e. **Central Business Portal (CBP)** shall refer to a centralized online system to receive applications and capture application data involving business-related transactions, including primary and secondary licenses, and business clearances, permits, certifications or authorizations issued by the local government units (LGUs); Provided that the CBP may also provide links to the online registration or application systems established by national government agencies (NGAs). The Department of Information and Communications Technology (DICT) is primarily responsible in establishing, operating, maintaining CBP or other similar technology it may prescribe.

- f. **Cyber infrastructure** refers to any asset or system, whether physical or virtual which is related to the industry, including computing systems, data storage systems, advanced instruments and data repositories, visualization environments all linked by high speed networks, that is essential to the maintenance of vital societal functions or to the delivery of essential public services such that the incapacity or destruction of such systems and assets would have a debilitating impact on national defense and security, national economy, public health or safety; provided further, that passive telecommunications tower infrastructure and components such as, but not limited to, poles, fiber ducts, dark fiber cables, and passive telecommunications tower infrastructure, as defined by the DICT, and value-added services, as defined in section 3(H) of Republic Act (R.A.) No. 7925, as amended, shall be excluded.
- g. **Dangerous drug** as defined under section 3(J) of R.A. No. 9165 or the Comprehensive Dangerous Drugs Act of 2002, including subsequent issuances of the Dangerous Drugs Board (DDB).
- h. **Direct employees** shall mean personnel hired and engaged under the control and supervision of the applicant investor or employer in the production of goods or performance of services.
- i. **DOF** shall refer to the Department of Finance.
- j. **Doing business** shall include soliciting orders, service contracts, opening offices, whether liaison offices or branches; appointing representatives or distributors, operating under full control of the foreign corporation, domiciled in the Philippines or who in any calendar year stay in the country for a period or periods totaling one hundred eighty (180) days or more; participating in the management, supervision or control of any domestic business, firm, entity or corporation in the Philippines; and any other act or acts that imply a continuity of commercial dealings or arrangements, and contemplate to that extent the performance of acts or works, or the exercise of some of the functions normally incident to and in progressive prosecution of commercial gain or of the purpose and object of the business organization. The following acts shall not be deemed "doing business" in the Philippines:

- i. Mere investment as a shareholder by a foreign entity in domestic corporations duly registered to do business, or the exercise of rights as such investor;
 - ii. Having a nominee director or officer to represent its interests in such corporation;
 - iii. Appointing a representative or distributor domiciled in the Philippines which transacts business in the representative's or distributor's own name and account;
 - iv. The publication of a general advertisement through any print or broadcast media;
 - v. Maintaining a stock of goods in the Philippines solely for the purpose of having the same processed by another entity in the Philippines;
 - vi. Consignment by a foreign entity of equipment with a local company to be used in the processing of products for export;
 - vii. Collecting information in the Philippines; and
 - viii. Performing services auxiliary to an existing isolated contract of sale which are not on a continuing basis, such as installing in the Philippines machinery it has manufactured or exported to the Philippines, servicing the same, training domestic workers to operate it, and similar incidental services.
- k. **Domestic market enterprise** shall mean an enterprise, which produces goods for sale, or renders services to the domestic market entirely or not exporting sixty (60) percent or more of its output.
- l. **DTI** shall refer to the Department of Trade and Industry.
- m. **Exports** shall mean the volume or the Philippine port F.O.B. peso value, determined from invoices, bills of lading, inward letters of credit, loading certificates, and other commercial documents, of products exported directly by an export enterprise or the value of services including tourism sold by service-oriented enterprises to non-resident foreigners or the net selling price of export products sold by an export enterprise to another

export enterprise that subsequently exports the same; Provided, That sales of export products to another export enterprise shall only be deemed exports when actually exported by the latter, as evidenced by loading certificates or similar commercial documents; and Provided, finally, that without actual exportation, the following shall be considered constructively exported for purposes of the Act: (1) sales of products to bonded manufacturing warehouses of export enterprises; (2) sales of products to export processing zone enterprises; (3) sales of products to export enterprises operating bonded trading warehouses supplying raw materials used in the manufacture of export products; and (4) sales of products to foreign military bases, diplomatic missions and other agencies or instrumentalities granted tax immunities of locally manufactured, assembled or repacked products whether paid for in foreign currency or pesos funded from inwardly remitted foreign currency.

Sales of locally manufactured or assembled goods for household and personal use to Filipinos abroad and other non-residents of the Philippines as well as returning overseas Filipinos under the Internal Export Program of the Government and paid for in convertible foreign currency inwardly remitted through the Philippine banking system shall also be considered exports.

- n. **Export enterprise** shall mean an enterprise wherein a manufacturer, processor or service (including tourism) enterprise exports sixty percent (60%) or more of its output, or wherein a trader purchases products domestically and exports sixty percent (60%) or more of such purchases.
- o. **Export ratio** shall refer to:
 - i. The percentage share of the volume or peso value of goods exported to the total volume or value of goods sold in any taxable year if the export enterprise is engaged in manufacturing or processing;
 - ii. The percentage share of the peso value of services sold to foreigners to total earnings or receipts from the sale of its services from all sources in any taxable year if the export enterprise is service-oriented; Value of services sold shall refer to the peso value of all services rendered by an export enterprise to foreigners that are paid for in foreign currency or pesos funded from inwardly remitted foreign currency as properly documented by the export enterprise; or

- iii. The percentage share of the volume or peso value of goods exported to the total volume or value of goods purchased domestically in any taxable year if the export enterprise is engaged in merchandise trading.
- p. **FIPMP** shall refer to the Foreign Investment Promotion and Marketing Plan referred to in Rule IV of these Rules and Regulations.
- q. **Foreign corporation** shall mean one which is formed, organized, or existing under laws other than those of the Philippines in accordance with the R.A. No. 11232 or the Revised Corporation Code.

Branch office of a foreign company carries out the business activities of the head office and derives income from the host country.

Representative or liaison office deals directly with the clients of the parent company but does not derive income from the host country and is fully subsidized by its head office. It undertakes activities such as but not limited to information dissemination and promotion of the company's products as well as quality control of products.

- r. **Foreign investment** shall mean an equity investment made by a non-Philippine national in the form of foreign exchange (FX) or the monetary equivalent in Philippine peso of other assets actually transferred to the Philippines and duly registered with the Bangko Sentral ng Pilipinas (BSP); Provided, however, that for purposes of determining foreign ownership, peso investments made by non-Philippine nationals shall be considered; for purposes of monitoring foreign investments, the following shall be observed:
 - i. For purposes of Section 8 of the Act, and Section 36, Rule X of these Rules and Regulations, existing foreign investment shall mean an equity investment made by a non-Philippine national and duly registered with the SEC or the DTI in the form of foreign exchange or other assets transferred to the Philippines.
 - ii. Foreign direct investments (FDIs) flows monitored and recorded by the BSP; and

- iii. Actual foreign investments monitored and recorded by investment promotion agencies (IPAS);
- s. **Foreign government-controlled entity, or state-owned enterprises** shall refer to an entity in which a foreign state:
 - i. Directly or indirectly owns more than fifty percent (50%) of the capital taking into account both the voting rights and beneficial ownership;
 - ii. Controls through ownership interests, the exercise of more than fifty percent (50%) of the voting rights;
 - iii. Holds the power to appoint a majority of members of the board of directors or any other equivalent management body; or
 - iv. Has the ability to interfere in the management, operation, administration, or control of an enterprise.

In case of a subsidiary enterprise, the aforementioned criteria shall apply. Additional documents may be requested, including the mode of acquisition of the holding or parent enterprise.

- t. **Foreign Investment Negative List (FINL) or Negative List** shall mean a list of areas of economic activity whose foreign ownership is limited to a maximum of forty percent (40%) of the equity capital of the enterprises engaged therein.
- u. **Former natural-born Filipinos** shall mean those who have lost Philippine citizenship but were previously citizens of the Philippines falling in either of the following categories: (1) from birth without having to perform any act to acquire or perfect their Philippine citizenship; or (2) by having elected Philippine citizenship upon reaching the age of majority, if born before January 17, 1973, of Filipino mothers.
- v. **Geographical areas critical to national security** shall refer to a geographical space or jurisdiction which alienation, privatization, or foreign control or presence, could potentially erode the country's geostrategic advantage and increase its vulnerability to foreign intrusion therefore, undermines national security.

- w. **Independent pension fund** refers to an enterprise that is owned, or controlled through ownership interests, by a foreign state that:
- i. Is engaged exclusively in the following activities:
 1. Administering or providing a plan for pension, retirement, social security, disability, death or employee benefits, or any combination thereof solely for the benefit of natural persons who are contributors to such a plan and their beneficiaries; or
 2. Investing the assets of these plans;
 - ii. Has a fiduciary duty to the natural persons referred to in subparagraph (i)(1); and
 - iii. Is free from investment direction from the government of the foreign state;
- Provided, that investment direction (1) does not include general guidance with respect to risk management and asset allocation that is not inconsistent with usual investment practices; and (2) is not demonstrated, alone, by the presence of government officials on the enterprise's board of directors or investment panel.
- x. **IIPCC** shall refer to the Inter-Agency Investment Promotion Coordination Committee.
- y. **Individual practice of profession** shall mean an activity or undertaking rendered and performed by a registered and duly licensed professional or holder of a special temporary permit as defined in the scope of practice of a professional regulatory law and fall under the jurisdiction of the various Professional Regulatory Boards (PRBs).
- z. **Investment** shall mean the paid in equity participation in any enterprise organized or existing under the laws of the Philippines and duly recorded in the enterprise's stock and transfer book, or any equivalent registry of ownership; It includes both original and additional investment, whether made directly as in stock subscription, or indirectly through the transfer of equity from one investor to another as in stock purchase. Ownership of

bonds (including income bonds), debentures, notes or other evidence of indebtedness does not qualify as investment.

The purchase of stock options or stock warrants is not an investment until the holder thereof exercises his option and actually acquires stock from the corporation.

- aa. **Investment promotion agencies (IPAS)** shall refer to government entities created by law, executive order, decree or other issuance in charge of promoting investments, granting and administering tax and non-tax incentives, and overseeing the operations of the different economic zones and freeports in accordance with their respective special laws. these include the Board of Investments (BOI), Regional Bangsamoro Board of Investments – Bangsamoro Autonomous Region In Muslim Mindanao (RBOI-BARMM), Philippine Economic Zone Authority (PEZA), Bases Conversion and Development Authority (BCDA), Subic Bay Metropolitan Authority (SBMA), Clark Development Corporation (CDC), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Cagayan Economic Zone Authority (CEZA), Zamboanga City Special Economic Zone Authority (ZCSEZA), Phividec Industrial Authority (PIA), Aurora Pacific Economic Zone and Freeport Authority (APECO), Authority of the Freeport Area of Bataan (AFAB), Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and all other similar authorities currently existing or that may be created by law unless otherwise specifically exempted from the coverage of the Act.
- bb. **Joint venture** shall mean two or more entities, whether natural or juridical, one of which must be a Philippine national, combining their property, money, efforts, skills or knowledge to carry out a single business enterprise for profit, which is duly registered with the SEC as a corporation or partnership.
- cc. **MULTINATIONAL BANKS**, for the purposes of these Rules and Regulations, shall refer to supranational institutions set up by sovereign states, which are shareholders. These institutions generally have the common task of fostering economic and social progress in developing countries by financing projects, supporting investment and generating capital for the benefit of all global citizens.

- dd. **National security** shall refer to the requirements and conditions necessary to ensure the territorial integrity of the country and the safety, security and well-being of Filipino citizens.
- ee. **NEDA** shall refer to the Secretariat of the National Economic and Development Authority, which is the body constituted as such under Executive Order No. 230 and which serves as the research and technical support arm and the Secretariat of the NEDA Board.
- ff. **NEDA Board** shall refer to the body constituted as such under Executive Order No. 230 entitled "Reorganizing the National Economic and Development Authority" and in which reside the powers and functions of the Authority.
- gg. **Output** shall refer to the enterprise's total sales in a taxable year. The term sales shall refer to value in case of heterogeneous products and volume in case of homogeneous products.

Heterogeneous products shall refer to products of different kinds and characteristics as well as to those of the same kind but with various categories using different units of measurement.

Homogeneous products shall refer to products of the same kind or category using a common unit of measurement.

- hh. **Paid-in equity capital** shall mean the total investment in a business that has been paid-in in a corporation or partnership or invested in a sole proprietor, which may be in cash or in property. It shall also refer to inward remittance or assigned capital in the case of foreign corporations.
- ii. **Philippine national** shall mean a citizen of the Philippines or a domestic partnership or association wholly owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or a corporation organized abroad and registered as doing business in the Philippines under the Revised Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty percent (60%) of the fund

will accrue to the benefits of Philippine nationals; Provided, That where a corporation and its non-Filipino stockholders own stocks in a Securities and Exchange Commission (SEC) registered enterprise, at least sixty percent (60%) of the capital stock outstanding and entitled to vote of each of both corporations must be owned and held by citizens of the Philippines and at least sixty percent (60%) of the members of the Board of Directors of each of both corporations must be citizens of the Philippines, in order that the corporation shall be considered a Philippine national. The control test shall be applied for this purpose.

Compliance with the required Filipino ownership of a corporation shall be determined on the basis of outstanding capital stock whether fully paid or not, but only such stocks which are generally entitled to vote are considered.

For stocks to be deemed owned and held by Philippine citizens or Philippine nationals, mere legal title is not enough to meet the required Filipino equity. Full beneficial ownership of the stocks, coupled with appropriate voting rights is essential. Thus, stocks, the voting rights of which have been assigned or transferred to aliens cannot be considered held by Philippine citizens or Philippine nationals.

Individuals or juridical entities not meeting the aforementioned qualifications are considered as non-Philippine nationals.

- jj. **Pipeline transportation** shall mean the sector which includes transport of goods or materials through a pipeline such as crude, refined petroleum, natural gas, biofuels, and other chemically stable substance. It also includes all activities related to pipeline transportation such as, but not limited to ownership, operations, supply, and services.
- kk. **Relevant department** refers to an executive department created by law as defined in the Administrative Code of 1987.
- ll. **SEC** shall refer to the Securities and Exchange Commission
- mm. **Sovereign wealth fund** refers to a juridical entity owned, or controlled through ownership interests, by a foreign state that:

- i. Serves solely as a special purpose investment fund or arrangement for asset management, investment, and related activities, using financial assets of a foreign state; and
 - ii. Is a member of the international forum of sovereign wealth funds.
- nn. **Start of commercial operations** shall mean the date when a particular enterprise actually begins production of the product for commercial purposes or commercial harvest in the case of agricultural activities. In the case of service oriented activities, the date when the enterprise begins catering or servicing its clients on a commercial basis. In the case of export traders and service exporters, the date when the initial export shipment in commercial quantity has been made or initial performance of service as borne out by the appropriate supporting documents.
- oo. **Startup** shall mean any person, natural or juridical, registered in the Philippines which aims to develop an innovative product, process, or business model.
- pp. **Startup enabler** shall mean any person registered under the Philippine startup development program that provides goods, services, or capital identified to be critical in supporting the operation and growth of startups by the DTI in consultation with Department of Science and Technology (DOST), DiCT, and pertinent government and non-government organizations (NGOS).
- Startup enablers shall include startup accelerators, incubators, co-working spaces, investors, funders, event or meetup organizers catered to startups, and other support organizations.
- qq. **Strategic industries** refer to foreign investments on military-related industries, cyber infrastructure, pipeline transportation, or such other activities which may threaten territorial integrity and the safety, security, and well-being of Filipino citizens, particularly when: (1) made by a foreign government-controlled entity or state-owned enterprises except independent pension funds, sovereign wealth funds and multinational banks; or (2) located in geographical areas critical to national security.

- rr. **Substantial partner** shall mean an individual or a firm who owns enough shares to be entitled to at least one (1) seat on the Board of Directors of a corporation, or in the case of a partnership, any partner.
- ss. **Transferee of private land** shall mean a person to whom the ownership rights of private land is transferred through either voluntary or involuntary sale, devise or donation. Involuntary sales shall include sales on tax delinquency, foreclosures and executions of judgment.

RULE II. INTER-AGENCY INVESTMENT PROMOTION COORDINATION COMMITTEE (IIPCC)

SECTION 2. INTER-AGENCY INVESTMENT PROMOTION COMMITTEE (IIPCC). — The Inter-Agency Investment Promotion Coordination Committee (IIPCC) shall be the body that will integrate all promotion and facilitation efforts to encourage foreign investments in the country.

The Chairperson, through the Secretariat, shall convene the IIPCC after the issuance of these Rules and Regulations.

SECTION 3. COMPOSITION. - The IIPCC shall be composed of the following:

- a. Secretary of the Department of Trade and Industry (DTI) as Chairperson;
- b. Secretary or Undersecretary of the Department of Finance (DOF) as Vice-chairperson;
- c. Board of Investment (BOI) Managing Head;
- d. Director-General of the DTI-Philippine Economic Zone Authority (PEZA);
- e. Undersecretary of the Department of Foreign Affairs for Multicultural Affairs and International Economic Relations (DFA-OUMAIER);
- f. Secretary of Socioeconomic Planning of the National Economic and Development Authority (NEDA);
- g. Secretary of the Department of Information and Communications Technology (DICT);

- h. Chairperson of the Commission on Higher Education (CHED);
- i. Director-General of the Technical Education and Skills Development Authority (TESDA);
- j. Four (4) private sector representatives composed of one (1) representative each from the National Capital Region, Luzon, Visayas, and Mindanao.

The principal members of the IIPCC may designate primary and secondary alternate representatives who shall be the official next-in-rank to the principals and whose acts shall be considered the acts of their principals in case they are unavailable.

SECTION 4. SELECTION AND TERM OF THE PRIVATE SECTOR REPRESENTATIVES. — The government representatives of the IIPCC shall prepare a list of nominees for the four (4) private sector representatives of the IIPCC. The representatives from the private sector shall be of known competence, probity, integrity and expertise in any of the fields of investment, advertising, banking, finance management and law, with at least ten (10) years of outstanding management or leadership experience, and shall be recommended by nationally recognized leading industry or business chambers or the largest private sector organization based on its geography, sector, and membership.

The list of nominees shall be endorsed to the President by the IIPCC. Once the President approves and issues the respective appointments of the private sector representatives, they will take their oath and commence their duties as members of the IIPCC.

The private sector representatives of the IIPCC shall serve for a period of three (3) years, subject to reappointment for another three (3) years. When a vacancy arises due to the resignation, death, or incapacity of a member, a replacement who shall serve for the remainder of the member's term of office shall be appointed by the President based on a list prepared by the government representatives of the IIPCC.

The IIPCC shall, in compliance with the requirements of the Act, establish a process of preparing a list of private sector nominees. The government

representatives should ensure the IIPCC's performance of its mandate ever pending the appointment of private sector representatives.

The IIPCC private sector representative nominees shall undergo the appropriate security clearance and background checks as a condition for serving in the IIPCC.

SECTION 5. MEETINGS AND QUORUM. – The IIPCC shall meet at least semi-annually. Special meetings may be convened as needed on such a day and time as determined by the Chairperson.

To constitute a quorum, a majority or at least seven (7) of the IIPCC members must be present, of which at least two-thirds (2/3) of the members present must be government representatives and either the Chairperson or the Vice-chairperson must be present. All resolutions shall be signed by two-thirds (2/3) of the IIPCC members and either the Chairperson or the Vice-chairperson.

Wherever necessary or when the subject matter of a meeting relates to the mandate, function, jurisdiction or area of concern of a relevant agency or sector, the IIPCC Chairperson may invite representatives of such agency or sector as resource persons and in a non-voting capacity.

The IIPCC shall adopt rules and procedures for the conduct of the meetings.

SECTION 6. FULL DISCLOSURE RULE. — In addition to the requirements of the R.A. No. 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees, any member of the IIPCC with personal and pecuniary interests in any matter in the agenda of the meeting shall disclose the interest to the IIPCC and shall withdraw from the meeting when the matter is taken up.

SECTION 7A. POWERS AND FUNCTIONS OF THE CHAIRPERSON. – The Chairperson of the IIPCC shall have the following powers and functions:

- a. Provide leadership and ensure the effective functioning of the IIPCC;
- b. Call meetings, approve and set agenda, and preside over IIPCC meetings where all IIPCC members are enabled and encouraged to actively participate in all discussions and resolutions on matters taken up by the IIPCC;

- c. Shall oversee the quality, quantity, and timeliness of the outputs and deliverables of the IIPCC;
- d. Assist in ensuring compliance with guidelines on good governance;
- e. Ensure that the IIPCC makes an informed decision through a sound process that incorporates relevant facts and data;
- f. From time to time, as a particular foreign investment may require, request the participation of other government departments and agencies or instrumentalities, local government units (LGUs), non-governmental organizations (NGOs) and local business chambers and enterprises;
- g. Sign resolutions to be issued and agreed by majority of the IIPCC members; and
- h. Exercise such other powers and duties as may be vested by the IIPCC pursuant to its functions and mandate.

SECTION 7B. RESPONSIBILITIES OF THE SECRETARIAT. – The Secretariat shall be headed by the Executive Director for Investments Promotion. The BOI, as Secretariat of the IIPCC, shall perform the following responsibilities:

- a. Provide administrative support to the IIPCC and the IIPCC Technical Committee;
- b. Consolidate the inputs to the budget, work plans, and reports of the IIPCC, as directed by the IIPCC or the IIPCC Technical Committee, and present recommendations to the IIPCC and the IIPCC Technical Committee;
- c. Issue notice of meetings, organize the proper conduct and documentation of meetings, facilitate efficient records keeping and archiving, and perform the necessary administrative functions in pursuing the mandate of the IIPCC;
- d. Monitor policies and resolutions approved by the IIPCC;
- e. Exercise such other powers and duties as may be vested by the IIPCC pursuant to its functions and mandate; and

- f. Report directly to the IIPCC Chairperson and the IIPCC Technical Committee Chairperson.

RULE III. POWERS AND FUNCTIONS OF THE IIPCC

SECTION 8. POWERS AND FUNCTIONS. — The IIPCC shall have the following powers and functions:

- a. Establish both a medium- and long-term Foreign Investment Promotion and Marketing Plan (FIPMP), coordinating all existing investment development plans and programs under the BOI, PEZA, and various IPAs, investment promotion units of LGUs, and other agencies such that there is a single investment promotion framework and strategy for the Philippines;
- b. Design a comprehensive marketing strategy and campaign, promoting the country as a desirable investment area in accordance with the FIPMP;
- c. Coordinate and, when necessary, partner with and assist the IPAs and all other similar existing authorities or that may be created by law, in promoting foreign investments to the country;
- d. Support inbound and outbound foreign direct investment or trade missions for international markets to promote the country as a premier investment location;
- e. Encourage and support research and development in the priority investment areas indicated in the FIPMP;
- f. Create a technical committee that will lead the conduct of strategic industry review;
- g. Monitor actual performance against measurable and time-bound targets in the FIPMP, including job generation, revenue generated, realized investments, and other related performance indicators;
- h. Submit annual evaluation and reports to the President of the Philippines and the Congress regarding the activities of the IIPCC;

- i. Establish and regularly update an online database including a directory of ready local partners from priority sectors under the FIPMP, as a tool for promoting investments and business matching in local supply chains; and
- j. Support local government efforts to promote foreign direct investments, facilitate the processing of the national requirements to expedite compliance by the foreign investor in highly desirable projects, and address other safeguards and services requested by foreign investors in their different localities involved with said foreign investments.

SECTION 9A. IIPCC TECHNICAL COMMITTEE – The IIPCC Technical Committee shall be headed by the DOF as Chairperson and the National Security Council (NSC) as Co-chairperson, NEDA, and DTI as permanent members. It will have the following functions:

- a. Undertake a risk-assessment study to identify and recommend the list of:
 - i. Strategic industries, including other activities which may threaten territorial integrity and the safety, security and well-being of Filipino citizens; and
 - ii. Geographical areas critical to national security.

The IIPCC shall recommend the list to the President for approval. The recommendations, if approved by the President, will form part of the initial list of strategic industries and geographical areas critical to national security as provided under Section 16 of the Act and Rule XXII of these Rules and Regulations. Provided that, the initial list of strategic industries and geographical areas critical to national security can be amended at any time, as necessary, subject to the approval of the President. This shall be without prejudice to the powers of other national government agencies to make recommendations to the President or to the IIPCC on the composition of the list of strategic industries.

- b. Upon the order of the IIPCC, undertake an initial risk assessment of foreign investment transactions satisfying the conditions stated in Section 69, Rule XXII of these Rules and Regulations.

- c. Upon order of the IIPCC, conduct the comprehensive national security review of foreign investments; and
- d. Submit findings or recommendations stated in b and c of this rule to the IIPCC.

SECTION 9B. POWERS AND FUNCTIONS OF THE CHAIRPERSON OF THE IIPCC TECHNICAL COMMITTEE. — The Chairperson of the IIPCC Technical Committee shall have the following powers and functions:

- a. Provide leadership and ensure the effective functioning of the IIPCC Technical Committee;
- b. Call meetings, approve and set agenda, and preside over IIPCC Technical Committee meetings;
- c. Ensure that the IIPCC Technical Committee makes informed decisions through a sound process that incorporates relevant facts and data; and
- d. From time to time, as a particular foreign investment may require, request the participation of other government departments and agencies or instrumentalities, LGUs, NGOs, and local business chambers and enterprises to the IIPCC Technical Committee discussions.

SECTION 10. IIPCC COORDINATION ACTIVITIES. — To ensure cohesion in the overall investment strategy of the government, the IIPCC shall:

- a. Ensure alignment of the FIPMP with the preferred investment areas under the Strategic Investment Priority Plan (SIPP);
- b. Coordinate with the Office of the President, prior to its issuance of an order to review foreign investments that have national security implications under Section 16 of the Act and Rule XXII of these Rules and Regulations;
- c. Solicit information from the Fiscal Incentives Review Board (FIRB) on foreign investments to determine whether the foreign investment is registered, or is applying to be registered with an IPA, or is applying for fiscal incentives under Title XII of the National Internal Revenue Code (NIRC), as amended;

- d. Coordinate with the NSC with respect to foreign investments with national security implications;
- e. Coordinate with the Philippine Competition Commission (PCC) with respect to the review of foreign investments involving mergers and acquisitions, and with the Governance Commission for GOCCs (GCG) with respect to the review of foreign investments involving government-owned-or-controlled corporations (GOCCs), when the investments satisfy policy parameters defined under Section 16 of the Act and Rule XXII of these Rules and Regulations;
- f. Ensure alignment of the FIPMP with the Philippine Development Plan (PDP), Regional Development Plans (RDPs), and other relevant sectoral plans;
- g. Coordinate with the IPAs, investment promotion units of LGUs and other agencies to harmonize all investment promotion and marketing initiatives, including investment facilitation to streamline processes and procedures, and enable ease of doing business; and
- h. Coordinate with other interagency committees or councils, and other relevant bodies in matters where the work of the IIPCC will relate or require close coordination given the mandate, functions or scope of these bodies.

RULE IV. DEVELOPMENT OF THE FOREIGN INVESTMENT PROMOTION AND MARKETING PLAN (FIPMP)

SECTION 11. GENERAL PRINCIPLES. — The FIPMP, consistent with the SIPP, the PDP, and RDPs, shall provide strategies to promote the country as a premier investment destination that will:

- a. Create high-skilled jobs to grow a local pool of enterprises, particularly micro, small and medium enterprises (MSMEs), that can supply domestic and global value chains;
- b. Increase the sophistication of products and services that are produced or sourced domestically;

- c. Expand sources of domestic supply;
- d. Attract significant foreign capital or investment; and
- e. Promote export diversification and accelerate countryside development.

SECTION 12. FORMULATION OF THE FIPMP. — The IIPCC, in consultation with the IPAs and other government departments and agencies or instrumentalities, LGUs and business chambers and enterprises, shall formulate the FIPMP. The FIPMP will be based on the competitive advantages, natural resources, skill and educational development, traditional linkages, and international market potential of the country. The IIPCC shall further issue a separate guideline on the formulation of the FIPMP.

SECTION 13. TIMEFRAME OF THE FIPMP. — A comprehensive and strategic FIPMP shall be developed by the IIPCC for the medium five (5)-year and the long-term ten (10)-year plan. The first medium and long-term FIPMP shall be formulated within one (1) year after the effectivity of these Rules and Regulations.

SECTION 14. AMENDMENTS TO THE FIPMP. — Subject to consultation and publication requirements, the IIPCC may review and amend the FIPMP every two (2) years, and where necessary update policies or strategies, programs, projects, activities including investment targets in the remaining period of the FIPMP in consideration of the developments in the local and global markets.

SECTION 15. MONITORING. — For purposes of monitoring time-bound performance, a monitoring tool shall be integrated in the FIPMP to include investment targets, revenue generated, approved and realized investments, job generation, and other relevant indicators as necessary. Relevant indicators from the Sustainable Development Goals (SDGs) and future global indicator frameworks will be considered.

SECTION 16. CURRICULUM DEVELOPMENT AND PROVISION OF TRAINING. — The Department of Education (DepEd), CHED, TESDA, Department of Labor and Employment (DOLE), Professional Regulation Commission (PRC), and other training agencies involved in education and skills development shall direct curriculum and training efforts toward manpower requirements of the FIPMP.

RULE V. ONLINE SINGLE-PORTAL SYSTEM

SECTION 17. ONLINE, SINGLE-PORTAL SYSTEM. — The IIPCC shall be responsible for establishing, operating and maintaining an online portal that will contain information, including but not limited to, the following:

- a. IIPCC's procedures, contacts, schedules, among others;
- b. Foreign Investment Promotion and Marketing Plan (FIPMP);
- c. Information on the rights and obligations of investors and the government, among others;
- d. Links to other government websites relevant to investment promotion;
- e. IIPCC issuances, resolutions or documents as it deems appropriate for public circulation, among others;
- f. Database of:
 - i. investment-related statistics, including "the value or amount of approved investments and actual investments that have materialized";
 - ii. local partners or enterprises capable and willing to partner with potential foreign investors;
 - iii. available land locations; and
 - iv. other databases, that may be necessary; and
- g. Registration link to the CBP in the filing or application of necessary registration, clearances, or permits in facilitating foreign investments.

The online single-portal shall be made accessible to the public and shall serve as a tool for promoting investments, and business matching in local supply chains. Frequently-asked-questions (FAQs), infographics and other digital marketing tools will be utilized in this regard.

The IIPCC, in consultation with the DICT, shall operationalize the online single-portal system to enhance efficiency of the IIPCC towards attracting and facilitating entry of qualified foreign investments in the country. The DICT shall render assistance to the IIPCC, insofar as the technical requirements of the online portal is concerned. Further guidelines may be formulated and promulgated by the IIPCC.

RULE VI. REGISTRATION OF INVESTMENTS OF NON-PHILIPPINE NATIONALS

SECTION 18. QUALIFICATIONS. —

- a. Any non-Philippine national may do business or invest in a domestic enterprise up to one hundred percent (100%) of its capital provided:
 - i. It is investing in a domestic market enterprise in areas outside the FINL; or
 - ii. It is investing in an export enterprise whose products and services do not fall within Lists A and B of the FINL, except for defense-related activities, which may be approved pursuant to Section 8(b)(1) of the Act.

Provided further that, as required by existing laws, the country or state of the applicant must also allow Filipino citizens and corporations to do business therein.

- b. Non-Philippine national qualified to do business per paragraph (a) above, but who will engage in more than one investment area, one or more of which is in the FINL, may be registered under the Act. However, said non-Philippine national will not be allowed to engage in the investment areas, which are in the FINL, subject to foreign equity limitations defined therein.
- c. Existing enterprises, which are non-Philippine nationals at the time of effectivity of the Act and which intend to increase the percentage of foreign equity participation under the Act, beyond that previously authorized under the Act, shall be governed by the qualifications in item (a) above. Thus, existing enterprises shall be allowed to increase the percentage share of foreign equity participation beyond current equity holdings only if their existing investment area is not in the FINL. Similarly,

existing enterprises engaged in more than one (1) investment area shall be allowed to increase percentage of foreign equity participation if none of the investment areas they are engaged in is in the FINL.

Existing foreign corporations shall be allowed to increase capital even if their existing investment area is in the FINL.

Transfer of ownership from one foreign company to another shall be allowed even if the enterprise is engaged in an area in the FINL as long as there is no increase in the percentage share of foreign equity.

SECTION 19. APPLICATION FOR REGISTRATION. —

- a. Filing of application. — Applications for registration shall be filed with the SEC in the case of foreign corporations and domestic corporations or partnerships (both domestic and foreign). In the case of sole proprietor, applications for Metro Manila shall be filed with the DTI-National Capital Region. In the provinces, applications may be filed with the extension offices of the SEC for corporations and partnerships and the provincial offices of the DTI for sole proprietors.
- b. Pre-processing of documents. — Pre-processing of documents shall be undertaken to assist the investor in determining the completeness of his documents. All applications are considered officially accepted only upon submission of complete documents to either the SEC or the DTI.
- c. Additional requirements. — As required by Section 8 of the Act, the following shall also be submitted to the SEC or the DTI:
 - i. For enterprises wishing to engage in defense-related activities, clearance from the Department of National Defense (DND) or the Philippine National Police (PNP).
 - ii. For non-Philippine nationals engaged in micro and small domestic market enterprises with a paid-in equity capital of at least US\$100,000 but not equal to or more than US\$200,000:
 1. A certificate from the DOST that the investment involves advanced technology; or

2. A certificate from the DICT or DTI or DOST endorsing startups or startup enablers; or
3. A certificate from the appropriate DOLE Regional Office having jurisdiction over the place of the enterprise that the enterprise or investor has executed a notarized undertaking that the majority of their direct employees shall be Filipinos and that in no case shall the number of Filipino direct employees be less than fifteen (15).

The DOLE, through its regional offices, shall validate and monitor compliance by the investor to the said undertaking within six (6) months from the start of commercial operation of the enterprise. In case of failure to satisfy the undertaking, the DOLE shall submit a report to the SEC, which shall cause the investor to satisfy the appropriate higher investment requirement, and if necessary, impose the appropriate penalty.

The issuance of certificates, or other concerns related to additional requirements shall be acted upon by said agencies in accordance with R.A. No. 11032 or the Ease of Doing Business and Efficient Government Services Delivery Act of 2018. In the case of strategic industries as defined in the Act, Section 16 of the Act and Rule XXII of these Rules and Regulations shall be followed.

The registration platform link for this purpose as applicable shall also be made available on the online single portal system once operable.

- d. Approval. — The SEC or DTI, as applicable, shall decide on the application within seven (7) working days from official acceptance of an application by domestic corporations, partnerships, and sole proprietors. In the case of foreign corporations, the SEC shall decide on the same within twenty (20) working days. Otherwise, the application shall be considered as automatically approved if it is not acted upon within said period for a cause not attributable to the applicant.

SECTION 20. MONITORING OF COMPLIANCE WITH EQUITY REQUIREMENTS. —

The SEC or DTI, as applicable, shall monitor:

- a. Compliance with the foreign equity participation requirements of the Act.

- b. In the case of minimum paid-in equity capital, a certificate of inward remittance of foreign exchange (FX) issued by an authorized agent bank in the format prescribed by the BSP showing compliance with the minimum paid-in equity capital requirement herein. In lieu thereof, other proof such as bank certification certifying that such capital investment is deposited and maintained in a bank in the Philippines.

SECTION 21. REGISTRATION WITH SEC. — Registration of corporations, partnerships, and joint ventures shall be in accordance with the R.A. No. 11232 or the Revised Corporation Code, Securities Regulation Code (SRC), Civil Code of the Philippines and other laws implemented by the SEC. The SEC's online registration platform link shall also be made available on the online single portal system once operable.

SECTION 22. REGISTRATION WITH THE DTI. — Registration of sole proprietors shall be in accordance with the existing guidelines of the DTI, including the conditions for basic and additional requirements as prescribed. The DTI's online registration platform link, shall also be made available on the online single portal system once operable.

SECTION 23. REGISTRATION WITH INVESTMENT PROMOTION AGENCIES (IPAS). — Registration of enterprises shall observe the existing procedures of relevant IPAs. The online registration platform link shall be made available on the online single-portal system once operable.

RULE VII. REGISTRATION WITH THE BANGKO SENTRAL NG PILIPINAS (BSP)

SECTION 24. BSP REQUIREMENTS. — Enterprises seeking to source foreign exchange (FX) from the banking system resources for purposes of remittance of profits abroad of earnings and dividends and capital repatriation in connection with the foreign investment made pursuant to the Act shall be registered with the BSP. For this purpose, BSP rules and regulations covering procedures for registration of foreign investments shall be observed. The registration platform link for this purpose shall also be made available on the online single portal system once operable.



RULE VIII. ~~FOREIGN INVESTMENTS~~ IN EXPORT ENTERPRISES

SECTION 25. ALLOWABLE FOREIGN EQUITY PARTICIPATION. — Foreign investments in export enterprises shall be allowed up to one hundred percent (100%) provided that the products and services of such enterprises do not fall within Lists A and B of the FINL.

SECTION 26. REGISTRATION OF FOREIGN EXPORT ENTERPRISES. — As a general rule, export enterprises that are non-Philippine nationals shall register with the BOI. The registration platform link for this purpose shall be made available on the online single-portal system once operable.

Foreign export enterprises registered under the Act seeking to avail of incentives must apply for registration with the IPAs. The rules and regulations under Title XIII of the NIRC, as amended, and its rules and regulations shall be observed for this purpose.

Within seven (7) working days from the issuance of the certificate of registration, the SEC or DTI shall transmit to BOI copies of the certificate of registration together with the prescribed application form duly accomplished by the export enterprise.

SECTION 27. SUBMISSION OF REPORTS. — All duly-registered foreign export enterprises under this Rule shall submit to the BOI a duly accomplished form within six (6) months after the end of each taxable year. The IIPCC shall issue guidelines on the prescribed uniform template for all foreign export-enterprises' reports for record purposes and for monitoring of approved and realized foreign investments in the country.

Failure of export enterprises to submit the required reports within the prescribed period of time or the submission of fraudulent reports shall be a ground for appropriate sanctions as provided for under Section 62, Rule XXI of these Rules and Regulations.

SECTION 28. MONITORING OF COMPLIANCE WITH THE EXPORT REQUIREMENT. — Upon receipt of the reports submitted by the foreign export enterprise, the BOI shall determine compliance of the enterprise with the export requirement, subject to the following:

- a. If the export enterprise fails to comply with the export requirement, the BOI will inform the concerned IPAs, which shall advise the SEC, for corporations and partnerships, or the DTI for sole proprietors, of said failure.
- b. The SEC or the DTI shall require the export enterprise to immediately reduce its sales to the domestic market to not more than forty percent (40%) of total production.
- c. If the export enterprise fails to comply with the order without any justifiable reason, it shall be penalized in accordance with Section 62, Rule XXI of these Rules and Regulations.

RULE IX. FOREIGN INVESTMENTS IN DOMESTIC MARKET ENTERPRISES

SECTION 29. ALLOWABLE FOREIGN EQUITY PARTICIPATION. — Foreign equity participation in domestic market enterprises shall be allowed up to one hundred percent (100%) unless such participation is prohibited or limited by the Constitution and existing laws or the FINL.

SECTION 30. CHANGE OF STATUS FROM DOMESTIC MARKET ENTERPRISE TO EXPORT ENTERPRISE. — A domestic market enterprise may change its status to an export enterprise any time by notifying the SEC or DTI. The registration platform link for this purpose shall be made available on the online single-portal system once operable.

The SEC or DTI, as applicable, shall decide on this request within seven (7) working days from official receipt of the said request by domestic corporations, partnerships, and sole proprietors. In the case of foreign corporations, the SEC shall decide on the same within twenty (20) working days.

In the case of foreign export enterprises, Section 26, Rule VIII shall apply for any change of status from domestic to export enterprise. Such application shall be supported by relevant reports as evidence that the applicant enterprise has exported sixty percent (60%) or more of its output.

Once notified, the SEC shall require the enterprise to amend its articles of incorporation and include exporting activity in its primary purpose.

The new export enterprise that is non-Philippine national shall be subject to the reportorial requirements and shall be monitored for its compliance with the export requirement under Sections 27 and 28, respectively, of Rule VIII of these Rules and Regulations.

RULE X. THE REGULAR FOREIGN INVESTMENT NEGATIVE LIST (FINL)

SECTION 31. DESCRIPTION. — The Regular FINL shall have two (2) component lists: A and B which shall contain areas of economic activities reserved to Philippine nationals. The description and guidelines governing Lists A and B are provided for in Rules XI and XII hereof, respectively.

SECTION 32. FORMULATION. — The NEDA shall be responsible for the formulation of the Regular FINL, following the process and criteria provided in Section 8 of the Act and in Rules XI and XII hereof.

SECTION 33. APPROVAL. — The NEDA shall submit the proposed Regular FINL to the President for approval and promulgation. The NEDA shall submit the first Regular FINL and subsequent proposed Regular FINLs to the President, at least forty-five (45) calendar days before the scheduled date of publication.

SECTION 34. PUBLICATION. — The NEDA shall publish the first Regular Negative List not later than sixty (60) calendar days before the end of the transitory period. Subsequent Negative Lists shall be published not later than fifteen (15) calendar days before the end of the effectivity of the current Negative List.

SECTION 35. EFFECTIVITY. — The first Regular Negative List shall become immediately effective at the end of the transitory period. Subsequent Regular FINLs shall become effective fifteen (15) calendar days after publication in a newspaper of general circulation in the Philippines or in the official gazette. Except for List A, each Regular FINL shall remain in force for two (2) years from the date of its effectivity.

SECTION 36. COVERAGE OF OPERATION. — Each Regular FINL shall apply only to new foreign investments and shall not affect existing foreign investments at the time of its publication.

**RULE XI. GUIDELINES FOR LIST A OF THE REGULAR FOREIGN INVESTMENT
NEGATIVE LIST**

SECTION 37. COVERAGE. — List A of the FINL shall consist of the areas of activities reserved to Philippine nationals where foreign investments shall be limited to a maximum of forty percent (40%) as prescribed by the Constitution and other specific laws.

The NEDA shall make an enumeration of said activities reserved to Philippine nationals by the Constitution and other specific laws.

SECTION 38. AMENDMENTS. — Amendments to List A may be made by the NEDA any time to reflect changes made by law regarding the extent of foreign equity participation in any specific area of economic activity.

**RULE XII. GUIDELINES FOR LIST B OF THE REGULAR FOREIGN INVESTMENT
NEGATIVE LIST**

SECTION 39. COVERAGE. — List B shall consist of the following:

- a. Activities where foreign ownership is limited pursuant to law such as defense or law enforcement-related, requiring prior clearance and authorization from the DND or PNP, to engage in such activity as the manufacture, repair, storage, or distribution of firearms, ammunition, armored vests and other bullet proof attires, lethal weapons, military ordnance, explosives, pyrotechnics and similar materials.

However, the manufacture and repair of said items may be specifically authorized by the Secretary of National Defense or Chief of the PNP, to non-Philippine nationals, provided that relevant clearance or approval has been secured.

- b. Activities which have negative implications on public health and morals, such as the manufacture and distribution of dangerous drugs; all forms of gambling; nightclubs, bars, beerhouses, dance halls; sauna and steam bathhouses and massage clinics.
- c. Except as otherwise provided under R.A. No. 8762, otherwise known as the Retail Trade Liberalization Act of 2000, as amended by R.A. No. 11595, and other relevant laws, micro and small domestic market

enterprises with paid-in equity capital of less than US\$200,000, or its equivalent are reserved to Philippine nationals; provided that micro and small domestic market enterprises, that are non-Philippine nationals, shall be allowed a minimum paid-in capital of US\$100,000 or its equivalent, subject to the following:

- i. They involve advanced technology as determined by the DOST;
- ii. They are endorsed as startup or startup enablers by the lead host agencies, namely the DTI or DICT or DOST, pursuant to R.A. No. 11337, otherwise known as the Innovative Startup Act; or
- iii. They execute a notarized undertaking that the majority of their direct employees shall be Filipinos and that in no case shall the number of Filipino direct employees be less than fifteen (15).

Provided further, that the registered foreign enterprises employing foreign nationals and enjoying fiscal incentives shall develop and implement an understudy training program or skills development program to ensure the transfer of technology of skills to Filipino employees within the same enterprise.

SECTION 40. PROCESS FOR DETERMINATION OF LIST B. —

- a. Activities (a) and (b) above shall be determined upon motu proprio recommendation of NEDA, or upon endorsement by NEDA, based on the recommendation of the Secretary of National Defense or the Secretary of Health, as applicable, approved by the President, and promulgated through the issuance of the regular FINL by Executive Order. List B shall be submitted for Presidential action together with List A. The NEDA shall inform said agencies of the deadline for the submission of their recommendations consistent with the timeline of the regular FINL publication.
- b. In the case of defense-related industries requiring the PNP's clearance, which fall under list B of the regular FINL, the DND shall consult and coordinate with the PNP on recommending or determining foreign equity participation, as deemed necessary.

SECTION 41. AMENDMENTS. — Amendments to List B shall not be made more often than once every, upon the recommendation of the Secretary of National Defense or Secretary of Health, as applicable, endorsed by the NEDA, or upon recommendation *motu proprio* of NEDA, approved by the President and promulgated through the issuance of the regular FINL by Executive Order.

RULE XIII. REVIEW OF AND AMENDMENTS TO THE REGULAR FINL

SECTION 42. REVIEW COVERAGE. — The review shall be made every two years starting from the issuance of the regular FINL, and shall cover industries under the FINL.

SECTION 43. PREPARATION OF REGULAR FINL REVIEW. — The NEDA in consultation and cooperation with SEC, DTI, BOI, other IPAs, and other pertinent agencies, shall review the regular FINL and submit to Congress, an analysis of foreign investment performance and economic activities of industries under the FINL.

SECTION 44. RECOMMENDATION. — NEDA shall submit its recommendation to Congress amendments to the regular FINL and other investment-related matters requiring necessary legislation, if any.

RULE XIV. REQUIREMENTS AND COMPLIANCE WITH THE UNDERSTUDY OR SKILLS DEVELOPMENT PROGRAM

SECTION 45. COVERAGE. — This rule shall cover registered foreign enterprises that employ a foreign national and enjoy fiscal incentives.

SECTION 46. UNDERSTUDY OR SKILLS DEVELOPMENT PROGRAM. —

- a. Understudy training program refers to a training plan designed to transfer technology or skills by designating at least two (2) understudies per foreign national employed. Understudies shall be selected by the employer to be trained by a foreign national who works in the country by virtue of an alien employment permit to ensure the actual transfer of technology or skills. Understudies must be next-in-rank Filipino regular employees in the same enterprise.
- b. Skills development program refers to a training plan designed to transfer technology or skills to at least two (2) trainees per foreign national

employed through learning sessions or any similar method. It shall be conducted either by a foreign national who works in the country by virtue of an alien employment permit or by a Filipino, with the necessary qualifications. Trainees must be rank-and-file Filipino regular employees.

SECTION 47. COMPLIANCE. — The foreign enterprise referred in Section 45 of these Rules and Regulations, shall submit the understudy training program or skills development program, along with other documentary requirements, to the DOLE Regional Office having jurisdiction over the principal place of business within sixty (60) calendar days from the start of the employment of the foreign national.

SECTION 48. MONITORING. — The understudy training program or skills development program shall be implemented and monitored in accordance with Section 5(c), Rule XIV, Book I, omnibus rules to implement the Labor Code of the Philippines. The DOLE, in coordination with other implementing agencies shall monitor the implementation of this program, and shall annually submit a monitoring report to the IIPCC to be published in its online portal.

RULE XV. INVESTMENT RIGHTS OF FORMER NATURAL BORN FILIPINOS

SECTION 49. Former natural born citizens of the Philippines shall have the same investment rights of a Philippine citizen in Cooperatives under R.A. No. 6938, Rural Banks under R.A. No. 7353, Thrift Banks and Private Development Banks under R.A. No. 7906, Financing Companies under R.A. No. 5980, and activities listed under List B including defense-related activities, if specifically authorized by the Secretary of National Defense.

RULE XVI. RIGHTS OF FORMER NATURAL BORN FILIPINOS TO OWN PRIVATE LAND

SECTION 50. Any natural born citizen who has lost his Philippine citizenship and who has the legal capacity to enter into a contract under Philippine laws may be a transferee of a private land up to a maximum area of 5,000 square meters in the case of urban land or three (3) hectares in the case of rural land to be used by him for business or other purposes.

SECTION 51. In case where both spouses are qualified under the law, one of them may avail of the said privilege. However, if both shall avail of the privilege, the total area acquired shall not exceed the maximum allowed.

SECTION 52. In case the transferee already owns urban or rural land for business or other purposes, he shall still be entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him shall not exceed the maximum areas allowed.

SECTION 53. A transferee may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines. The total land area acquired shall not exceed 5,000 square meters in the case of urban land or three (3) hectares in the case of rural land for use by him for business or other purposes. A transferee who has already acquired urban land shall be disqualified from acquiring rural land and vice versa. However, if the transferee has disposed of his urban land, he may still acquire rural land and vice versa, provided that the same shall be used for business or other purposes.

SECTION 54. Land acquired under this Act shall be primarily, directly and actually used by the transferee in the performance or conduct of his business or commercial activities in the broad areas of agriculture, industry and services, including the lease of land, but excluding the buying and selling thereof. A transferee shall use his land to engage in activities that are not included in the Negative List or in those areas wherein investment rights have been granted to him under this Act.

SECTION 55. REGISTRATION OF LAND. — The Register of Deeds in the province or city where the land is located shall register the land in the name of the transferee only upon presentation of proof by the transferee that it will be used for any of the purposes mentioned in Section 54 above, i.e., certification of business registration issued by the DTI and affidavit that the land shall be used for business purposes.

The provisions of BP 185 (An Act to Implement Section 15 of Article XIV of the Constitution and for Other Purposes Pertaining to the Ownership of Private Lands for Residential Purposes by Former Natural Born Filipinos) and its implementing rules and regulations shall be adopted, where applicable, in the implementation of this Act through a circular to be issued by the Land Registration Authority.

The Register of Deeds shall also ensure that the limits prescribed by law are observed. The registration platform link for this purpose shall be made available on the online single-portal system once operable.

RULE XVII. TRANSITORY PROVISIONS

SECTION 56. Prior to the effectivity of these Rules and Regulations, the provisions of R.A. No. 7042, as amended by R.A. No. 8179 shall govern the registration of foreign investments without incentives.

SECTION 57. There shall be a transitory period of six (6) months after issuance of these Rules and Regulations to implement this Act.

SECTION 58. The existing FINL applicable upon the effectivity of the Act and its Rules and Regulations, shall serve as the transitory FINL.

RULE XVIII. COMPLIANCE WITH ENVIRONMENTAL STANDARDS

SECTION 59. All industrial enterprises, regardless of nationality or ownership, shall comply with existing laws, rules and regulations, and applicable environmental standards set by the Department of Environment and Natural Resources (DENR), Department of Agriculture (DA), Department of Health (DOH), National Commission on Indigenous Peoples (NCIP), Palawan Council for Sustainable Development (PCSD), among others, to protect, manage and conserve the environment and natural resources.

The DENR shall provide the SEC with a list of environmentally critical activities, projects, and areas subject to relevant updates. Necessary clearances may be secured after registration with the SEC. The registration platform link for this purpose shall be made available on the online single-portal system once operable.

RULE XIX. CONSISTENT GOVERNMENT ACTION

SECTION 60. No agency, instrumentality or political subdivision of the Government shall take any action in conflict with or which will nullify the provisions of the Act, or any certificate or authority granted hereunder.

RULE XX. EFFECTIVITY

SECTION 61. These amended Rules and Regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation in the Philippines or the Official Gazette.

RULE XXI. ADMINISTRATIVE SANCTIONS

SECTION 62. FOREIGN INVESTMENTS IN EXPORT ENTERPRISES. — Non-compliance by any duly-registered export enterprise with Rule VIII, Sections 27 and 28 above shall be subject to the following sanctions:

a. For late submission of the required annual report —

1st violation	written warning
2nd violation	basic fine of P1,000.00 and a daily fine of P50.00
3rd violation	basic fine of P2,000.00 and a daily fine of P100.00
Subsequent violations	basic fine of P5,000.00

b. For the submission of fraudulent reports —

	Partnership or Corporation	Sole Proprietor
1st violation	P100,000.00	P50,000.00
2nd violation	P150,000.00	P70,000.00
3rd violation	fine in an amount not exceeding $\frac{1}{2}$ of 1% of total paid-in equity capital but not more than P5 million	P100,000.00
Subsequent violations	Cancellation of registration granted under the Act	

The President, official, or personnel of the partnership or corporation responsible for the submission of fraudulent reports shall be subject to the following sanctions:

1st violation	a fine of P50,000.00
2nd violation	a fine of P100,000.00
3rd violation	a fine of P200,000.00

c. For non-submission of the required reports within twelve (12) months after the taxable year, cancellation of the certificate of registration granted under the Act.

- d. For failure of any duly-registered export enterprise to comply, without justifiable reason, with the SEC or DTI order to increase its export to at least sixty percent (60%) of total sales.

Frequency	Penalty or Fine	
	Partnership or Corporation	Sole Proprietor
1st violation	P100,000.00	P50,000.00
2nd violation	P150,000.00	P70,000.00
3rd violation	fine in an amount not exceeding $\frac{1}{2}$ of 1% of total paid-in equity capital but not more than P5 million	P100,000.00
Subsequent violations	Cancellation of registration granted under the Act	

The President, official or personnel of the partnership or corporation responsible in the failure to comply with the said SEC or DTI order shall be subject to the following sanctions:

1st violation	a fine of P50,000.00
2nd violation	a fine of P100,000.00
3rd violation	a fine of P200,000.00

The SEC, DTI, and IPAs shall issue guidelines for the implementation of administrative sanctions as provided in Section 14 of the Act and this Rule.

SECTION 63. COMPLIANCE WITH ENVIRONMENTAL STANDARDS. — Any industrial enterprise, regardless of the nationality of ownership which fails to comply with existing rules and regulations to protect and conserve the environment and meet applicable environmental standards shall be subject to the sanctions as may be provided for in the rules and regulations of the DENR.

SECTION 64. HEARING OF VIOLATIONS OF THE ACT. — The SEC, for corporations and partnerships, or the DTI for sole proprietors, shall adopt their respective rules and regulations for the purpose of conducting hearings and investigations involving violations of the provisions of the Act and these Rules and Regulations.

SECTION 65. OTHER GROUNDS FOR CANCELLATION. — The following are other grounds for the cancellation of the certificate of registration granted under the Act:

- a. Failure of a non-Philippine national intending to engage in the same line of business as an existing joint venture, in which he or his majority shareholder is a substantial partner, to disclose such fact and the names and addresses of the partners in the existing joint venture in his application for registration with the SEC; or
- b. Commission of any other fraudulent act.

SECTION 66. OTHER VIOLATIONS. — Any other violations of the Act and these Rules and Regulations shall be penalized in accordance with Section 14 of the Act.

RULE XXII. REVIEW OF FOREIGN INVESTMENT IN STRATEGIC INDUSTRIES

SECTION 67. OBJECTIVE. — The objective of this Rule is to provide a framework for managing national security risks arising from foreign investments in strategic industries, under the circumstances warranted in Section 69, Rule XXII, in the country without creating undue investor uncertainty.

Particularly, this framework aims to:

- a. Improve transparency of the ownership and operational control of foreign investment in strategic industries and maintain the integrity of the geographical areas critical to national security in the Philippines to better understand risks; and
- b. Facilitate cooperation and collaboration between the government, and owners and operators of foreign investment in strategic industries, in order to identify and manage risks.

SECTION 68. STRATEGIC INDUSTRIES. —

- a. Coverage. — Strategic industries refer to systems or assets, including the operation and maintenance of such systems, or assets, the ownership or operation of which may threaten territorial integrity, safety, security and well-being of Filipino citizens. These include:

- i. Military or defense-related industries,
- ii. Cyber infrastructure,
- iii. Pipeline transportation, or
- iv. Such other activities, upon:
 - 1. Recommendation of the National Security Council; or
 - 2. Recommendation of the Secretary of National Defense; or
 - 3. Recommendation of the relevant department or administrative agency, when a proposed investment effectively results in the grant of control of a public service, whether direct or indirect, to a foreigner or foreign corporation.
- b. Determination of strategic industries and geographical areas critical to national security. — The list of strategic industries and geographical areas critical to national security shall be updated by the IIPCC every two (2) years or at any time as the need arises, and submitted to the President for approval.
- c. Transfers of prior-approved foreign investments. — Any transfer or subsequent divestment of any foreign investment previously approved under this Act shall be subject to the same evaluation process review under Rule XXII of these Rules and Regulations. The IIPCC Technical Committee in the course of its evaluation shall assess whether the transferee, as pre-qualified, has equal or greater qualifications as the original foreign investor.

Pursuant to Section 16 of the Act, the IIPCC shall submit its recommendation to the President.

SECTION 69. CONDITIONS FOR REVIEW WHEN INITIATED BY THE PRESIDENT.

— Upon order of the President, the IIPCC shall review foreign investments in strategic industries, only when:

- a. Made by a foreign government-controlled entity, or state-owned enterprises; except independent pension funds, sovereign wealth funds, and multinational banks; or
- b. Located in geographical areas critical to national security.

The exception provided under item (a) of this section shall not apply if the fund is incorporated in or controlled by a foreign government that has a territorial claim or jurisdictional dispute against the Republic of the Philippines.

SECTION 70A. PROCESS OF REVIEW FOR VOLUNTARY DECLARATION

- a. Submission of declaration. — A voluntary declaration through a joint or separate declaration by any party to a foreign investment transaction shall be submitted to the IIPCC Secretariat, at least thirty (30) days prior to the date of execution of relevant agreements, should the foreign investment transaction be covered by the review process under the Act.
- b. Contents of the declaration. — The party or parties filing the declaration shall provide the required information as determined by the IIPCC Technical Committee and approved by the IIPCC. The declaration must be accurate and complete with respect to all parties and to the foreign investment transaction. The IIPCC may request that the parties to the foreign investment transaction submit additional information if the declaration is insufficient to assess the foreign investment transaction.
- c. Acceptance or rejection of declaration. — Upon receipt of the declaration submitted under section 70A(b), the IIPCC Secretariat shall inspect the declaration as to its completeness vis-à-vis the IIPCC requirements and shall notify in writing, within ten (10) calendar days, all parties that have submitted a declaration that:
 - i. The declaration is accepted as a complete submission and will be circulated to the IIPCC and the date on which the risk assessment described in section 70A(e) begins; or

For purposes of acceptance, the declaration must contain accurate and complete information with respect to all parties to the foreign investment and the circumstances referred to in Section 69, Rule XXII and must be supported by authentic and legal documents.

- ii. The declaration is being returned as an incomplete submission, and an explanation of the material respects in which the declaration is incomplete.

If after ten (10) calendar days, the IIPCC Secretariat failed to notify the party or parties to the foreign investment, the declaration shall be deemed accepted.

- d. Notification to the IIPCC. — Within ten (10) calendar days upon acceptance of the declaration, the IIPCC Secretariat shall notify the IIPCC, when a prospective foreign investment is covered by the conditions defined in Section 69, Rule XXII.
- e. Initial risk assessment. — The IIPCC Technical Committee, upon order of the IIPCC, shall initiate the conduct of an initial national security risk assessment. Within thirty (30) calendar days from notification by the IIPCC, the IIPCC Technical Committee shall complete the assessment and submit its recommendation to the IIPCC. The IIPCC shall review the IIPCC Technical Committee recommendation within fifteen (15) calendar days.
 - i. If no threat found, the IIPCC shall inform the party or parties to the foreign investment transaction of the IIPCC decision; Provided that, nothing herein shall limit the authority of the President to order a review when the circumstances warrant the conduct thereof under this rule.
 - ii. If the foreign investment transaction is found to be a risk to national security, the IIPCC shall recommend to the President a comprehensive national security review.
- f. Comprehensive national security review. — Upon order of the President to the IIPCC, the latter shall direct the IIPCC Technical Committee to conduct a comprehensive national security review of the concerned foreign investment falling under Section 69, Rule XXII. The IIPCC shall review and submit its recommendations to the President within sixty (60) calendar days from receipt of the order from the President.

- g. Action of the President. — Based on the recommendation of the IIPCC, the President may suspend, prohibit, or otherwise limit foreign investment.

SECTION 70B. PROCESS OF REVIEW FOR A MOTU PROPRIO NATIONAL SECURITY RISK ASSESSMENT

- a. Initiation of national security review. —
 - i. The IIPCC may, motu proprio, initiate a national security review if it deems that the foreign investment transaction satisfies the conditions specified under Section 69, Rule XXII. The IIPCC shall instruct the IIPCC Technical Committee to conduct an initial national security risk assessment. The IIPCC shall notify the party or parties to the foreign investment transaction, and require the submission of relevant documents. The IIPCC may, at its discretion, require that the parties to the foreign investment transaction submit additional information if the previous submission is insufficient to assess the foreign investment transaction. Provided that the IIPCC Technical Committee may also conduct motu proprio initial national security risk assessment and inform the IIPCC.
 - ii. For mergers and acquisitions covered by R.A. No. 10667 or the Philippine Competition Law, the PCC shall notify the IIPCC when foreign investments are covered by the conditions defined in Section 69, Rule XXII.
 - iii. For GOCCs, the GCG must be informed prior to any privatization, and subsequently notify the IIPCC when foreign investments are covered by the conditions defined in Section 69, Rule XXII.
- b. Initial risk assessment. — The IIPCC Technical Committee, upon order of the IIPCC, shall initiate the conduct of a national security risk assessment within thirty (30) calendar days. The IIPCC Technical Committee shall complete the assessment and submit its recommendation to the IIPCC. The IIPCC shall review the IIPCC Technical Committee recommendation within fifteen (15) calendar days.
 - i. If no threat found, the IIPCC shall inform the party or parties to the foreign investment transaction of the IIPCC decision;

Provided that, nothing herein shall limit the authority of the President to order a review when the circumstances warrant the conduct thereof under this rule.

- ii. If the foreign investment is found to be a risk to national security, the IIPCC shall recommend to the President a comprehensive national security review.

In the case of motu proprio national security risk assessment initiated by the IIPCC Technical Committee, the assessment shall be done within thirty (30) calendar days upon notification to the IIPCC. The results of the assessment shall be submitted to the IIPCC for review within fifteen (15) calendar days.

- c. Comprehensive national security review. — Upon order of the President to the IIPCC, the IIPCC Technical Committee shall conduct a comprehensive national security review of the concerned foreign investment falling under Section 69, Rule XXII. The IIPCC shall review and submit its recommendations to the President within sixty (60) calendar days from receipt of the order from the President.
- d. Action of the President. — Based on the recommendation of the IIPCC, the President may suspend, prohibit, or otherwise limit foreign investment.

SECTION 71. CRITERIA FOR REVIEWING FOREIGN INVESTMENTS. — The following criteria must be taken into consideration when reviewing foreign investments in strategic industries under Section 69, Rule XXII:

- a. Impact on national security;
- b. Applicability of other Philippine laws and policies;
- c. Implication of any national security risk arising from the investment on the Philippine economy and community;
- d. Whether the investment will affect the Philippines' ability to protect its strategic and security interests; and

- e. Nature, history, and previous business transactions of the foreign investor and any filed cases against the same, in their country of origin, or in any other country or state that the foreign investor is involved with.

Section 72. SUBMISSION OF ADDITIONAL INFORMATION. — No provision of this subsection shall be construed as prohibiting any party from submitting additional information while the review is ongoing.

Section 73. NOTICE OF RESULTS TO PARTIES. — Upon completion of the review, the IIPCC shall promptly notify the parties of the President's decision.

Section 74. PRE-DECLARATION CONSULTATIONS. — Nothing in these Rules and Regulations shall prohibit the parties from consulting with the relevant department or administrative agency in advance of filing a declaration and, in appropriate cases, to file with the relevant department or administrative agency a draft declaration or other appropriate documents to aid in understanding the foreign investment and to provide an opportunity for the relevant department or administrative agency to request additional information to be included in the declaration.

Section 75. CONFIDENTIALITY OF INFORMATION. — Any information or documentary material which is filed with or forwarded to the relevant department or administrative agencies pursuant to or related to pre-declaration consultations or the national security review, shall be exempt from disclosure, and no such information or documentary material may be made public, except as may be relevant to any administrative or judicial action or proceeding. The information may also be disclosed to either house of Congress or to any duly authorized committee or subcommittee of the Congress if the committee provides assurances of confidentiality or such party otherwise consents in writing to such disclosure.

RULE XXIII. FINAL PROVISIONS

SECTION 76. ANTI-GRAFT PRACTICES IN FOREIGN INVESTMENT PROMOTIONS. — Public officials and employees involved in foreign investment promotions shall uphold the highest standards of public service, accountability, and integrity. Accordingly, any public official or employee involved in foreign investment promotions who shall commit any of the acts under Section 3 of R.A. No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act, shall, in addition to the penalties provided under section 9(a) of the said act,

shall be punished by a fine of not less than two million pesos (P2,000,000.00) but not more than five million pesos (P5,000,000.00).

SECTION 77. NON-APPLICABILITY. — The Act covers all investment areas or areas of economic activity except banking and other financial institutions which are governed and regulated by R.A. No. 8791, otherwise known as The General Banking Law of 2000 and other laws under the supervision of the BSP. Moreover, this Act shall not apply to the individual practice of professions that are covered by specific laws and fall under the jurisdiction of various PRBs or any other equivalent regulating body, or those subject to reciprocity agreements with other countries.

To the extent applicable, and provided that the necessary licenses, work permits and visas are properly secured from the relevant government agencies, any occupation, employment or practice of profession not covered by any special law or reciprocity agreement as provided in the previous paragraph shall be governed by the provisions under Title II of the Labor Code of the Philippines and shall be subject to the provisions of this Act.

Similarly, only corporate practice of professions or corporations engaged in the practice of profession, which are allowed by the respective special laws governing practice of profession and which have explicit foreign equity restrictions, under pertinent laws shall remain subject to the provisions of this Act and the regular FINL.

SECTION 78. APPROPRIATIONS. — For purposes of implementing this Act, the amount of fifty million pesos (P50,000,000.00) from the contingent fund of the General Appropriations Act (GAA) for the current fiscal year is hereby appropriated and shall be released to the IIPCC, in consultation with the Department of Budget and Management (DBM). Thereafter, the amounts necessary to carry out this Act shall be included in the GAA.

The IIPCC Secretariat shall formulate guidelines for the programming, disbursing, and accessing of the funds.

SECTION 79. REPEALING CLAUSE. — R.A. No. 7042, as amended, is hereby amended. All laws, decrees, orders, rules, and regulations or other issuances or parts thereof inconsistent with the provisions of this act are hereby repealed or modified accordingly.

SECTION 80. SEPARABILITY CLAUSE. —If any portion or provision of this Act is declared unconstitutional the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SECTION 81. EFFECTIVITY. —This Act shall take effect fifteen (15) days following its publication in the official gazette or in a newspaper of general circulation in the Philippines.


KARL KENDRICK T. CHUA



Secretary

National Economic and Development Authority


CARLOS G. DOMINGUEZ

Secretary

Department of Finance




RAMON M. LOPEZ

Secretary

Department of Trade and Industry

