S. No. 2020
H. No. 6608

Republic of the Philippines

# Congress of the Philippines

Metro Manila

Nineteenth Congress

First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-fifth day of July, two thousand twenty-two.

[ REPUBLIC ACT NO. 11954 ]

AN ACT ESTABLISHING THE MAHARLIKA INVESTMENT FUND, PROVIDING FOR THE MANAGEMENT, INVESTMENT, AND USE OF THE PROCEEDS OF THE FUND, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* – This Act shall be known as the "Maharlika Investment Fund Act of 2023".

SEC. 2. *Declaration of Policy.* – It is the policy of the State to generate, preserve and grow national wealth, create jobs, promote trade and investments, foster technological transformation, strengthen connectivity, expand infrastructure, and achieve energy, water, and food security.

The State recognizes the vital role of various investments in financial assets in promoting economic growth, accelerating job creation, and improving the welfare of Filipinos. The State

acknowledges the need to preserve and optimize the use of government financial assets to generate returns, and support the infrastructure development agenda of the government, thereby promoting efficient intergenerational management of wealth.

The State further recognizes the country's natural capital and its role as the basis for the economy, hence the need to ensure its integrity and measure its contribution in national income accounting to improve decision making, and investments in conservation and protection of natural resources and biodiversity.

Towards this end, the State shall establish a Maharlika Investment Fund by investing national funds, and coordinating and strengthening the investment activities of the country's top-performing government financial institutions to promote economic growth and social development.

## ARTICLE I

## DEFINITION OF TERMS

SEC. 3. *Definition of Terms.* – The following terms as used in this Act and the implementing rules and regulations shall be understood as follows:

(a) *Advisory Body* refers to the body established under this Act which shall provide guidance, counsel and advice to the Board of Directors of the Maharlika Investment Corporation, and all other functions as provided for in this Act;

(b) *Board of Directors (Board)* refers to the governing body of the Maharlika Investment Corporation;

(c) *Divestment* refers to the transfer of title or disposal of interest in property by voluntarily, completely, and actually depriving or dispossessing oneself of his right or title to it in favor of a person or persons other than his spouse or any relative within the fourth civil degree of consanguinity or affinity;

(d) *Founding Government Financial Institutions (Founding GFIs)* refer to the Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP);



(e) *Independent Director* refers to a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;

(f) *Maharlika Investment Corporation (MIC)* refers to the State investment body, a government-owned and -controlled corporation (GOCC) created under this Act, which shall be responsible for the overall governance and management of the MIF;

(g) *Maharlika Investment Fund (MIF* or *Fund)* refers to the fund created under this Act;

(h) *Regular Director* refers to a director appointed by the President of the Philippines who shall serve in the Board full-time, and shall not hold any other public office during his tenure, unless otherwise provided under this Act; and

(i) *Santiago Principles* refers to the twenty-four (24) Generally Accepted Principles and Practices (GAPP) voluntarily endorsed by the International Forum of Sovereign Wealth Funds (IFSWF) members. The GAPP for Sovereign Wealth Funds (SWFs) are designed as guidelines that assign best practices for the operations of SWFs. They are the rules followed by SWF that promote stability in the global financial system, set proper controls on investment risks, and implement sound governance structure.

## ARTICLE II

## MAHARLIKA INVESTMENT CORPORATION

SEC. 4. *Establishment of the Maharlika Investment Corporation.* – There is hereby created a corporate body to be named as the "Maharlika Investment Corporation". The MIC shall act as the sole vehicle for the purpose of mobilizing and utilizing the MIF for investments in transactions in order to generate optimal returns on investments (ROIs), while contributing to the overall goal of reinvigorating job creation and accelerating poverty reduction by sustaining the economy's high growth trajectory, while ensuring sustainable development.

The MIC shall govern and manage the Fund in accordance with the objectives and purposes set forth in this Act, and other laws, rules and regulations, and it shall adhere to the Santiago Principles and other internationally-accepted standards of transparency and accountability: *Provided*, That the MIC shall coordinate with all relevant institutions to ensure harmonization of policies.

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

SEC. 6. *Capitalization and Initial Funding.* – The MIC shall have an authorized capital stock of Five hundred billion pesos (P500,000,000,000.00) to be divided into five (5) billion shares, with a par value of One hundred pesos (P100.00) per share which shall have the following classifications and features:

(1) Common shares of three billion seven hundred fifty million (3,750,000,000) equivalent to Three hundred seventy five billion pesos (P375,000,000,000.00), to be subscribed by the National Government, its agencies or instrumentalities, including government-owned and -controlled corporations (GOCCs) or government-financial institutions (GFIs): *Provided,* That one billion two hundred fifty million (1,250,000,000) shares equivalent to One hundred twenty-five billion pesos (P125,000,000,000.00) shall initially be subscribed by the following:

(a) Land Bank of the Philippines – Fifty billion pesos (P50,000,000,000.00);

(b) Development Bank of the Philippines – Twenty-five billion pesos (P25,000,000,000.00); and

(c) National Government – Fifty billion pesos (P50,000,000,000.00):

*Provided, further*, That of the One hundred twenty-five billion pesos (P125,000,000,000.00), Seventy-five billion pesos (P75,000,000,000.00) pertaining to the contributions of the Founding GFIs shall be fully paid by them; and



(2) Preferred shares of one billion two hundred fifty million (1,250,000,000) equivalent to One hundred twenty-five billion pesos (P125,000,000,000.00) to be made available for subscription by the National Government, its agencies or instrumentalities, GOCCs or GFIs, except Social Security System (SSS), Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (Pag-IBIG Fund), Overseas Workers Welfare Administration (OWWA), and Philippine Veterans Affairs Office (PVAO) Pension Fund: *Provided,* That preferred shares shall be non-voting, non-participating, non-convertible, and may be issued from time to time by the Board of Directors in one or more series, specifying the relative rights, preferences and further limitations thereof. For this purpose, a single private sector shareholder's interest includes the direct or indirect shareholdings in MIC held by the shareholder, as well as those held by the corporation, its subsidiaries, affiliates, and related parties that are owned or controlled directly or indirectly by the shareholder.

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

(a) Bangko Sentral ng Pilipinas (BSP) Dividends. For the first and second fiscal years upon the effectivity of this Act, One hundred percent (100%) of the BSP's total declared dividends, as computed under Republic Act No. 7653 also known as the "New Central Bank Act", as amended by Republic Act No. 11211, shall be remitted to the National Government for the capitalization of the MIC, in the amount not exceeding the Fifty billion pesos (P50,000,000,000.00) initial subscription of the National Government to the capitalization of the MIC under this section: *Provided*, That the Monetary Board may recommend to the President of the Philippines the reduction of BSP's dividend contribution to the MIC whenever economic conditions may warrant. Thereafter, the dividends of the BSP shall be remitted to the National Government to fund the increase in the capitalization of the BSP in accordance with Section 2 of Republic Act No. 7653, as amended by Republic Act No. 11211.

(b) Government Share in Philippine Gaming Corporation (PAGCOR). Ten percent (10%) of the National Government's share from the income of the PAGCOR, as provided for in Presidential Decree No. 1869, as amended: *Provided*, That the share earmarked for the Universal Health Care Act under Sec. 37(b) of Republic Act No. 11223 shall not in any manner be diminished: *Provided, further*, That the above funding from PAGCOR will be for a period of five (5) years. Other government-owned gaming operators and/or regulators shall also contribute ten percent (10%) of their revenues from gaming operations. Within thirty (30) days from the effectivity of the Implementing Rules and Regulations, the Governance Commission for GOCCs (GCG) shall submit the list of government-owned gaming operators and/or regulators that should remit to the MIC. The list shall be updated annually, or as often as necessary. The remittance of revenues of gaming operators and/or regulators shall be for five (5) years.

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

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

(i) Properties, real and personal, identified by the Privatization Council. The real and personal properties to be identified by the Privatization Council to be contributed to the MIC shall be directly related to its mandate. The properties to be contributed to the MIC shall be appraised at their fair market value at the time of their transfer. The title, as well as all rights and obligations pertaining thereto, shall be transferred to the MIC: *Provided*, That the MIC shall in no case be held liable for outstanding tax liabilities of the properties; and

(ii) Proceeds from the privatization of government assets, the amount of which shall be determined by the Privatization Council consistent with the fiscal program of the government.



(d) Other sources, such as royalties and/or special assessments based on the fiscal regime to be implemented by the National Government.

The Founding GFIs and the National Government may, upon recommendation of the Advisory Body, and without prejudice to additional subscription and payment, use its stock dividends from its unappropriated retained earnings in the MIC, to subscribe and pay for the balance of the authorized capital stock.

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

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

The increase in the authorized capital stock may be subscribed and paid for by the Founding GFIs and/or the National Government from the unappropriated retained earnings of the MIC: *Provided*, That payment for subscription by the National Government of the increase in authorized capital stock, other than those subscribed and paid from its share in the unappropriated retained earnings, shall be appropriated by Congress.

SEC. 8. *Corporate Powers.* – The MIC is hereby authorized to adopt, alter, and use a corporate seal which shall be judicially noticed; to enter into contracts; to lease or own real and personal property, and to sell or otherwise dispose of the same; to sue and be sued; and otherwise to do and perform any and all things that may be necessary or proper to carry out the purposes of this Act.

The MIC may acquire and hold such assets and incur such liabilities in connection with its operations authorized by the provisions of this Act, or as are essential to the proper conduct of such operations.

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

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

(a) Establish a diversified portfolio of investments in the local and global financial markets and in other assets that promote the objectives of the Fund;

(b) Manage and invest the initial and future contributions to the Fund in accordance with this Act;

(c) Accept and manage investment mandates whose investment purpose is to increase income for development goals;

(d) Develop and foster skills in finance, economics, risk mitigation, good governance, and other related areas, consistent with the capacity and capabilities build-up of human resources in the industry; and

(e) Implement international best practices in investing and managing assets in accordance with the Santiago Principles and other internationally-accepted standards and principles of transparency and accountability.

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



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

Such obligations shall be secured by the assets under the management of the MIC, including the stocks, bonds, debentures, and other securities purchased or held by it under the provisions of this Act. These bonds and debentures may be long-term, medium, or short-term, with fixed interest rate or floating interest rate.

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

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

## ARTICLE III

## MAHARLIKA INVESTMENT FUND

SEC. 12. *Establishment of the Maharlika Investment Fund.* – There is hereby created a Maharlika Investment Fund (MIF), a Fund that adheres to the principles of good governance, transparency, and accountability. The Fund shall initially be sourced from the capitalization of the MIC, as provided for in this Act; the investible funds of select GFIs and from contributions of the National Government, as well as other sources of funds, as provided in this Act: *Provided,* That other GFIs and GOCCs may invest into the MIF, subject to their respective investment and risk management strategies, and approval of their respective boards: *Provided, further,* That government agencies and GOCCs providing for the social

security and public health insurance of government employees, private sector workers and employees, and other sectors and subsectors such as, but not limited to, the SSS, GSIS, PhilHealth, Pag-IBIG Fund, OWWA, and PVAO Pension Fund, shall be absolutely prohibited, whether mandatory or voluntary, to invest in the MIF: *Provided, furthermore,* That the investments from LBP, DBP, and other GFIs shall not exceed twenty-five percent (25%) of their net worth.

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

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

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

## ARTICLE IV

## INVESTMENTS

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

(a) Cash, foreign currencies, metals, and other tradeable commodities;



(b) Fixed income instruments issued by sovereigns, quasi-sovereigns and supranationals;

(c) Domestic and foreign corporate bonds;

(d) Listed or unlisted equities, whether common, preferred, or hybrids;

(e) Islamic investments, such as Sukuk bonds;

(f) Joint ventures or co-investments, mergers and acquisitions;

(g) Mutual and exchange-traded funds invested in underlying assets;

(h) Real estate and infrastructure projects: *Provided,* That investments in infrastructure projects shall be directed towards the fulfillment of national priorities such as the national infrastructure program of the Department of Public Works and Highways (DPWH) and other infrastructure agencies, the inclusive innovation industry strategy of the Department of Trade and Industry (DTI), and the public investment programs of the National Economic and Development Authority (NEDA);

(i) Programs and projects on health, education, research and innovation, and other such investments that contribute to sustainable development;

(j) Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors, whether in the majority or minority position in commercial, industrial, mining, agricultural, housing, energy, and other enterprises, which may be necessary or contributory to the economic development of the country, or important to the public interest; and

(k) Other investments with sustainable and developmental impact aligned with Section 17 of this Act, as may be approved by the Board.

Investments in real estate, including agro-industrial estates and economic zones, estate infrastructure and other

development projects, whether alone or in partnership with other corporate entities, shall be limited to high-impact projects as approved by the appropriate approving body, to ensure that these are in line with the socioeconomic development program of the government.

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

SEC. 15. *Forms of Joint Ventures and Co-Investments.* – In line with Section 14(f) of this Act, the Board shall prescribe the form, as well as the terms and conditions, of the joint venture and/or co-investment, subject to pertinent laws, rules and regulations: *Provided,* That the Board and management of the MIC shall ensure that all transactions with private and other State-owned entities in a joint venture or co-investment are not prejudicial to the interest of the government and complies with the principles under the last paragraph of Section 12 of this Act.

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

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

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

(a) Directions on the acceptable balance between risk and return of the overall portfolio;

(b) Investment policies, including policies that promote environmental, social, and governance (ESG) principles, mandates, strategies, and guidelines on financing infrastructure projects and other investments;



(c) Risk management for the investments, including prudential standards and concentration limits, to avoid undue risk concentration from excessive exposures;

(d) Standards for assessing the investment performance;

(e) Matters relating to international best practices for institutional investments;

(f) Matters specific to rules and regulations where investments are domiciled;

(g) Procedural framework and cooperation among investors, including fund commitments, co-investments, voting requirements, exit mechanisms, and other matters pertaining to the pooling of funds and the management thereof;

(h) Matters relating to the procedure for assessing, deploying, and liquidating investments;

(i) Disclosure and transparency mechanisms to oversee compliance by various departments of the MIC with the standards, procedures and policies set by the Board;

(j) Aside from the potential earnings, the Board shall take into account risks other than economic, such as climate risks and those that are reported under rules and regulations of government agencies requiring ESG reporting as well as resource valuation studies and natural capital accounting in making investment decisions; and

(k) All other matters needed to be discussed to guarantee compliance with the objectives of the MIF.

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

policies formulated are consistent with the objectives of the Fund, and the same shall be subject to periodic review.

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

SEC. 18. *Limitations and Safeguards on the Maharlika Investment Fund.* – The management of the MIF shall be subject to a set of investment policies, guidelines, and risk management limits and procedures, as approved by the Board of Directors, upon due consideration of the recommendations of the Advisory Body. Investment and risk management strategies of the MIC shall be in line with the policies and objectives hereunder stated to ensure the long-term viability of the Fund.

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

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

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

## ARTICLE V

## GOVERNANCE

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

(a) The Secretary of Finance shall sit as the Chairperson in an *ex officio* capacity;



(b) President and Chief Executive Officer (PCEO) of the MIC as Vice-Chairperson;

(c) President and CEO of the LBP;

(d) President and CEO of the DBP;

(e) Two (2) Regular Directors; and

(f) Three (3) Independent Directors from the private sector.

*Provided,* That, in case of a merger, consolidation, abolition, or dissolution of any of the Founding GFIs, the seat in the Board of the absorbed, dissolved, or abolished GFI shall be filled by the next highest ranking officer of the GFI who has assumed the rights of the absorbed, dissolved, or abolished GFI.

The Regular Directors shall be citizens of the Philippines, at least thirty-five (35) years of age, and must be of good moral standing and reputation, of recognized probity and independence, and have substantial experience and expertise in any of the following: (a) corporate governance and administration, (b) investment in financial assets, and (c) management of investments in the global and local markets. The Regular Directors shall be appointed by the President of the Philippines upon recommendation of the Advisory Body for a term of three (3) years. In case of removal or resignation, the appointment to any vacancy shall only be for the unexpired term of the predecessor. The appointment of a Regular Director to fill such vacancy shall be in accordance with the manner provided for regular nomination, shortlisting and appointment of Regular Directors.

The Regular Directors shall serve in the Board full-time, and shall not hold any other public office during their tenure. Neither will the Regular Directors have or possess any private financial and business interest while in office. In this regard, Regular Directors shall be required to resign from, and divest themselves of any and all interests in any private institution that would put them in conflict with the interests of the MIC before assumption to their office.

The Independent Directors shall be appointed by the President of the Philippines, upon the recommendation of the Advisory Body, for a term of one (1) year. The Independent Directors shall be eligible for reappointment: *Provided,* That the cumulative term of an Independent Director shall not exceed nine (9) years. The Advisory Body shall ensure that the selected members of the Board of Directors are with proven probity, competence, expertise and experience in finance, economics, investments, business management, or law, and are highly capable to contribute to the attainment of the objectives and purposes of the MIF.

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

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

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

(a) Convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years;

(b) Found administratively liable for any offense involving fraudulent acts;

(c) Convicted by final judgment or found liable by a foreign court or equivalent foreign regulatory authority for acts, violations, or misconduct similar to those enumerated in paragraphs (a) and (b) above; or

(d) Has a pending administrative, civil or criminal case relating to fraud, plunder, corrupt practices, money laundering, tax evasion, or any similar crimes involving misuse of fund in the person's possession or breach of trust.



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

All members of the Board of Directors shall be bonded to the government for the faithful performance of all duties imposed upon him by law and for the faithful accounting of all funds and public properties coming into his custody or control in accordance with the Public Bonding Law under the Revised Administrative Code, Executive Order No. 449 s. 1997, and related laws and issuances. Prior to the discharge of duties, each member shall be required to secure a fidelity bond of Ten million pesos (P10,000,000.00).

The specific guidelines in this section, including the rules on appointment, election and termination of membership in the Board, shall be provided in the implementing rules and regulations of this Act, to ensure that only those eligible and qualified shall be appointed to the Board.

SEC. 21. *Powers and Functions of the Board of Directors.* – The primary function of the Board of Directors is to govern and manage the MIC, its assets, and investments in accordance with this Act. The specific functions of the Board shall include the following:

(a) To direct the management and operations, and administration of the MIC;

(b) To approve and implement the Investment and Risk Management Guidelines and such other investment policies, guidelines, and parameters to effectively carry out the purposes of this Act;

(c) To set minimum criteria and targets for investments;

(d) To oversee the investment processes which may include asset allocation, portfolio construction, monitoring, and risk management;

(e) To approve the issuance of debt and debt-like instruments;

(f) To develop short, medium, and long-term strategies appropriate for investments;

(g) To regularly meet and consult with the Advisory Body;

(h) To engage as may be necessary an International Advisory Consultant whose main responsibility is to advise the Board on its development strategy and investment business, equip executives and management with insights on geopolitical and macro-economic issues, international financial market conditions, and global investment trends;

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

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

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

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

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

(1) Gross violation of the provisions in this Act or investment policies and guidelines set by the Board of Directors;

(2) Commission of acts inimical to the MIF or the Republic of the Philippines, such as any loss suffered by the



Fund caused by negligence, willful misconduct, fraud, or actions in breach of any Investment Agreement; and/or

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

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

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

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

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

(r) To constitute an Audit Committee from among its members. The Audit Committee shall recommend to the Board the engagement of an external auditor and oversee the internal and external audits mandated under this Act;

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

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

SEC. 22. *Removal of Members of the Board of Directors.* – The President of the Philippines may remove the PCEO, as well as the Regular and Independent Directors, for any of the following reasons: (a) if he subsequently possesses the disqualifications under Section 20 of this Act; or (b) if he is physically or mentally incapacitated that he cannot properly discharge his duties and responsibilities and such incapacity has lasted for more than six (6) months; or (c) if the member

is guilty of acts or operations which are of fraudulent or illegal character or which are manifestly opposed to the aims and interests of the MIC.

SEC. 23. *Duties and Qualifications of the President and Chief Executive Officer.* – The PCEO shall direct and supervise the operations and internal administration of the MIC, and shall be charged with the risk management, financial performance, human resources, accounting and legal affairs of the MIC. He shall have the following powers and duties:

(a) Prepare the agenda for the meetings of the Board of Directors and to submit for the consideration of the Board of Directors the policies and measures which are necessary to carry out the purposes and provisions of this Act;

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

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

(d) Exercise such other powers as may be vested by the Board of Directors.

The PCEO, in the discharge of its functions, may delegate administrative responsibilities to other officers of the MIC.

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



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

SEC. 24. *Duties and Qualifications of the Chief Investment and Operating Officer (CIOO).* – The CIOO is responsible for regular administration duties of all investment files, communicating investment strategy and policies, managing and developing a team of financial analysts and investment professionals, supervising risk management across portfolios and that sound investment policies are followed.

The CIOO shall be appointed by the Board of Directors and terminated for a term as provided for in the implementing rules and regulations.

The CIOO must have a degree in finance or a relevant experience in the field and has proven expertise in managing a team of financial analysts and investment professionals.

SEC. 25. *Quorum and Meetings of the Board.* – The Board of Directors shall meet at least once every two (2) weeks, or as often as may be necessary upon its constitution. It may hold special meetings to consider urgent matters upon call of the Chairperson or upon initiative of at least two (2) members of the Board of Directors.

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

The Board of Directors shall maintain and preserve a complete record of the proceedings and deliberations of the Board of Directors, including the minutes, transcripts, and records, either in original or digital form. The meetings of the Board of Directors may be conducted through modern technologies such as teleconferencing and videoconferencing.

SEC. 26. *Risk Management Committee.* – The Board shall organize a Risk Management Committee composed of five (5) members as follows:

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

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

(c) One (1) Regular Director; and

(d) Two (2) senior executives of the MIC, one of whom is the key risk management officer.

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

SEC. 27. *Advisory Body.* – An Advisory Body is hereby created which shall be composed of the Secretary of the Department of Budget and Management, the Secretary of NEDA, and the Treasurer of the Philippines.

SEC. 28. *Powers and Functions of the Advisory Body.* – The Advisory Body shall exercise the following powers and functions:

(a) Advise and assist the Board of Directors in the formulation of the general policies related to investment and risk management, and other matters as may be necessary to carry out the provisions and purposes of this Act;

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

(c) Recommend Regular and Independent Director candidates who shall be appointed by the President of the Philippines pursuant to Section 20 of this Act; and

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

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



## ARTICLE VI

## APPLICABILITY

SEC. 29. *Applicability of the GOCC Governance Act of 2011.* – The MIC shall be subject to the provisions of Republic Act No. 10149 or the "GOCC Governance Act of 2011".

SEC. 30. *Applicability of the Government Procurement Reform Act.* – All procurement activities of the MIC shall be subject to, and governed by, the provisions of Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act" and its implementing rules and regulations, except the engagement of professional, or technical services necessary for the selection of investments under Section 8 hereof, such as fund management, investment analysis, advisory and underwriting, securities brokerage and dealership, and capital market and equity research analysis: *Provided,* That the selection process to be adopted by the MIC for the engagement of the foregoing professional and technical services shall be open and competitive, and approved by the Board.

SEC. 31. *Designation and Secondment.* – For the first five (5) years of its operations, the MIC Board, upon the recommendation of the PCEO, shall authorize GFI non-executive personnel to the MIC, as may be necessary, subject to existing guidelines on secondment of the Civil Service Commission.

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

The secondment of the GFIs' personnel to the MIC involves the movement of said personnel from their mother agencies and offices to the MIC, which is temporary in nature, which may or may not require the issuance of an appointment, and which may or may not involve increase in

compensation and benefits. Seconded personnel shall receive, in lieu of their respective compensation from their respective agencies or offices, the salaries, emoluments and all other benefits which their positions are entitled to receive from the MIC.

SEC. 32. *Applicability of Republic Act No. 7656.* – The MIC shall be subject to the provisions of Republic Act No. 7656 or "An Act Requiring Government-Owned or -Controlled Corporations to Declare Dividends Under Certain Conditions to the National Government, and for Other Purposes".

## ARTICLE VII

## FINANCIAL REPORTING FRAMEWORK AND AUDIT OF RECORDS

SEC. 33. *Financial Reporting Framework.* – The financial statements and reports shall be prepared, in accordance with the relevant Financial Reporting Standards and Principles.

SEC. 34. *Engagement of an Internal Auditor.* – The Board shall appoint an internal auditor, who shall provide audit reports to the Board of Directors. The internal auditor shall be independent from the management of the MIC and shall be under the direct control and supervision of the Board of Directors. The PCEO shall ensure that the internal auditor, including the staff, shall have access to all documents and information pertinent to the audit.

SEC. 35. *Engagement of an External Auditor.* – The Board shall engage, for each accounting period or as soon as practicable after the commencement of the relevant accounting period, an internationally recognized auditing firm to be the external auditor of the Fund and to audit its financial statements.

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

SEC. 36. *Audit by the Commission on Audit.* – The books and accounts of the MIC shall be subject to the examination



and audit of the Commission on Audit (COA) pursuant to Article IX of the 1987 Philippine Constitution. All financial transactions shall be governed by the applicable government laws, rules and regulations. The COA shall prescribe the guidelines of the audit of the MIC and the Fund under its management in accordance with international best practices. In defining the scope of its audit, the COA shall coordinate with the external auditor as provided under Section 35 of this Act. The COA shall conduct a special audit every five (5) years.

SEC. 37. *Disposal of Investment Assets.* – Notwithstanding any law, rules, regulations, or other issuances to the contrary, the disposal by MIC, pursuant to its mandate and functions, of shares, securities, and other interests and investments, shall not be covered by existing laws and regulations on disposal of government assets.

## ARTICLE VIII

## REPORTS AND RECORDS

SEC. 38. *Joint Congressional Oversight Committee.* – There shall be created a Maharlika Investment Fund Joint Congressional Oversight Committee (MIF-JCOC) to oversee, monitor, and evaluate the implementation of this Act. The MIF-JCOC shall be composed of seven (7) members each from the House of Representatives and the Senate. The MIF-JCOC shall be co-chaired by the Chairpersons of the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies.

The Speaker and the Senate President shall designate the other six (6) members of the MIF-JCOC of the House and the Senate from among the members of the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies, at least one (1) member of which shall be from the Minority.

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

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

SEC. 39. *Right to Freedom of Information of the Public.* – All documents of the MIF and the MIC shall be open, available, and accessible to the public, as may be allowed by law, in both English and Filipino, including but not limited to:

(a) All investments thereof, by the MIC and on the portfolio of the MIF;

(b) The Statement of Assets, Liabilities, and Net Worth (SALNs) of the members and officials of the Board of Directors, Risk Management Committee, and Advisory Body;

(c) The SALNs of those who appointed and designated the said members and officials;

(d) Audit documents from the COA; and

(e) Similar documents and information.

SEC. 40. *Provision for Access Rights and Retention Period of Records.* – The records of the MIC pertaining to its investment activities shall be secured and maintained pursuant to the rules of the National Archives of the Philippines. The relevant disclosure rules under Republic Act No. 8799 or "The Securities Regulation Code", Republic Act No. 11232 or the "Revised Corporation Code of the Philippines", and other laws, rules and regulations shall apply to the MIC. The MIC shall be covered by Executive Order No. 2, s. 2016. All reports of the MIC pursuant to the disclosure rules under existing laws shall be published on its website that shall be immediately updated and made easily accessible to the public.

SEC. 41. *Reports of Government Financial Institutions to Stakeholders.* – GFIs with investments in the MIC shall include the performance of their investments, a risk assessment of their exposure and strategies to manage such risks, and other relevant information in their annual reports.

SEC. 42. *Compliance with Santiago Principles.* – The audits required under this article shall include an assessment



of the implementation of the Santiago Principles and recommendations to improve compliance with such principles.

SEC. 43. *Dispute Settlement.* – The provision of existing laws to the contrary notwithstanding, any dispute, controversy or claim arising out of or relating to investments entered pursuant to this Act or the breach, termination or invalidity thereof shall be resolved by good faith negotiations between the parties.

In the event that such negotiations do not succeed, any dispute, controversy or claim arising out of or relating to investments entered pursuant to this Act or the breach, termination or invalidity thereof shall be settled in accordance with internationally accepted institutional systems of arbitration of which the Philippines is a signatory.

The MIF-JCOC created under Section 38 hereof shall regularly be apprised of the status of any dispute settlement proceeding.

## ARTICLE IX

## OFFENSES AND PENALTIES

SEC. 44. *Violation of Disqualification Provision; Penalties.* – A director or officer who willfully holds office while possessing any of the disqualifications or willfully conceals a ground for disqualification as provided for in Sections 20 and 22 of this Act shall be punished with a fine ranging from Five million pesos (P5,000,000.00) to Seven million pesos (P7,000,000.00) at the discretion of the court, and perpetual disqualification from holding public office. When the violation of this provision is injurious or detrimental to the public, the penalty shall be a fine ranging from Ten million pesos (P10,000,000.00) to Fifteen million pesos (P15,000,000.00).

SEC. 45. *Violation by an Independent Auditor; Penalties.* – An independent auditor who, knowingly certifies the corporation's financial statements despite its gross incompleteness or inaccuracy, its failure to give a fair and accurate presentation of the corporation's condition, or despite containing false or misleading statements, shall be punished

with a fine ranging from Five million pesos (P5,000,000.00) to Seven million pesos (P7,000,000.00), imprisonment of six (6) years, and perpetual disqualification from holding public office. When the statement or report certified is fraudulent, or had the effect of causing injury to the general public, the auditor or responsible officer may be punished with a fine ranging from Ten million pesos (P10,000,000.00) to Fifteen million pesos (P15,000,000.00), imprisonment of six (6) years, and perpetual disqualification from holding public office.

SEC. 46. *Acting as Intermediaries for Graft and Corrupt Practices; Penalties.* – Any person, natural or juridical, who allows itself to be used for fraud, or for committing or concealing graft and corrupt practices – by the directors, officers, or other employees of the MIC – as defined under pertinent laws, rules and regulations, shall be liable for a fine ranging from One million pesos (P1,000,000.00) to Five million pesos (P5,000,000.00), imprisonment of six (6) years, and perpetual disqualification from holding public office.

When there is a finding that any of its directors, officers, employees, agents, or representatives are engaged in graft and corrupt practices, the Board of Director's failure to install: (a) safeguards for the transparent and lawful delivery of services; and (b) policies, code of ethics, and procedures against graft and corruption shall be *prima facie* evidence of corporate liability under this section.

SEC. 47. *Tolerating Graft and Corrupt Practices; Penalties.* – A director or officer of the MIC who fails to sanction, report, or file the appropriate action with proper agencies, allows or tolerates graft and corrupt practices or fraudulent acts committed by a director, officer, employee, agent or representative shall be punished with a fine ranging from Five million pesos (P5,000,000.00) to Ten million pesos (P10,000,000.00), imprisonment of twenty (20) years, and perpetual disqualification from holding public office.

SEC. 48. *Retaliation Against Whistleblowers.* – A whistleblower refers to any person who provides truthful information relating to the commission or possible commission of any offense or violation under this Act. Any person who, knowingly and with intent to retaliate, commits acts detrimental to a whistleblower, such as interfering with the



lawful employment or livelihood of the whistleblower, shall, at the discretion of the court, be punished with a fine ranging from One million pesos (P1,000,000.00) to Two million pesos (P2,000,000.00), and imprisonment of six (6) years.

SEC. 49. *Separate Liability.* – Liability for any of the foregoing offenses shall be separate from and in addition to any other administrative, civil, or criminal liability under other laws, such as, but not limited to:

(a) Act No. 3815 or "The Revised Penal Code", as amended;

(b) Republic Act No. 3019 or the "Anti-Graft and Corrupt Practices Act", as amended;

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

(d) Republic Act No. 1379;

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

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

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

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

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

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

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

SEC. 50. *Prescription of Crimes/Offenses.* – The crimes/offenses punishable under this Act shall prescribe in ten (10) years. However, the right of the State to recover properties

unlawfully acquired by the person involved, nominees, or transferees in embezzlement and misappropriation of the funds shall not be barred by prescription, laches, or estoppel.

## ARTICLE X

## MISCELLANEOUS PROVISIONS

SEC. 51. *Appropriations.* – A portion of the National Government capital contribution, either through subscription of common shares or of preferred shares, under Section 6 hereof shall be sourced from the following:

(a) Bangko Sentral ng Pilipinas (BSP) dividends. For the first and second fiscal years upon the effectivity of this Act, one hundred percent (100%) of the BSP's total declared dividends, as computed under Republic Act No. 7653, also known as the "New Central Bank Act", as amended by Republic Act No. 11211, shall be remitted to the National Government for the capitalization of the MIC, in the amount not exceeding the Fifty billion pesos (P50,000,000,000.00) initial subscription of the National Government to the capitalization of the MIC under this section: *Provided,* That the Monetary Board may recommend to the President of the Philippines the reduction of BSP's dividend contribution to the MIC whenever economic conditions may warrant; thereafter, the dividends of the BSP shall be remitted to the National Government to fund the increase in the capitalization of the BSP in accordance with Section 2 of Republic Act No. 7653, as amended by Republic Act No. 11211;

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



(c) DOF-PMO Proceeds from the privatization of government assets, the amount of which shall be determined by the Privatization Council, subject to budgeting, accounting, and auditing laws, rules, and regulations subject to the conditions provided under Section 6 of this Act; and

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

The amount of contribution provided in Section 6 shall be remitted to the National Treasury as a special account in the General Fund and are hereby appropriated solely for the payment of the MIC's capitalization subscribed by the National Government which shall not exceed fifty-one percent (51%) of the authorized capital stock. Thereafter, all funds collected under Section 6 shall be deposited to the National Treasury under the General Fund to support the national budget.

SEC. 52. *Statutory Counsel.* – The Office of the Government Corporate Counsel (OGCC) is the statutory counsel of the MIC and shall handle its legal affairs.

SEC. 53. *Corporate Term of the MIC.* – The MIC shall exist for a term of thirty-five (35) years from the date of the effectivity of this Act, unless sooner repealed or extended by Congress.

SEC. 54. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Treasurer of the Philippines, in consultation with the Founding GFIs, shall promulgate the necessary rules and regulations for the implementation of this Act.

SEC. 55. *Suppletory Application.* – The provisions of Republic Act No. 11232, also known as the "Revised Corporation Code of the Philippines", to the extent relevant and consistent with this Act, shall be applicable to the MIC.

SEC. 56. *Separability Clause.* – If any provisions of this Act are declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain valid.

SEC. 57. *Repealing and Amendatory Clause.* – All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Act, are hereby repealed or modified accordingly.

Particularly, the following laws or provisions of laws are hereby expressly amended to the extent of ensuring the full implementation of the provisions of this Act:

(a) Section 2 of Republic Act No. 7653 or the "New Central Bank Act", as amended by Republic Act No. 11211; and

(b) Presidential Decree No. 1869, otherwise known as the "PAGCOR Charter, as amended", without prejudice to Section 37 of Republic Act No. 11223 or the "Universal Health Care Act".

SEC. 58. *Effectivity.* – This Act shall take effect immediately upon its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

After effectivity, this Act shall also be promulgated in Filipino.

Approved,

FERDINAND MARTIN G. ROMUALDEZ
*Speaker of the House of Representatives*

JUAN MIGUEL F. ZUBIRI
*President of the Senate*



This Act was passed by the Senate of the Philippines as Senate Bill No. 2020 on May 31, 2023 and adopted by the House of Representatives as an amendment to House Bill No. 6608 on May 31, 2023.

REGINALD S. VELASCO
*Secretary General*
*House of Representatives*

RENATO N. BANTUG JR.
*Secretary of the Senate*

Approved: 18 JUL 2023

FERDINAND ROMUALDEZ MARCOS JR.
*President of the Philippines*

o

Office of the President
MALACAÑANG RECORDS OFFICE
CERTIFIED COPY
ATTY. CONCEPCION [illegible] E. FERROLINO-ENAD
DIRECTOR IV
7/18/2023

REPUBLIC OF THE PHILIPPINES
PBBM002481