

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS

First Regular Session

HOUSE BILL NO. 60



INTRODUCED BY REPRESENTATIVE JURDIN JESUS M. ROMUALDO

EXPLANATORY NOTE

This is a refiled bill originally filed in the 18th Congress authored by then Representative Xavier Jesus D. Romualdo of the Lone District of Camiguin. I refiled this bill in the 19th Congress, which successfully passed on Third Reading in the House of Representatives and was transmitted to the Senate. Although two (2) counterpart bills were filed in the Senate, all remained pending at the committee level alongside the House version.

This is a very good platform for transforming the marketing chain in the Agricultural Sector in the country and providing a legal framework for a warehouse receipt system.

I am quoting a portion of the explanatory note of the 18th Congress version authored by Hon. Xavier Jesus D. Romualdo to substantiate the rationale for its reintroduction:

"The bill seeks to strengthen and modernize the Warehouse Receipts Law of 1912, as amended, otherwise known as Act No. 2137. The current law establishes a relatively simple framework that allows farmers and other stakeholders in the agricultural sector to obtain credit by depositing their goods in a warehouse and utilizing warehouse receipts as tradable instruments. It outlines the duties of warehouse operators, defines the rights of depositors and receipt holders, facilitates the negotiability and transferability of receipts, and protects good faith purchasers of warehouse receipts. However, the law has become outdated and is no longer sufficient to address the demands of today's economy, particularly for those in the agricultural sector who need improved access to finance.

This measure proposes the establishment of a modern, centralized, electronic registry of warehouse receipts to be developed and maintained by the Securities and Exchange Commission (SEC). This online registry will eventually be integrated with other relevant registries and databases, enabling stakeholders to securely and conveniently access, verify, and transact warehouse receipts. The reform envisions a system in which producers can deposit goods in accredited warehouses and obtain warehouse receipts that are reliable, tradable, and acceptable as collateral by financial institutions. In turn, this will facilitate credit flows to farmers, agribusinesses, and other producers, reduce transaction costs, and support rural and agricultural development".

Among the key features of the bill is the provision that only duly accredited warehouse operators may issue warehouse receipts. These receipts must include essential details such as the location of the warehouse, date and number of issuances, storage charges, insurance coverage, and a description of the goods. It distinguishes negotiable receipts—those which may be transferred by indorsement or delivery to the bearer—from non-negotiable receipts that are limited to a specified recipient. It further requires that non-negotiable receipts be clearly marked as such to protect good faith purchasers.

The bill designates the SEC as the lead regulatory agency responsible for warehouse receipts, including the accreditation of warehouse operators and warehouses. The SEC may consult other relevant government agencies and industry experts but retains final regulatory authority. All accredited operators are required to be bonded and insured. The SEC is also authorized to establish implementing rules and may engage third-party service providers to support the development and maintenance of the electronic registry.

Additionally, all warehouses must maintain a Sub-Registry to track deposited goods. Operators will be held liable for the loss or misrepresentation of goods and must exercise the degree of care expected from a reasonably prudent owner. Warehouse receipts may be transferred, pledged, or used as collateral, in line with Republic Act No. 11057, otherwise known as the Personal Property Security Act. The Philippine Guarantee Corporation (PHILGUARANTEE) is authorized to extend guarantees for eligible loans secured by warehouse receipts or the underlying goods, once the registry becomes operational.

Warehouse operators shall have a statutory lien over stored goods for lawful storage charges and other costs. The bill provides detailed mechanisms for enforcing such liens, including public sale. It also enumerates criminal offenses such as issuing receipts for goods not actually received, making false entries, issuing unauthorized duplicates, or releasing goods without proper negotiation of receipts. Violators are subject to imprisonment of up to ten (10) years or fines of up to three times the value of the goods involved, or both. Operators found liable shall also have their accreditation revoked.

Finally, the bill requires all registry entries and lists of accredited and de-accredited operators to be accessible to the public, in accordance with transparency standards under Philippine laws. Within ninety (90) days from the effectivity of the Act, the SEC shall issue the necessary implementing rules and regulations. Any inconsistencies with prior laws, including Act No. 2137, are repealed or modified accordingly. The proposed law shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers of general circulation.

In view of the foregoing, the swift passage of this measure is earnestly sought to promote rural development, enhance access to affordable credit for the agricultural sector, and establish a modern and efficient warehouse receipts framework in the Philippines.


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AN ACT
PROVIDING FOR THE REVISED WAREHOUSE RECEIPTS LAW OF THE
PHILIPPINES

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

CHAPTER I
GENERAL PROVISIONS

1 **SECTION 1. Title.** – This Act shall be known as the “Revised Warehouse Receipts Law
2 of the Philippines”.

3 **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote economic
4 activity by increasing access, particularly for entities engaged in agricultural businesses, such as
5 farming, to least cost credit by establishing a simplified, unified, and modern framework for the
6 storage of goods in warehouses and the subsequent trading of interests therein.

7 **SEC. 3. Definition of Terms.** – As used in this Act:

8 (a) **Action** refers to a counterclaim, set-off, or suit in equity as provided by law;

9 (b) **Delivery** refers to the voluntary transfer of control from one person to another;

10 (c) **Deposit** refers to the act of transferring actual possession of goods to a warehouse
11 operator;

12 (d) **Electronic warehouse receipt** refers to a warehouse receipt in electronic or digital form;

13 (e) **Goods** refer to chattel or merchandise in storage or which have been or are about to be
14 stored;

15 (f) **Good faith** refers to an abstract or comprehensive term that encompasses a sincere belief
16 or motive without any malice or the desire to defraud others, whether it be done
17 negligently or not;

18 (g) **Guarantee** refers to a guarantee specifically issued by the Philippine Guarantee
19 Corporation;

20 (h) **Holder of a receipt** refers to a person who has both constructive possession of such
21 receipt and a right of property therein;

22 (i) **Insurance** refers to any form of insurance, whether obtained from a public or private
23 entity, within the meaning of the Insurance Code of the Philippines;

24 (j) **Modern** refers to the adaptation and utilization of modern technology, including

1 Blockchain technology;

2 (k) *Negotiable receipt* refers to a receipt in which it is stated that the goods received will be
3 delivered to the bearer or to the order of any person named in such receipt;

4 (l) *Non-Negotiable receipt* refers to a receipt in which it is stated that the goods received
5 will be delivered to the depositor or to any other specified person;

6 (m) *Order* refers to an order by indorsement on the receipt;

7 (n) *Owner* refers to one who has the right of possession of a warehouse receipt but does not
8 include a mortgagee;

9 (o) *Person* refers to both natural and juridical persons;

10 (p) *Purchase* refers to the act of acquiring a warehouse receipt in the form of mortgage or
11 pledge;

12 (q) *Registry* refers to the Electronic Warehouse Receipts Registry;

13 (r) *Release order* refers to a written instrument issued by the owner of a receipt directing a
14 warehouse operator to release his goods to a specific person;

15 (s) *Value* refers to any consideration sufficient to support a simple contract. An antecedent
16 or pre-existing obligation, whether for money or not, constitutes value where a receipt is
17 taken either in satisfaction thereof or as security therefor;

18 (t) *Warehouse* refers to a place that houses goods intended to be used for trading or
19 financing within the territory of the Philippines operated and maintained by a warehouse
20 operator;

21 (u) *Warehouse operator* refers to a person lawfully engaged in the business of housing
22 goods intended to be used for trading or financing and duly authorized under this Act;

23 (v) *Warehouse receipt or receipt* refers to a document issued by a warehouse operator in
24 accordance with Section 5 of this Act; and

25 (w) *Writing* refers to written documents or records, including electronic records.

26
27 **SEC. 4. Person Who May Issue Receipts.** – Warehouse receipts may only be issued by
28 a duly accredited warehouse operator.

29
30 **SEC. 5. Form of Receipts.** – Every warehouse receipt must contain the following
31 information:

32 (a) Location of the warehouse where the goods are stored;

33 (b) Date of the issue of the receipt;

34 (c) Consecutive number of the receipt;

35 (d) Statement whether the goods received will be delivered to the bearer, to a specified
36 person, or to a specified person or order;

37 (e) Amount up to which the goods covered by the receipt are insured, and the name of the
38 insuring entity;

39 (f) Rate of storage charges;

40 (g) Description of the goods or of the packages containing them;

41 (h) Signature of the warehouse operator, which may be made by an authorized agent;

42 (i) Fact of ownership if the receipt is issued for goods of which the warehouse operator is

1 owner, either solely, jointly, or in common with others; and

- 2 (j) Statement of the amount of advances made and of liabilities incurred for which the
3 warehouse operator claims a lien. If the precise amount of such advances made or of such
4 liabilities incurred is, at the time of the issue of receipt, unknown to the warehouse
5 operator or to the agent who issues it, a statement of the fact that advances have been
6 made or liabilities incurred and the purpose thereof is sufficient.

7
8 A warehouse operator shall be liable to any person injured thereby for all damages caused
9 by the omission from a warehouse receipt of any of the terms herein required.

10
11 **SEC. 6. *Permissible Insertions.*** – A warehouse operator may insert in a receipt any
12 other terms and conditions: *Provided*, That such terms and conditions shall not:

13 (a) Be contrary to the provisions of this Act; or

14 (b) In any way impair the obligation to exercise that degree of care in the
15 safekeeping of the goods entrusted which a reasonably careful person would exercise in
16 regard to similar goods one owns.

17
18 No provision shall be inserted in a negotiable receipt that it is non-negotiable. Such a
19 provision, if inserted, shall be void.

20
21 **SEC. 7. *Failure to Mark “Non-Negotiable” or “Not Negotiable”.*** – A warehouse
22 operator shall clearly indicate or mark on the face of a non-negotiable receipt that it is “non-
23 negotiable” or “not negotiable”. In the absence of such marking, the receipt shall be deemed
24 negotiable.

25
26 This section shall not apply, however, to letters, memoranda, or written acknowledgment
27 of an informal character.

28 CHAPTER II

29 ELECTRONIC WAREHOUSE RECEIPTS REGISTRY

30
31
32 **SEC. 8. *Electronic Warehouse Receipts Registry.*** – The Securities and Exchange
33 Commission (SEC) is hereby tasked with creating and maintaining a modern, online, centralized,
34 and nationwide Registry where all electronic warehouse receipts can be registered and accessed,
35 as well as rules and regulations pertaining specifically to registration and cancellation of
36 electronic warehouse receipts. The SEC is likewise authorized to engage the services of third
37 parties in creating and maintaining the Registry.

38
39 **SEC. 9. *Local Sub-Registry.*** – In addition to the Registry created and maintained by the
40 SEC, all warehouses must establish and maintain a Sub-Registry specifically for goods
41 deposited therein. Failure of a warehouse to keep a Sub-Registry in the warehouse, as well as any
42 fraud committed thereon, shall be grounds for the revocation of a warehouse’s accreditation.

- 1 (c) Monitor the performance of warehouse operators to ensure continuing compliance
2 with the provisions of this Act and its implementing rules and regulations;
- 3 (d) Suspend or revoke any certificate of accreditation upon due determination that a
4 warehouse operator no longer meets the criteria for accreditation;
- 5 (e) Require regular submission of reports by warehouse operators;
- 6 (f) Collect reasonable accreditation and monitoring fees from warehouse operators which
7 shall be used for operational requirements;
- 8 (g) Submit an annual report to the President of the Philippines and the concerned committees
9 of both Houses of Congress of the Philippines; and
- 10 (h) Perform such other functions as may be necessary to accomplish the purposes and
11 objectives of this Act in relation to warehouse operators and warehouses.
12

13 **SEC. 16. Accreditation of Warehouse Operators.** – All warehouse operators issuing
14 warehouse receipts to be used for purposes other than mere storage and facilitation of logistics
15 are hereby required to seek the accreditation of the SEC. The SEC shall create rules and
16 regulations to facilitate the accreditation of warehouse operators. All warehouse operators who
17 are not accredited with the SEC are prohibited from issuing warehouse receipts.

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

23 **SEC. 18. Warehouse Operator's Bond.** – Prior to the operation of the warehouse, a
24 warehouse operator must post a bond to answer for any liabilities the warehouse operator may
25 have in the operation of the warehouse during the effectivity of its accreditation. The SEC is
26 hereby ordered and authorized to come up with rules and regulations concerning the warehouse
27 operator's bond.

28 **SEC. 19. Mandatory Insurance.** – A warehouse operator shall produce insurance
29 coverage for his, her or its business and the warehouse or warehouses the warehouse operator
30 shall operate. No warehouse operator shall be accredited by the SEC unless the warehouse
31 operator is able to comply with this requirement. The SEC shall issue the appropriate guidelines
32 for the mandatory insurance coverage requirement which shall include the minimum insurance
33 requirements for warehouses and warehouse operators: *Provided*, That the minimum insurance
34 requirements are in accordance with globally accepted best practices for warehouse and
35 warehouse operators.

36 **SEC. 20. Effect of Lapse or Absence of Insurance.** – The SEC may revoke the
37 accreditation of any warehouse operator that is found to be operating without appropriate
38 insurance coverage or with lapsed insurance policy, or whose warehouses are found to be
39 operating without a current insurance coverage.
40

1 **SEC. 25. *Negotiable Receipts Must be Marked for Partial Delivery of Goods.*** – Except
2 as otherwise provided in this Act, a warehouse operator must mark a negotiable receipt when
3 only a part of the goods are delivered. Failing to do so, the warehouse operator shall be liable to
4 anyone who purchases in good faith such receipt, whether such purchaser acquired title to the
5 receipt before or after the delivery of any portion of the goods by the warehouse operator.
6

7 **SEC. 26. *Altered Receipts.*** – The alteration of a receipt shall not excuse the warehouse
8 operator who issued it from any liability if such alteration was:

- 9 (a) Immaterial;
10 (b) Authorized; or
11 (c) Made without fraudulent intent.
12

13 If the alteration was authorized, the warehouse operator shall be liable according to the
14 terms of the receipt as altered. If the alteration was unauthorized but made without fraudulent
15 intent, the warehouse operator shall be liable according to the terms of the receipt as they were
16 before alteration.
17

18 Material and fraudulent alteration of a receipt shall not excuse the warehouse operator
19 who issued it from liability to deliver, according to the terms of the receipt as originally issued,
20 the goods for which it was issued: *Provided, however,* That the warehouse operator shall be
21 excused from any other liability.
22

23 **SEC. 27. *Warehouse Operator Cannot Have Title or Right to the Possession of Goods.***
24 – A warehouse operator shall have no title or right to the possession of goods, unless such title or
25 right is derived directly or indirectly from a transfer made by the depositor at the time of, or
26 subsequent to, the deposit for storage, or from the warehouse operator's lien. A warehouse
27 operator cannot be excused from liability for refusing to deliver the goods according to the terms
28 of the receipt.
29

30 **SEC. 28. *Interpleader of Adverse Claimants.*** – If more than one person claims the title
31 or possession of the goods, the warehouse operator may, either as a defense to an action brought
32 against him, her or it for non-delivery of the goods or as an original suit, whichever is
33 appropriate, require all known claimants to interplead.
34

35 **SEC. 29. *Warehouse Operator Has Reasonable Time to Determine Validity of Claims.***
36 – If a person other than the depositor or person claiming under him, her or it has a claim
37 to the title or possession of goods, and the warehouse operator has information of such
38 claim, the warehouse operator shall be excused from liability for refusing to deliver the
39 goods, either to the depositor or person claiming under him, her or it to the adverse claimant until
40 the warehouse operator has had a reasonable time to ascertain the validity of the adverse
41 claim or to bring legal proceedings to compel claimants to interplead.
42

1 **SEC. 30. *Adverse Title is No Defense Except as Provided in This Act.*** – Except as
2 provided in this Act, no right or title of a third person shall be a defense to an action brought by
3 the depositor or person claiming under him, her or it against the warehouse operator for failure to
4 deliver the goods according to the terms of the receipt.

5
6 **SEC. 31. *Liability for Nonexistence or Misdescription of Goods.*** – A warehouse
7 operator shall be liable to the holder of a receipt for damages caused by the
8 nonexistence of the goods or by the failure of the goods to correspond with the description
9 thereof in the receipt at the time of its issue. If, however, the goods are described in a receipt
10 merely by a statement of marks or labels upon them or upon packages containing them
11 or by a statement that the goods are said to be goods of a certain kind or that the packages
12 containing the goods are said to contain goods of a certain kind or by words of like purport,
13 such statements, if true, shall not make liable the warehouse operator issuing the receipt,
14 although the goods are not of the kind which the marks or labels upon them indicate or of
15 the kind they were said to be by the depositor.

16
17 **SEC. 32. *Liability for Care of Goods.*** – A warehouse operator shall be liable for any
18 loss or injury to the goods caused by his, her or its failure to exercise such care in regard to
19 them as reasonably vigilant owner of similar goods would exercise, but the warehouse
20 operator shall not be liable, in the absence of an agreement to the contrary, for any loss or injury
21 to the goods which could not have been avoided by the exercise of such care.

22
23 **SEC. 33. *Goods Must be Kept Separate.*** – Except as provided in the following section, a
24 warehouse operator shall keep the goods so far separate from goods of other depositors and from
25 other goods of the same depositor for which a separate receipt has been issued, as to permit at all
26 times the identification and redelivery of the goods deposited.

27
28 **SEC. 34. *Fungible Goods May Be Commingled if Warehouse Operator Authorized.***
29 – If authorized by agreement or by custom, a warehouse operator may mingle fungible goods
30 with other goods of the same kind and grade. In such case, the various depositors of the mingled
31 goods shall own the entire mass in common and each depositor shall be entitled to such portion
32 thereof as the amount deposited by him, her or it bears to the whole.

33
34 **SEC. 35. *Liability of Warehouse Operator to Depositors of Commingled Goods.*** – The
35 warehouse operator shall be severally liable to each depositor for the care and redelivery of his,
36 her or its share of such mass to the same extent and under the same circumstances as if the goods
37 had been kept separate.

38
39 **SEC. 36. *Attachment or Levy upon Goods for which a Negotiable Receipt Has Been***
40 ***Issued.*** – If goods are delivered to a warehouse operator by the owner or by a person whose act
41 in conveying the title to them to a purchaser in good faith for value would bind the owner, and a
42 negotiable receipt is issued for them, they cannot thereafter, while in the possession of the

1 warehouse operator, be attached by garnishment or otherwise, or be levied upon under an
2 execution unless the receipt be first surrendered to the warehouse operator or its negotiation
3 enjoined. The warehouse operator shall, in no case, be compelled to deliver the actual possession
4 of the goods until the receipt is surrendered to the warehouse operator or impounded by the
5 court.

6 **SEC. 37. *Creditor's Remedies to Reach Negotiable Receipts.*** – A creditor whose debtor
7 is the owner of a negotiable receipt shall be entitled to such aid from courts of appropriate
8 jurisdiction, by injunction and otherwise, in attaching such receipt or in satisfying the
9 claim by means thereof as is allowed by law or in equity within the jurisdiction of the
10 Philippines in regard to property which cannot readily be attached or levied upon by ordinary
11 legal process.

12
13 **SEC. 38. *What Claims Are Included in the Warehouse Operator's Lien.*** – Subject to
14 the provisions of this Act, a warehouse operator shall have a lien on goods deposited or on the
15 proceeds thereof in his, her or its hand; for all lawful charges for storage and preservation of the
16 goods; for all lawful claims for money advanced, interest, insurance, transportation, labor,
17 weighing, cooping and other charges and expenses in relation to such goods; for all
18 reasonable charges and expenses for notice, and advertisements of sale; and for sale of the
19 goods where default had been made in satisfying the warehouse operator's lien.

20
21 **SEC. 39. *Against What Property the Warehouse Operator's Lien May be Enforced.*** –
22 Subject to the provisions of this Act, a warehouse operator's lien may be enforced:

- 23 (a) Against all goods, whenever deposited, belonging to the person who is liable as debtor
24 for the claims in regard to which the lien is asserted; and
25 (b) Against all goods belonging to others which have been deposited at any time by the
26 person who is liable as debtor for the claims in regard to which the lien is asserted if such
27 person had been so entrusted with the possession of goods that a pledge of the same by
28 him, her or it at the time of the deposit to one who took the goods in good faith for value
29 would have been valid.

30
31 **SEC. 40. *How Warehouse Operator's Lien May be Lost.*** – A warehouse operator loses
32 his, her or its lien upon goods:

- 33 (a) By surrendering possession thereof; or
34 (b) By refusing to deliver the goods when a demand is made with which the warehouse
35 operator is bound to comply under the provisions of this Act.

36
37 **SEC. 41. *Negotiable Receipts Must State Charges for Which the Lien is Claimed.*** – If a
38 negotiable receipt is issued for goods, the warehouse operator shall have no lien thereon except
39 for charges for storage of goods subsequent to the date of the receipt unless the receipt expressly
40 enumerated other charges for which a lien is claimed. In such case, there shall be a lien for the
41 charges enumerated so far as they are within the terms of Section 25 although the amount of the
42 charges so enumerated is not stated in the receipt.

1 **SEC. 42. Warehouse Operator Need Not Deliver until Lien is Satisfied.** – A warehouse
2 operator having a lien valid against the person demanding the goods may refuse to deliver the
3 goods to him, her or it until the lien is satisfied.
4

5 **SEC. 43. Warehouse Operator's Lien Does Not Preclude Other Remedies.** – Whether a
6 warehouse operator has or has not a lien upon the goods, the warehouse operator is entitled to all
7 remedies allowed by law to a creditor against a debtor for the collection from the depositor of all
8 charges and advances which the depositor has expressly or impliedly contracted with the
9 warehouseman to pay.
10

11 **SEC. 44. Satisfaction of Lien by Sale.** – A warehouse operator's lien for a claim which
12 has become due may be satisfied as follows:

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

24 In accordance with the terms of a notice so given, a sale of the goods by auction may be
25 had to satisfy any valid claim of the warehouse operator for which the warehouse operator has a
26 lien on the goods. The sale shall be had in the place where the lien was acquired, or, if such
27 place is manifestly unsuitable for the purpose of the claim specified in the notice to the depositor
28 has elapsed, and advertisement of the sale, describing the goods to be sold, and stating the name
29 of the owner or person on whose account the goods are held, and the time and place of the sale,
30 shall be published once a week for two (2) consecutive weeks in a newspaper published in the
31 place where such sale is to be held. The sale shall not be held less than fifteen (15) days from the
32 time of the first publication. If there is no newspaper published in such place, the advertisement
33 shall be posted at least ten (10) days before such sale in not less than six (6) conspicuous places
34 therein.
35

36 From the proceeds of such sale, the warehouse operator shall satisfy his, her or its lien
37 including the reasonable charges of notice, advertisement and sale. The balance, if any, of such
38 proceeds shall be held by the warehouse operator and delivered on demand to the person to
39 whom the warehouse operator would have been bound to deliver or justified in delivering goods.
40

41 At any time before the goods are so sold, any person claiming a right of property or
42 possession therein may pay the warehouse operator the amount necessary to satisfy his, her or its

1 lien and to pay the reasonable expenses and liabilities incurred in serving notices and advertising
2 and preparing for the sale up to the time of such payment. The warehouse operator shall deliver
3 the goods to the person making payment if the warehouse operator is a person entitled, under the
4 provisions of this Act, to the possession of the goods on payment of charges thereon.
5 Otherwise, the warehouse operator shall retain the possession of the goods according to the terms
6 of the original contract of deposit.

7
8 **SEC. 45. *Perishable and Hazardous Goods.*** – If goods are of a perishable nature, or by
9 keeping will deteriorate greatly in value, or, by their order, leakage, inflammability, or explosive
10 nature, will be liable to injure other property, the warehouse operator may give such notice to the
11 owner or to the person in whose names the goods are stored, as is reasonable and possible under
12 the circumstances, to satisfy the lien upon such goods and to remove them from the warehouse
13 and in the event of the failure of such person to satisfy the lien and to receive the goods within
14 the time so specified, the warehouse operator may sell the goods at public or private
15 sale without advertising. If the warehouse operator, after a reasonable effort, is unable to sell
16 such goods, the warehouse operator may dispose of them in any lawful manner and shall incur
17 no liability by reason thereof.

18
19 The proceeds of any sale made under the terms of this section shall be disposed of in the
20 same way as the proceeds of sales made under the terms of the preceding section.

21
22 **SEC. 46. *Other Methods of Enforcing Lien.*** – The remedy for enforcing a lien herein
23 provided does not preclude any other remedies allowed by law for the enforcement of a lien
24 against personal property nor bar the right to recover so much of the warehouse operator's claim
25 as shall not be paid by the proceeds of the sale of the property.

26
27 **SEC. 47. *Effect of Sale.*** – After goods have been lawfully sold to satisfy a warehouse
28 operator's lien, or have been lawfully sold or disposed of because of their perishable or
29 hazardous nature, the warehouse operator shall not thereafter be liable for failure to deliver
30 the goods to the depositor or owner of the goods or to a holder of the receipt given for the
31 goods when they were deposited, even if such receipt be negotiable.

32
33 **CHAPTER V**
34 **NEGOTIATION AND TRANSFER OF RECEIPTS**

35
36 **SEC. 48. *Negotiation of Negotiable Receipt by Indorsement.*** – A negotiable receipt may
37 be negotiated by the indorsement of the person to whose order the goods are, by the terms of the
38 receipt, deliverable. Such indorsement may be in blank, to bearer or to a specified person. If
39 indorsed to a specified person, it may be again negotiated by the indorsement of such person in
40 blank, to bearer or to another specified person. Subsequent negotiation may be made in like
41 manner.

1 **SEC. 49. *Transfer of Receipt.*** – A receipt may be transferred by the holder to a
2 purchaser or donee.

3
4 A non-negotiable receipt cannot be negotiated, and the indorsement of such a receipt
5 gives the transferee no additional right.

6
7 **SEC. 50. *Who May Negotiate a Receipt.*** – A negotiable receipt may be negotiated:

8 (a) By the owner thereof; or

9 (b) By any person to whom the constructive possession of the receipt has been entrusted by
10 the owner, if, by the terms of the receipt, the warehouse operator undertakes to deliver the
11 goods to the order of the person to whom the constructive possession of the receipt has
12 been entrusted.

13
14 **SEC. 51. *Rights of a Person to Whom a Receipt Has Been Negotiated.*** – A person to
15 whom a negotiable receipt has been duly negotiated acquires thereby:

16 (a) Such title to the goods as the person negotiating the receipt to him, her or it had or had
17 ability to convey to a purchaser in good faith for value, and also such title to the goods
18 as the depositor or person to whose order the goods were to be delivered by the
19 terms of the receipt had or had ability to convey to a purchaser in good faith for value;
20 and

21 (b) The direct obligation of the warehouse operator to hold possession of the goods for him,
22 her or it according to the terms of the receipt as fully as if the warehouse operator
23 contracted directly with him, her or it.

24
25 **SEC. 52. *Rights of Person to Whom Receipt Has Been Transferred.*** – A person to
26 whom a receipt has been transferred but not negotiated acquires thereby, as against the
27 transferor, the title of the goods subject to the terms of any agreement with the transferor.

28
29 If the receipt is non-negotiable, such person also acquires the right to notify the
30 warehouse operator of the transfer to him, her or it of such receipt and thereby to acquire the
31 direct obligation of the warehouse operator to hold possession of the goods for him, her or it
32 according to the terms of the receipt.

33
34 Prior to the notification of the warehouse operator by the transferor or transferee of a
35 non-negotiable receipt, the title of the transferee to the goods and the right to acquire the
36 obligation of the warehouse operator may be defeated by the levy of an attachment or execution
37 upon the goods by a creditor of the transferor or by a notification to the warehouse operator
38 by the transferor or a subsequent purchaser from the transferor of a subsequent sale of the goods
39 by the transferor.

40
41 **SEC. 53. *Transfer of Negotiable Receipt Without Indorsement.*** – Where a negotiable
42 receipt is transferred for value and the indorsement of the transferor is essential for negotiation,

1 the transferee acquires a right against the transferor to compel him, her or it to indorse the receipt
2 unless a contrary intention appears. The negotiation shall take effect as of the time when the
3 indorsement is actually made.

4
5 **SEC. 54. *Warranties of a Sale of Receipt.*** – A person who, for value, negotiates or
6 transfers a receipt by indorsement or delivery, including one who assigns for value a claim
7 secured by a receipt, unless a contrary intention appears, warrants:

8 (a) That the receipt is genuine;

9 (b) That the person has a legal right to negotiate or transfer it;

10 (c) That the person has knowledge of no fact which would impair the validity or worth of the
11 receipt; and

12 (d) That the person has a right to transfer the title to the goods and that the goods are
13 merchantable or fit for a particular purpose whenever such warranties would have been
14 implied, if the contract of the parties had been to transfer without a receipt of the goods
15 represented thereby.

16
17 **SEC. 55. *Indorser not Guarantor.*** – The indorsement of a receipt shall not make the
18 indorser liable for any failure on the part of the warehouseman or previous indorsers of the
19 receipt to fulfill their respective obligations.

20
21 **SEC. 56. *No Warranty Implied from Accepting Payment of a Debt.*** – A mortgagee,
22 pledgee, or holder for security of a receipt who, in good faith, demands or receives payment of
23 the debt for which such receipt is security, whether from a party to a draft drawn for such debt or
24 from any other person, shall not, by so doing, be deemed to represent or to warrant the
25 genuineness of such receipt or the quantity or quality of the goods therein described.

26
27 **SEC. 57. *When Negotiation Not Impaired by Fraud, Mistake, or Duress.*** – The
28 validity of the negotiation of a receipt is not impaired by the fact that such negotiation was a
29 breach of duty on the part of the person making the negotiation or by the fact that the owner
30 of the receipt was induced by fraud, mistake or duress or to entrust the constructive possession of
31 the receipt to such person, if the person to whom the receipt was negotiated or a person to
32 whom the receipt was subsequently negotiated paid value therefor, without notice of the
33 breach of duty, or fraud, mistake or duress.

34
35 **SEC. 58. *Subsequent Negotiation.*** – Where a person having sold, mortgaged, or pledged
36 goods which are in warehouse and for which a negotiable receipt has been issued, or having
37 sold, mortgaged, or pledged the negotiable receipt representing such goods, continues in
38 constructive possession of the negotiable receipt, the subsequent negotiation thereof by the
39 person under any sale or other disposition thereof to any person receiving the same in
40 good faith, for value and without notice of the previous sale, mortgage or pledge, shall have
41 the same effect as if the first purchaser of the goods or receipt had expressly authorized the
42 subsequent negotiation.

1 **SEC. 70. Appropriations.** – The initial funding for the implementation of this Act shall
2 be charged against the current operating budget of the SEC. Thereafter, the amount necessary for
3 its continued implementation shall be included in the annual operating budget of the SEC.
4

5 **SEC. 71. Implementing Rules and Regulations.** – Within ninety (90) days after the
6 effectivity of this Act, the SEC shall promulgate rules and regulations for the implementation of
7 this Act.
8

9 **SEC. 72. Cases Not Provided For in this Act.** – Any case not provided for in this Act
10 shall be governed by the provisions of existing legislation, or in default thereof, by the
11 established rules of commerce.
12

13 **SEC. 73. Application of this Act.** – The provisions of this Act do not apply to receipts
14 made and delivered prior to the taking effect hereof.
15

16 **SEC. 74. Separability Clause.** – If any provision of this Act is declared invalid or
17 unconstitutional, the other provisions hereof which are not affected thereby shall continue to be
18 in full force and effect.
19

20 **SEC. 75. Repealing Clause.** – Act No. 2137, otherwise known as the Warehouse
21 Receipts Law, is hereby repealed. Any law, presidential decree or issuance, executive order,
22 letter of instruction, administrative order, rule or regulation contrary to or inconsistent with any
23 provision of this Act is hereby repealed or modified accordingly.
24

25 **SEC. 76. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in
26 the *Official Gazette* or in a newspaper of general circulation.
27

28 Approved,