



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



**TWEENTIETH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 2310**

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Introduced by **Representative MA. VICTORIA CO-PILAR**

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#### **EXPLANATORY NOTE**

The warehouse receipt is an essential instrument in the commerce of goods. It serves as proof of ownership, facilitates the transfer of title, and supports credit and financing transactions. The current law governing warehouse receipts in the Philippines is Act No. 2137, enacted in 1912 – more than a century ago. While it was a pioneering measure during its time, the evolution of commerce, technology, and logistics has rendered many of its provisions outdated and inadequate to address the complex realities of modern trade and supply chains.

The Revised Warehouse Receipts Law of the Philippines seeks to modernize and harmonize our legal framework on warehouse receipts with international best practices, enhance transparency and accountability in warehousing operations, and facilitate the use of warehouse receipts as negotiable instruments in financial and commercial transactions.

Specifically, the bill aims to:

- Clearly define and classify warehouse receipts into negotiable and non-negotiable receipts, incorporating safeguards to protect the rights of depositors, holders, and warehouse operators;
- Recognize and regulate electronic warehouse receipts (EWRs) to promote digitalization and reduce transaction costs and inefficiencies;
- Establish standards for licensed warehouses and warehouse operators, including registration, insurance, and inspection mechanisms;
- Provide a clear legal framework for the transfer, negotiation, and enforcement of rights under warehouse receipts to improve access to credit, particularly for small and medium enterprises (SMEs) and agricultural producers;

- Introduce penalties and remedies for fraudulent, negligent, or abusive practices by warehouse operators or other parties;
- Strengthen the role of regulatory agencies such as the Department of Trade and Industry (DTI) or other designated authorities in the supervision of warehousing activities.

By updating our century-old law, this measure will contribute to the development of a more efficient, transparent, and secure warehousing system. It will also help unlock the potential of warehouse receipts as tools for inventory financing and trade facilitation—critical for supporting farmers, cooperatives, traders, manufacturers, and exporters.

In the 19th Congress, this bill was authored by Representative Jurdin Jesus M. Romualdo and was approved on third and final reading.

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

A handwritten signature in black ink, appearing to read "Jurdin J. Romualdo". The signature is stylized and written in a cursive-like font.



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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:*

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

3

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

9

10           **Sec 3. Definition of Terms.** - As used in this Act:

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

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

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

- 1 (d) *Electronic* warehouse receipt refers to a warehouse receipt in electronic  
2 or digital form;
- 3 (e) *Goods* refer to chattel or merchandise in storage or which have been or  
4 are about to be stored;
- 5 (f) *Good faith* refers to an abstract or comprehensive term that  
6 encompasses a sincere belief or motive without any malice or the desire  
7 to defraud others, whether it be done negligently or not;
- 8 (g) *Guarantee* refers to a guarantee specifically issued by the Philippine  
9 Guarantee Corporation;
- 10 (h) *Holder of a receipt* refers to a person who has both constructive  
11 possession of such receipt and a right of property therein;
- 12 (i) *Insurance* refers to any form of insurance, whether obtained from a  
13 public or private entity, within the meaning of the Insurance Code of  
14 the Philippines;
- 15 (j) *Modern* refers to the adaptation and utilization of modern technology,  
16 including Blockchain technology;
- 17 (k) *Negotiable receipt* refers to a receipt in which it is stated that the goods  
18 received will be delivered to the bearer or to the order of any person  
19 named in such receipt;
- 20 (l) *Non-Negotiable Receipt* refers to a receipt in which it is stated that the  
21 goods received will be delivered to the depositor or to any other  
22 specified person;
- 23 (m) *Order* refers to an order by indorsement on the receipt;
- 24 (n) *Owner* refers to one who has the right of possession of a warehouse  
25 receipt but does not include a mortgagee;
- 26 (o) *Person* refers to both natural and juridical persons;
- 27 (p) *Purchase* refers to the act of acquiring a warehouse receipt in the form  
28 of mortgage or pledge;
- 29 (q) *Registry* refers to the Electronic Warehouse Receipts Registry;
- 30 (r) *Release order* refers to a written instrument issued by the owner of a  
31 receipt directing a warehouse operator to release his goods to a specific  
32 person;
- 33 (s) *Value* refers to any consideration sufficient to support a simple contract.  
34 An antecedent or pre-existing obligation, whether for money or not,

1 constitutes value where a receipt is taken either in satisfaction  
2 thereof or as security therefor;

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

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

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

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

13

14 **Sec 4. *Person Who May Issue Receipts.*** – Warehouse receipts may only be  
15 issued by a duly accredited warehouse operator

16

17 **Sec 5. *Form of Receipts.*** – Every warehouse receipt must contain the  
18 following information:

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

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

21 (c) Consecutive number of the receipt;

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

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

26 (f) Rate of storage charges;

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

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

30 (i) Fact of ownership if the receipt is issued for goods of which the  
31 warehouse operator is owner, either solely, jointly, or in common with  
32 others; and

33 (j) Statement of the amount of advances made and of liabilities  
34 incurred for which the warehouse operator claims a lien. If the precise  
35 amount of such advances made or of such liabilities incurred is, at the

1 time of the issue of receipt, unknown to the warehouse operator or to  
2 the agent who issues it, a statement of the fact that advances have been  
3 made or liabilities incurred and the purpose thereof is sufficient.

4 A warehouse operator shall be liable to any person injured thereby for all  
5 damages caused by the omission from a warehouse receipt of any of th terms  
6 herein required.

7

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

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

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

15

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

18

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

23

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

26

## 27 CHAPTER II

### 28 ELECTRONIC WAREHOUSE RECEIPTS REGISTRY

29

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

1 warehouse receipts. The SEC is likewise authorized to engage the services of  
2 third parties in creating and maintaining the Registry.

3  
4 **Sec 9. Local Sub-Registry.** - In addition to the Registry created and  
5 maintained by the SEC, all warehouses must establish and maintain a Sub-  
6 Registry specifically for goods deposited therein. Failure of a warehouse to  
7 keep a Sub-Registry in the warehouse, as well as any fraud committed thereon,  
8 shall be grounds for the revocation of a warehouse's accreditation.

9  
10 **Sec 10. Transferability of Receipts.** - All warehouse receipts, regardless of  
11 what is stated upon their face, are transferable at the option of the holder.

12  
13 **Sect 11. Collateralization of Receipts.** - All warehouse receipts, regardless  
14 of what is stated upon their face, may be collateralized in accordance with  
15 Republic Act No. 11057, otherwise known as the Personal Property Security Act.

16  
17 **Sec 12. Guarantee on All Warehouse Receipts Securing Financial**  
18 **Obligations.** - Upon the establishment and operationalization of the Registry, the  
19 Philippine Guarantee Corporation (PhilGuarantee), in accordance with its  
20 consolidate mandate under Executive Order No. 58, Series of 2018, and to the  
21 extent allowed by the provisions of applicable laws, may provide guarantee on  
22 eligible loans secured by warehouse receipts or the goods evidenced thereby.

23  
24 **CHAPTER III**  
25 **ACCREDITATION**

26  
27 **Sec 13. Role of the SEC.** - The SEC shall be the primary regulatory body in  
28 charge of all matters related to warehouse receipts, including accreditation of  
29 warehouse operators and warehouses. While the SEC may consult with other  
30 regulatory bodies including the Department of Trade and Industry, the  
31 Department of Finance, and the Department of Agriculture, warehousing experts,  
32 and other organizations that are representatives of a particular sector, the SEC  
33 shall, at all times, be the lead agency in ensuring the successful implementation of  
34 this Act: Provided, That the regulatory bodies, warehousing experts, and other

1 organization representative of a particular sector shall only be consulted on  
2 goods, crops, and practices they are familiar with.

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4 **SEC. 14. *Warehousing Experts.*** – The SEC is authorized to issue rules and  
5 regulations in order to determine who shall qualify as warehousing experts.  
6 Warehousing experts must be persons knowledgeable and with actual experience  
7 in operating and maintaining warehouses in accordance with globally accepted  
8 best practices in warehousing.

9  
10 **SEC. 15. *Functions and Responsibilities of the SEC as Accrediting Agency.***  
11 – As the accrediting entity, the SEC shall have the following functions and  
12 responsibilities:

- 13  
14 (a) Institute and operationalize a system of accreditation for warehouse  
15 operators: *Provided*, That the criteria for accreditation shall include sound  
16 and measurable standards relating to the ability and capacity to handle the  
17 storage of goods and the maintenance of the Sub-Registry;
- 18 (b) Issue a certificate of accreditation to qualified warehouse operators and  
19 warehouses upon determination that the requirements and criteria set for  
20 this purpose have been fully satisfied: *Provided*, That the certificate of  
21 accreditation shall be valid only for such period as may be prescribed under  
22 the implementing rules and regulations of this Act;
- 23 (c) Monitor the performance of warehouse operators to ensure continuing  
24 compliance with the provisions of this Act and its implementing rules  
25 and regulations;
- 26 (d) Suspend or revoke any certificate of accreditation upon due determination  
27 that a warehouse operator no longer meets the criteria for accreditation;
- 28 (e) Require regular submission of reports by warehouse operators;
- 29 (f) Collect reasonable accreditation and monitoring fees from warehouse  
30 operators which shall be used for operational requirements;
- 31 (g) Submit an annual report to the President of the Philippines and the  
32 concerned committees of both Houses of Congress of the Philippines; and
- 33 (h) Perform such other functions as may be necessary to accomplish the  
34 purposes and objectives of this Act in relation to warehouse operators and  
35 warehouses.

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

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

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

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

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



1 information that the delivery about to be made was to one who is not lawfully  
2 entitled to the possession of the goods.

3

4 **SEC. 24. *Negotiable Receipt Must be Cancelled for Complete Delivery of Goods.***

5 - Except as otherwise provided in this Act, a warehouse operator must cancel a  
6 negotiable receipt once the goods are completely delivered. Failing to do so, the  
7 warehouse operator shall be liable to any person who purchases in good faith such  
8 receipt for failure to deliver the goods to the purchaser, whether the purchaser  
9 acquired title to the receipt before or after the delivery of the goods by the  
10 warehouse operator.

11 **SEC. 25. *Negotiable Receipts Must be Marked for Partial Delivery of Goods.*** -

12 Except as otherwise provided in this Act, a warehouse operator must mark a  
13 negotiable receipt when only a part of the goods are delivered. Failing to do so, the  
14 warehouse operator shall be liable to anyone who purchases in good faith such  
15 receipt, whether such purchaser acquired title to the receipt before or after the  
16 delivery of any portion of the goods by the warehouse operator.

17

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

- 20 (a) Immaterial;  
21 (b) Authorized; or  
22 (c) Made without fraudulent intent.

23

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

28

29 Material and fraudulent alteration of a receipt shall not excuse the warehouse  
30 operator who issued it from liability to deliver, according to the terms of the receipt  
31 as originally issued, the goods for which it was issued: Provided, however,  
32 That the warehouse operator shall be excused from any other liability.

33

34 **SEC. 27. *Warehouse Operator Cannot Have Title or Right to the Possession of***  
35 ***Goods.*** - A warehouse operator shall have no title or right to the possession of

1 goods, unless such title or right is derived directly or indirectly from a transfer made  
2 by the depositor at the time of, or subsequent to, the deposit for storage, or from the  
3 warehouse operator's lien. A warehouse operator cannot be excused from liability  
4 for refusing to deliver the goods according to the terms of the receipt.

5  
6 **SEC. 28. *Interpleader of Adverse Claimants.*** – If more than one person claims  
7 the title or possession of the goods, the warehouse operator may, either as a defense  
8 to an action brought against him, her or it for non-delivery of the goods or as an  
9 original suit, whichever is appropriate, require all known claimants to interplead.

10  
11 **SEC. 29. *Warehouse Operator Has Reasonable Time to Determine Validity of***  
12 ***Claims.*** – If a person other than the depositor or person claiming under him, her or  
13 it has a claim to the title or possession of goods, and the warehouse operator has  
14 information of such claim, the warehouse operator shall be excused from liability  
15 for refusing to deliver the goods, either to the depositor or person claiming under  
16 him, her or it to the adverse claimant until the warehouse operator has had a  
17 reasonable time to ascertain the validity of the adverse claim or to bring legal  
18 proceedings to compel claimants to interplead.

19  
20 **SEC. 30. *Adverse Title is No Defense Except as Provided in This Act.*** – Except as  
21 provided in this Act, no right or title of a third person shall be a defense to an action  
22 brought by the depositor or person claiming under him, her or it against the  
23 warehouse operator for failure to deliver the goods according to the terms of the  
24 receipt.

25  
26 **SEC. 31. *Liability for Nonexistence or Misdescription of Goods.*** – A warehouse  
27 operator shall be liable to the holder of a receipt for damages caused by the  
28 nonexistence of the goods or by the failure of the goods to correspond with the  
29 description thereof in the receipt at the time of its issue. If, however, the goods are  
30 described in a receipt merely by a statement of marks or labels upon them or upon  
31 packages containing them or by a statement that the goods are said to be goods of a  
32 certain kind or that the packages containing the goods are said to contain goods of  
33 a certain kind or by words of like purport, such statements, if true, shall not make  
34 liable the warehouse operator issuing the receipt, although the goods are not of the

1 kind which the marks or labels upon them indicate or of the kind they were said to  
2 be by the depositor.

3  
4 **SEC. 32. *Liability for Care of Goods.*** – A warehouse operator shall be liable for  
5 any loss or injury to the goods caused by his, her or its failure to exercise such care  
6 in regard to them as reasonably vigilant owner of similar goods would exercise, but  
7 the warehouse operator shall not be liable, in the absence of an agreement to the  
8 contrary, for any loss or injury to the goods which could not have been avoided by  
9 the exercise of such care.

10  
11 **SEC. 33. *Goods Must be Kept Separate.*** – Except as provided in the following  
12 section, a warehouse operator shall keep the goods so far separate from goods of  
13 other depositors and from other goods of the same depositor for which a separate  
14 receipt has been issued, as to permit at all times the identification and redelivery of  
15 the goods deposited.

16  
17 **SEC. 34. *Fungible Goods May Be Commingled if Warehouse Operator***  
18 ***Authorized.*** – If authorized by agreement or by custom, a warehouse operator may  
19 mingle fungible goods with other goods of the same kind and grade. In such case,  
20 the various depositors of the mingled goods shall own the entire mass in common  
21 and each depositor shall be entitled to such portion thereof as the amount deposited  
22 by him, her or it bears to the whole.

23  
24 **SEC. 35. *Liability of Warehouse Operator to Depositors of Commingled Goods***  
25 ***.-*** The warehouse operator shall be severally liable to each depositor for the care and  
26 redelivery of his, her or its share of such mass to the same extent and under the same  
27 circumstances as if the goods had been kept separate.

28  
29 **SEC. 36. *Attachment or Levy upon Goods for which a Negotiable Receipt Has***  
30 ***Been Issued.*** – If goods are delivered to a warehouse operator by the owner or by a  
31 person whose act in conveying the title to them to a purchaser in good faith for value  
32 would bind the owner, and a negotiable receipt is issued for them, they cannot  
33 thereafter, while in the possession of the warehouse operator, be attached by  
34 garnishment or otherwise, or be levied upon under an execution unless the receipt  
35 be first surrendered to the warehouse operator or its negotiation enjoined. The

1 warehouse operator shall, in no case, be compelled to deliver the actual possession  
2 of the goods until the receipt is surrendered to the warehouse operator or  
3 impounded by the court.

4  
5 **SEC. 37. *Creditor's Remedies to Reach Negotiable Receipts.*** – A creditor whose  
6 debtor is the owner of a negotiable receipt shall be entitled to such aid from courts  
7 of appropriate jurisdiction, by injunction and otherwise, in attaching such receipt or  
8 in satisfying the claim by means thereof as is allowed by law or in equity within the  
9 jurisdiction of the Philippines in regard to property which cannot readily be  
10 attached or levied upon by ordinary legal process.

11  
12 **SEC. 38. *What Claims Are Included in the Warehouse Operator's Lien.*** – Subject  
13 to the provisions of this Act, a warehouse operator shall have a lien on goods  
14 deposited or on the proceeds thereof in his, her or its hand; for all lawful charges  
15 for storage and preservation of the goods; for all lawful claims for money advanced,  
16 interest, insurance, transportation, labor, weighing, cooperating and other charges  
17 and expenses in relation to such goods; for all reasonable charges and expenses for  
18 notice, and advertisements of sale; and for sale of the goods where default had been  
19 made in satisfying the warehouse operator's lien.

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

24 (a) Against all goods, whenever deposited, belonging to the person who is liable  
25 as debtor for the claims in regard to which the lien is asserted; and

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

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

34 (a) By surrendering possession thereof; or

1 (b) By refusing to deliver the goods when a demand is made with which the  
2 warehouse operator is bound to comply under the provisions of this Act.

3  
4 **SEC. 41. *Negotiable Receipts Must State Charges for Which the Lien is***  
5 ***Claimed.*** – If a negotiable receipt is issued for goods, the warehouse operator shall  
6 have no lien thereon except for charges for storage of goods subsequent to the date  
7 of the receipt unless the receipt expressly enumerated other charges for which a lien  
8 is claimed. In such case, there shall be a lien for the charges enumerated so far as  
9 they are within the terms of Section 25 although the amount of the charges so  
10 enumerated is not stated in the receipt.

11  
12 **SEC. 42. *Warehouse Operator Need Not Deliver until Lien is Satisfied.*** – A  
13 warehouse operator having a lien valid against the person demanding the goods  
14 may refuse to deliver the goods to him, her or it until the lien is satisfied.

15  
16 **SEC. 43. *Warehouse Operator's Lien Does Not Preclude Other Remedies.*** –  
17 Whether a warehouse operator has or has not a lien upon the goods, the warehouse  
18 operator is entitled to all remedies allowed by law to a creditor against a debtor for  
19 the collection from the depositor of all charges and advances which the depositor  
20 has expressly or impliedly contracted with the warehouseman to pay.

21  
22 **SEC. 44. *Satisfaction of Lien by Sale.*** – A warehouse operator's lien for a claim  
23 which has become due may be satisfied as follows:

- 24 (a) An itemized statement of the warehouse operator's claim, showing the  
25 sum due at the time of the notice and the date or dates when it becomes  
26 due;
- 27 (b) A brief description of the goods against which the lien exists;
- 28 (c) A demand that the amount of the claim as stated in the notice of such  
29 further claim as shall accrue, shall be paid on or before a day mentioned,  
30 not less than ten (10) days from the delivery of the notice if it is personally  
31 delivered, or from the time when the notice shall reach its destination,  
32 according to the due course of post, if the notice is sent by mail; and
- 33 (d) A statement that unless the claim is paid within the time specified, the  
34 goods will be advertised for sale and sold by auction at a specified time  
35 and place.

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

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

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

**SEC. 45. Perishable and Hazardous Goods.** – If goods are of a perishable nature, or by keeping will deteriorate greatly in value, or, by their order, leakage, inflammability, or explosive nature, will be liable to injure other property, the warehouse operator may give such notice to the owner or to the person in whose names the goods are stored, as is reasonable and possible under the circumstances,

1 to satisfy the lien upon such goods and to remove them from the warehouse and in  
2 the event of the failure of such person to satisfy the lien and to receive the goods  
3 within the time so specified, the warehouse operator may sell the goods at public  
4 or private sale without advertising. If the warehouse operator, after a  
5 reasonable effort, is unable to sell such goods, the warehouse operator may  
6 dispose of them in any lawful manner and shall incur no liability by reason thereof.  
7

8 The proceeds of any sale made under the terms of this section shall be disposed  
9 of in the same way as the proceeds of sales made under the terms of the preceding  
10 section.  
11

12 **SEC. 46. *Other Methods of Enforcing Lien.*** – The remedy for enforcing a lien  
13 herein provided does not preclude any other remedies allowed by law for the  
14 enforcement of a lien against personal property nor bar the right to recover so much  
15 of the warehouse operator’s claim as shall not be paid by the proceeds of the sale of  
16 the property.  
17

18 **SEC. 47. *Effect of Sale.*** – After goods have been lawfully sold to satisfy a  
19 warehouse operator’s lien, or have been lawfully sold or disposed of because of their  
20 perishable or hazardous nature, the warehouse operator shall not thereafter be liable  
21 for failure to deliver the goods to the depositor or owner of the goods or to a holder  
22 of the receipt given for the goods when they were deposited, even if such receipt be  
23 negotiable.  
24

## 25 CHAPTER V

### 26 NEGOTIATION AND TRANSFER OF RECEIPTS

27  
28 **SEC. 48. *Negotiation of Negotiable Receipt by Indorsement.*** – A negotiable  
29 receipt may be negotiated by the indorsement of the person to whose order the  
30 goods are, by the terms of the receipt, deliverable. Such indorsement may be in  
31 blank, to bearer or to a specified person. If indorsed to a specified person, it may be  
32 again negotiated by the indorsement of such person in blank, to bearer or to another  
33 specified person. Subsequent negotiation may be made in like manner.  
34

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

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

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

9           (a) By the owner thereof; or

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

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

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

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

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

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

35

1 Prior to the notification of the warehouse operator by the transferor or  
2 transferee of a non-negotiable receipt, the title of the transferee to the goods and the  
3 right to acquire the obligation of the warehouse operator may be defeated by the  
4 levy of an attachment or execution upon the goods by a creditor of the transferor or  
5 by a notification to the warehouse operator by the transferor or a subsequent  
6 purchaser from the transferor of a subsequent sale of the goods by the transferor.

7  
8 **SEC. 53. *Transfer of Negotiable Receipt Without Indorsement.*** - Where  
9 a negotiable receipt is transferred for value and the indorsement of the transferor is  
10 essential for negotiation, the transferee acquires a right against the transferor to  
11 compel him, her or it to indorse the receipt unless a contrary intention appears. The  
12 negotiation shall take effect as of the time when the indorsement is actually made.

13  
14 **SEC. 54. *Warranties of a Sale of Receipt.*** - A person who, for value,  
15 negotiates or transfers a receipt by indorsement or delivery, including one who  
16 assigns for value a claim secured by a receipt, unless a contrary intention appears,  
17 warrants:

- 18 (a) That the receipt is genuine;  
19 (b) That the person has a legal right to negotiate or transfer it;  
20 (c) That the person has knowledge of no fact which would impair the  
21 validity or worth of the receipt; and  
22 (d) That the person has a right to transfer the title to the goods and that the  
23 goods are merchantable or fit for a particular purpose whenever such  
24 warranties would have been implied, if the contract of the parties had  
25 been to transfer without a receipt of the goods represented thereby.

26  
27 **SEC. 55. *Indorser not Guarantor.*** - The indorsement of a receipt shall not  
28 make the indorser liable for any failure on the part of the warehouseman or  
29 previous indorsers of the receipt to fulfill their respective obligations.

30  
31 **SEC. 56. *No Warranty Implied from Accepting Payment of a Debt.*** -  
32 A mortgagee, pledgee, or holder for security of a receipt who, in good faith,  
33 demands or receives payment of the debt for which such receipt is security, whether  
34 from a party to a draft drawn for such debt or from any other person, shall not, by

1 so doing, be deemed to represent or to warrant the genuineness of such receipt or  
2 the quantity or quality of the goods therein described.

3  
4 **SEC. 57. *When Negotiation Not Impaired by Fraud, Mistake, or Duress.* –**

5 The validity of the negotiation of a receipt is not impaired by the fact that such  
6 negotiation was a breach of duty on the part of the person making the negotiation  
7 or by the fact that the owner of the receipt was induced by fraud, mistake or duress  
8 or to entrust the constructive possession of the receipt to such person, if the person  
9 to whom the receipt was negotiated or a person to whom the receipt was  
10 subsequently negotiated paid value therefor, without notice of the breach of duty,  
11 or fraud, mistake or duress.

12  
13 **SEC. 58. *Subsequent Negotiation.* –** Where a person having sold, mortgaged,

14 or pledged goods which are in warehouse and for which a negotiable receipt has  
15 been issued, or having sold, mortgaged, or pledged the negotiable receipt  
16 representing such goods, continues in constructive possession of the negotiable  
17 receipt, the subsequent negotiation thereof by the person under any sale or other  
18 disposition thereof to any person receiving the same in good faith, for value and  
19 without notice of the previous sale, mortgage or pledge, shall have the same effect  
20 as if the first purchaser of the goods or receipt had expressly authorized the  
21 subsequent negotiation.

22 **SEC. 59. *Negotiation Defeats Vendor's Lien.* –** Where a negotiable receipt has

23 been issued for goods, no seller's lien or right of stoppage in *transitu* shall defeat the  
24 rights of any purchaser for value in good faith to whom such receipt has been  
25 negotiated, whether such negotiation be prior or subsequent to the notification to  
26 the warehouse operator who issued such receipt of the seller's claim to a lien or right  
27 of stoppage in *transitu*. Nor shall the warehouse operator be obliged to deliver or  
28 justified in delivering the goods to an unpaid seller unless the receipt is first  
29 surrendered for cancellation.

30  
31 **CHAPTER VI**

32 **CRIMINAL OFFENSES**

33  
34 **SEC. 60. *Issuance of Receipt for Goods Not Received.* –** A warehouse

35 operator or his, her or its agent, officer, or employee who issues or aids in the

1 issuance of a warehouse receipt, knowing that the goods mentioned therein are not  
2 actually in his, her or its custody, shall be punished by imprisonment of ten (10)  
3 years, or a fine equal to triple the value of the goods involved, or both, at the  
4 discretion of the court, and the accreditation of the warehouse operator shall  
5 likewise be revoked.

6  
7 **SEC. 61. *Issuance of Receipt Containing False Statement.*** – A warehouse  
8 operator or his, her or its agent, officer, or employee who fraudulently issues or aids  
9 in fraudulent issuance of a warehouse receipt for goods, knowing that it contains a  
10 false statement, shall be punished by imprisonment of ten (10) years, or a fine equal  
11 to triple the value of the goods involved, or both, at the discretion of the court, and  
12 the accreditation of the warehouse operator shall likewise be revoked.

13  
14 **SEC. 62. *Creation of Fraudulent Duplicate Receipt.*** – A warehouse operator  
15 or his, her or its agent, officer, or employee who issues or aids in issuing a second  
16 electronic warehouse receipt for goods, knowing that there is an existing prior  
17 electronic warehouse receipt for the same goods or any part of them, shall be  
18 punished by imprisonment of ten (10) years, or a fine equal to triple the value of the  
19 goods involved, or both, at the discretion of the court, and the accreditation of the  
20 warehouse operator shall likewise be revoked. This provision shall not be applicable  
21 if the issuance of a subsequent warehouse receipt was made on the basis of an order  
22 issued by a court of competent jurisdiction.

23 **SEC. 63. *Issue for Warehouse Operator's Goods or Receipts Which Do Not***  
24 ***State That Fact.*** – Where goods are deposited with or held by a warehouse operator  
25 of which the warehouse operator is owner, either solely or jointly or in common  
26 with others, such warehouse operator, or any of his, her or its agents, officers, or  
27 employees who, knowing this ownership, issues or aids in issuing a negotiable  
28 receipt for such goods which does not state such ownership, shall be punished by  
29 imprisonment of ten (10) years, or a fine equal to triple the value of the goods  
30 involved, or both, at the discretion of the court, and the accreditation of the  
31 warehouse operator shall likewise be revoked.

32  
33 **SEC. 64. *Delivery of Goods Without Obtaining Negotiable Receipt.*** – A  
34 warehouse operator or his, her or its agent, officer, or employee that delivers goods  
35 out of the possession of such warehouse operator, knowing that a negotiable receipt,

1 the negotiation of which would transfer the right to the possession of such goods  
2 is outstanding and uncanceled, without obtaining the constructive possession  
3 of such receipt at or before the time of such delivery, except as otherwise authorized  
4 in this Act, shall be punished by imprisonment of ten (10) years, or a fine equal to  
5 triple the value of the goods involved, or both, at the discretion of the court, and the  
6 accreditation of the warehouse operator shall likewise be revoked.

7  
8 **SEC. 65. *Negotiation of Receipt for Mortgaged Goods.*** - Any person  
9 who deposits goods which the person has no title, or upon which there is a lien or  
10 mortgage, and who takes for such goods a negotiable receipt which was afterwards  
11 negotiated for value with intent to deceive and without disclosing the want of title  
12 or the existence of the lien or mortgage, shall be punished by imprisonment of ten  
13 (10) years, or a fine equal to triple the value of the goods involved, or both, at the  
14 discretion of the court.

15  
16 **SEC. 66. *Unlawful Release of Goods Covered by Warehouse Receipt.*** - A  
17 warehouse operator or his, her or its agent, officer, or employee that releases,  
18 without any legal basis, any goods covered by an electronic warehouse receipt shall  
19 be punished by imprisonment of ten (10) years, or a fine equal to triple the value of  
20 the goods involved, or both, at the discretion of the court, and the accreditation of  
21 the warehouse operator shall likewise be revoked.

22  
23  
24 **CHAPTER VII**  
25 **FINAL PROVISIONS**

26  
27 **SEC. 67. *Inter-Connected Registry Information.*** - Where feasible, the SEC  
28 shall coordinate with other government agencies in order to link up the Registry  
29 provided under this Act with other registries.

30  
31 **SEC. 68. *Public Information.*** - All entries in the Registry of electronic  
32 warehouse receipts shall be available to the public. Likewise, the list of accredited  
33 warehouse operators, as well as the list of warehouse operators whose accreditation  
34 have been revoked, shall be available to the public. The SEC shall formulate the

1 guidelines to facilitate the orderly and expedient access to such information by  
2 the public, in accordance with existing standards under Philippine laws.

3  
4 **SEC. 69. *Dispute Resolution.*** – Except in cases specifically placed under the  
5 jurisdiction of the SEC under this Act, as well as cases where the electronic  
6 warehouse receipt includes a valid arbitration clause, all actions arising from this  
7 Act shall fall under the jurisdiction of the Regional Trial Courts.

8  
9 **SEC. 70. *Appropriations.*** – The initial funding for the implementation of this  
10 Act shall be charged against the current operating budget of the SEC. Thereafter, the  
11 amount necessary for its continued implementation shall be included in the annual  
12 operating budget of the SEC.

13  
14 **SEC. 71. *Implementing Rules and Regulations.*** – Within ninety (90) days  
15 after the effectivity of this Act, the SEC shall promulgate rules and regulations for  
16 the implementation of this Act.

17  
18 **SEC. 72. *Cases Not Provided For in this Act.*** – Any case not provided for in  
19 this Act shall be governed by the provisions of existing legislation, or in default  
20 thereof, by the established rules of commerce.

21  
22 **SEC. 73. *Application of this Act.*** – The provisions of this Act do not apply to  
23 receipts made and delivered prior to the taking effect hereof.

24  
25 **SEC. 74. *Separability Clause.*** – If any provision of this Act is declared invalid  
26 or unconstitutional, the other provisions hereof which are not affected thereby  
27 shall continue to be in full force and effect.

28  
29 **SEC. 75. *Repealing Clause.*** – Act No. 2137, otherwise known as the  
30 Warehouse Receipts Law, is hereby repealed. Any law, presidential decree or  
31 issuance, executive order, letter of instruction, administrative order, rule or  
32 regulation contrary to or inconsistent with any provision of this Act is hereby  
33 repealed or modified accordingly.

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

3

4 *Approved,*