SECOND AMENDMENTS TO THE RULES AND REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 7742

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Pursuant To Section 5 Of Republic Act 7742, The Hdmf Board Of Trustees During Its Special Board Meeting Held On October 24, 1996 Resolved, Under Board Resolution No. 1208, Series Of 1996, To Amend And Modify The Rules And Regulations Implementing The Aforesaid Law As Follows:

Section 1 of the Amendments to the Rules and Regulations Implementing R.A. 7742 is further amended to read as follows:

RULE III

Definition of Terms

> "SECTION 1. Definition of Terms —
>
> "The following terms shall mean:
>
> "a. xxx
>
> "b. xxx
>
> xxx
>
> "t. xxx
>
> "u. Distressed Employer — an employer who suffered at least twenty-five (25%) percent capital impairment for the past taxable year as evidenced by its Audited Financial Statement;
>
> "v. Waiver of Coverage — temporary exclusion from coverage under the Fund of an employer who is not yet registered with the Fund;
>
> "w. Suspension of Coverage — temporary exclusion from coverage under the Fund of an employer who is already registered with the Fund."

Section 2 of the Amendments to the Rules and Regulations Implementing R.A. 7742 is further amended to read as follows:

RULE VII

Waiver or Suspension

> "SECTION 1. Waivers or suspension of coverage are not allowed, except in the case of distressed employers.
>
> "SECTION 2. xxx
>
> "SECTION 3. Effects of Waiver or Suspension - Distressed Employer — Waiver or Suspension granted to an employer under Section 2 of this Rule shall likewise apply to all his employees; Provided that such employee-members are not member-borrowers of the Fund. A member-borrower shall continue to pay and

> remit to the Fund his monthly contributions to be shouldered by him. A member-saver, on the other hand, may opt to remain in good standing by remitting to the Fund his monthly contributions with or without employer contributions. Notwithstanding the certificate of waiver or suspension of coverage granted to the employer, it is still the obligation of the employer to service this type of employee-members by deducting through salary deduction and remitting to the Fund the contributions required therein."
>
> "SECTION 4. Processing of Applications — The President of the Fund shall issue the rules or procedures that shall govern the filing, receipt, requirements, processing and actions on applications of waiver or suspension mentioned in the preceding sections of this Rule. Application for waiver or suspension shall be made in such forms as may be prescribed by the President of the Fund.
>
> Notwithstanding the filing of an application for waiver or suspension, mandatory coverage shall remain in full force and effect until the same is expressly waived or suspended by the President of the Fund."
>
> "SECTION 5. Decision of the President of the Fund — The decision or resolution of the President of the Fund on application for waiver or suspension shall unless appealed to the Board of Trustees, become final and unappealable after the lapse of thirty (30) days from receipt of notice by the applicant and/or aggrieved party. The decision of the Board of Trustees shall, unless appealed to a competent court, become final and unappealable after fifteen (15) days from notice of such decision."

SECTION 3. Repealing Clause — All policies, guidelines, rules and regulations, or any part thereof which are in conflict or inconsistent with the provisions and/or purpose of these amendments are repealed, amended or modified accordingly.

Section 4 of the Amendment to the Rules and Regulations Implementing R.A. 7742 is amended to read as follows:

> "SECTION 4. Effectivity — These amendments to the Rules and Regulations Implementing Presidential Decree No. 1752 as amended by Executive Order No. 35 and Republic Act No. 7742 shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation and provided further that a copy thereof is filed with the Office of the National Administrative Register, University of the Philippines Law Center conformably with Section 3, Chapter 2, Book VII of the Administrative Code."

Attested By:

(SGD.) ATTY. WILFREDO E. NUESA
Corporate Secretary

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