NO FOREIGN EQUITY FOR CUSTOMS BROKERS

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Attached is the letter dated December 8, 1999 of Chairman Perfecto R. Yasay, Jr., Securities And Exchange Commission informing that the Third Regular Foreign Investment Negative List issued under Executive Order No. 11 dated August 1, 1998 limits under its List A(2)(g) customs brokerage to Filipino citizens only. Corporations and partnerships engaged in said business should not have any foreign equity.

To fully ensure that the above-mentioned law is complied, the SEC suggests that applicants for customs broker/brokerage license be required to submit a Certification from the Commission that they do not have any foreign equity.

For your information and guidance.

Adopted: 21 Jan. 2000

(SGD.) JULITA S. MANAHAN
Deputy Commissioner Internal Administration Group

December 8, 1999

Commissioner Nelson Tan
Bureau of Customs
Port Area, Manila

Dear Commissioner Tan:

The Securities and Exchange Commission regularly monitors compliance of corporations and partnerships with the required equity investment of foreigners under the Foreign Investments Act of 1991 (RA 7042, as amended by RA 8179).

The Third Regular Foreign Investment Negative List issued under Executive Order No. 11 dated August 1,1998 limits under its List A(2)(g) custom brokerage to Filipino citizens only. Corporation and partnerships engaged in said business should not have any foreign equity.

To fully ensure that the abovementioned law is complied with, we suggest that applicants for custom's broker/brokerage license be required to submit a Certification from our Commission that they do not have any foreign equity. Please be informed that the articles of incorporation or any amendment thereto does not indicate the change of shareholdings or stockholders of the corporation.

We hope that this recommendation shall merit your favorable consideration.

Very truly yours,

PERFECTO R. YASAY, JR.
Chairman

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ATTACHMENT

August 11, 1998 October 24, 1998

EXECUTIVE ORDER NO. 11

APPROVING THE THIRD REGULAR FOREIGN INVESTMENTS NEGATIVE LIST

WHEREAS, Republic Act 8179, which amends RA 7042 also known as the Foreign Investments Act of 1991, provides the formulation of a Regular Foreign Investments Negative List covering the investment areas/activities which may be opened to foreign investors and/or reserved to Filipino nationals;

WHEREAS, the Regular Foreign Investment Negative List, consisting of List A and B, has the effectivity of two years pursuant to the Implementing Rules and Regulations of the Foreign Investments Act of 1991;

WHEREAS, there is a need to formulate the third Foreign Investment Negative List in view of the expiration of the effectivity of the existing List on 23 October 1998, as well as to incorporate thereto those provisions of existing laws on foreign investments;

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Republic of the Philippines, by virtue of the powers vested in me by Law, do hereby order;

SECTION 1. Only the investment areas and/or activities listed in Annex A herewith shall be reserved to Philippine nationals, and hereafter shall be referred to as the Third Regular Foreign Investments Negative List. The extent of foreign equity participation in these areas shall be limited to the percentages indicated in the List.

SECTION 2 . Any amendment to List A may be made at any time to reflect changes instituted in specific laws while amendments to List B shall not be made more often than once every two years, pursuant to Section 8 of the Foreign Investments Act of 1991 as amended, and of its Implementing Rules and Regulations.

SECTION 3. All orders, issuances, regulations or parts thereof, which are inconsistent with this Order are hereby revoked or modified accordingly.

SECTION 4. This Order shall take effect immediately on 24 October 1998.

DONE, in the City of Manila, this 11th day of August, in the Year of Our Lord, Nineteen Hundred and Ninety Eight.

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