NATIONAL ADMINISTRATIVE REGISTER · JANUARY 20, 2001

REVISED RULES AND REGULATIONS GOVERNING THE TRADING OF LOCALLY GROWN BURLEY LEAF TOBACCO FOR TRADING YEAR 2001

NTA, January 20, 2001

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Pursuant to the authority vested in the National Tobacco Administration (NTA) by virtue of Executive Order No. 245 and in consonance with the thrust of the Agency on "TOTAL MARKET DEVELOPMENT THROUGH FAIR AND EQUITABLE TRADING", the following rules and regulations governing the trading of locally grown burley leaf tobacco are hereby promulgated, for the information and guidance of all concerned.

REGULATION I — GENERAL PROVISIONS

RULE 1. Definition of Terms — As used in these Rules and Regulations:

a) Trading Rules and Regulations — refers to the rules and regulations governing the trading of locally grown native/dark leaf tobacco.

b) NTA — refers to the National Tobacco Administration, a government agency created and existing by virtue of Executive Order No. 245.

c) NTA Board — refers to the NTA Board of Directors, as the policy-making body of the Agency.

d) Administrator — refers to the Chief Executive Officer of the NTA.

e) NTA Classifier/Grader — refers to an NTA official/employee duly assigned or designated by the NTA Administrator as a tobacco classifier/grader to supervise/monitor the classifying/grading of native/dark leaf tobacco.

f) MOA (Memorandum of Agreement) — refers to the production and marketing agreement by and between the NTA, the farmer-cooperator and the buying firm.

g) Native/Dark Leaf Tobacco Buyer — refers to any person, natural or juridical, duly licensed by the NTA, to buy native/dark leaf tobacco from the tobacco farmer-producers.

h) Principal Buyer — refers to a tobacco buyer who, under a purchase commitment, commits to purchase the native/dark leaf tobacco bought by the licensed native/dark leaf tobacco buyers/trading center operator/s.

i) Buyer Firm (BF) — refers to a tobacco company, duly licensed by the NTA, to buy native/dark leaf tobacco directly from the tobacco farmers, under a MOA.

j) Tobacco Trading Center — refers to the place, (building or warehouse), including its accessories/facilities, which is used for buying, selling, baling, grading, weighing, paying and/or storing native/dark leaf tobacco in accordance with the herein rules.

k) Purchase Commitment — refers to a written commitment of the principal buyer/s to buy a specific quantity of

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native/dark leaf tobacco from the bf/tc operator/s during a particular crop year.

l) Tobacco Farmer-Producer — refers to a person whose stock of native/dark leaf tobacco is the product of the land tilled by him personally.

m) Virginia Leaf Tobacco — refers to locally grown virginia tobacco leaves that are traded at the trading center level.

n) License to Buy — refers to a written authority, issued by the NTA to qualified tobacco bf/tc operator, to buy native/dark leaf tobacco directly from the tobacco farmer-producers, at designated tobacco trading center/s.

o) Permit to Purchase/Redry — refers to a written authority issued by the NTA, to wholesale tobacco buyer/trader/principal buyers/redrying plant operators, to purchase/redry leaf tobacco from tobacco bf/tc operators or other wholesale tobacco buyer/traders/principal buyers.

p) Certificate of Authority — refers to a written authority issued by the NTA, to a field representative/tc agent, of a duly licensed tobacco bf/tc operator, to gather, collect, purchase and/or deliver to the bf/tc operator, the virginia leaf tobacco produce of the tobacco farmer-producers.

q) MDRD — refers to the Market Development and Regulation Department of the NTA-Central Office.

r) Branch Office — refers to any of the branch offices of the NTA and its extension offices located at the tobacco producing provinces.

s) Native/Dark Leaf Tobacco Trading — refers to the buying and selling, bartering or exchanging of native/dark leaf tobacco from the tobacco farmer-producers to the trading center and/or to the principal buyer.

t) Roving Teams — refers to a group of NTA officials/employees, who are designated by the Administrator to oversee the proper, effective, and efficient enforcement of the herein rules and regulations, at the trading center/s, particularly, on accurate weighing, proper grading, prompt payment and proper documentation.

u) Field Representative — refers to a person who is duly authorized and registered with the NTA, as an agent/representative of a licensed native/dark leaf tobacco bf/tc operator to gather/collect/purchase the native/dark leaf tobacco produce of the farmer-producers located outside the trading center and deliver the same to the native/dark leaf tobacco bf/tc operator.

v) Tobacco Bale Tag — refers to an accountable form that identifies the native/dark leaf tobacco bale or roll, delivered by a virginia leaf tobacco farmer-producer to the trading center, indicating the name of the farmer-seller, the net weight of the native/dark leaf tobacco being sold to the trading center, which serves as a claim stub of the tobacco farmer to secure payment of his tobacco and as a supporting document to the purchase invoice voucher.

w) PIV — refers to the Purchase Invoice Voucher which is an accountable form/document that identifies the native/dark leaf tobacco purchased by the duly licensed tobacco bf/tc operator from a tobacco farmer-producer, indicating the name of farmer-seller, source of the tobacco, the weight, grade, total price per grade, total market value of the tobacco sold, name and signature of tc operator, time of arrival and payment of the sales proceeds of the tobacco and the corresponding serial number/s of the tobacco bale tag/s.

x) COP — refers to the Certificate of Purchase which is an accountable form/document that identifies the native/dark leaf tobacco gathered/collected/purchased by a field representative from the tobacco farmer-producer and to be attached to the PIV.

REGULATION II — JURISDICTION AND GENERAL FUNCTIONS

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For the effective enforcement of these Burley Leaf Tobacco Trading Rules and Regulations;

RULE 1. The NTA Board of Directors shall:

a)

Promulgate the appropriate burley leaf tobacco trading rules and regulations in consultation with the management.

b)

Promulgate and prescribe burley leaf tobacco grade descriptions/classification and floor prices.

RULE 2. The NTA Administrator shall:

a)

Issue Licenses, to tobacco buyers, to buy burley leaf tobacco directly from the tobacco farmer-producers or Permits to Purchase/Redry, after compliance with the requirements prescribed under these rules and regulations.

b)

Primarily be responsible for the effective and efficient implementation of the trading rules and regulations, particularly, on the rules relating to proper classification and grading, accurate weighing, prompt payment and proper documentation of tobacco acceptances.

c)

Impose administrative sanctions and/or fines to erring bf/tc operators, field representatives, wholesale tobacco dealers and redrying plant operators, on violations of the herein trading rules and regulations.

REGULATION III — NTA LICENSE TO ENGAGE
IN BURLEY LEAF TOBACCO TRADING

RULE 1. Who May Apply For License To Buy Burley Leaf Tobacco — Any person of legal age and having the legal capacity to enter into contract, a corporation, partnership, company, cooperative, or any other juridical entity, and duly licensed to do business in the Philippines, may apply for a License to Buy burley leaf tobacco from the tobacco farmer-producer/s, subject to the provisions of Rule 2 hereof and after paying the required processing and license fees, the amount of which shall be computed on the basis of the average volume of tobacco purchases/acceptances for the last three (3) trading seasons.

The amount to be paid for the processing and licensing fees shall be determined in accordance with the following table, to wit:

Number of Kilos Purchased/Accepted

Amount

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1- 10 truckloads (10,000.0 –100,000.0 kilograms)

PhP2,500.00

11- 30 truckloads (100,001.0 – 300,000.0 kilograms)

3,000.00

31- 50 truckloads (300,001.0 – 500,000.0 kilograms)

3,500.00

51 truckloads & up (Above 500,000.0 kilograms)

4,000.00

RULE 2. Requirements To Support The Application For License To Buy burley Leaf Tobacco — An application (MDRD Form No. 1) for the issuance of a License/Authority to buy burley leaf tobacco, shall be filed with the Branch Office where the trading center is located, the same shall be supported by the following:

a)

Information sheet of the trading center operator (MDRD Form No. 2);

b)

Designation from the principal buyer/corporation, as duly authorized operator of such trading center, if trading center is a corporation or operates under the corporate name of a principal buyer, (MDRD Form No. 3);

c)

Endorsement/recommendation by the Branch Office where the trading center is located (MDRD Form No. 4);

d)

Clearance from the Branch Office, as to the payment of R & R fees and other obligations (MDRD Form No. 5) (For renewal);

e)

Photocopy of Articles of Incorporation/By-Laws, if the applicant is a corporation (For new applicant);

f)

Photocopy of audited financial statements, and/or Income Tax Returns of the trading center operator or the

corporation, for the preceding year, and/or financial guarantee issued by a principal buyer;

g)

Vicinity/location and floor plan of the trading center, indicating its total area, location and dimension of the different service areas (For new applicant);

h)

Photocopy of the Mayor's Permit for the current trading year, issued by the municipality/city where the trading center is located;

i)

Photocopy of NTA Official Receipt indicating full payment of the processing and license fees.

RULE 3. Validity of License — The License to Buy burley leaf tobacco shall be valid for a period of one tobacco trading season, and unless changed by the NTA Administrator, the duration of which shall be as follows:

Region I & Mindoro

March 1

to

August 30

Region II

May 1

to

October 31

Visayas & Mindanao

June 1

to

December 31

REGULATION IV — TRADING OF BURLEY LEAF TOBACCO

RULE 1. The Following Are Qualified To Buy Burley Leaf Tobacco:

1.1.a A duly licensed burley leaf tobacco tc operator;

1.1.b A duly licensed burley leaf tobacco bf who is qualified to buy all the contracted burley leaf tobacco produce of its farmer-cooperators under a Memorandum of Agreement.

1.1.c A duly licensed wholesale tobacco dealer/buyer authorized to buy burley leaf tobacco from a duly licensed burley leaf tobacco bf/tc operator and/or other wholesale tobacco dealer/buyer.

RULE 2. Time, Place and Duration of Trading — The buying of burley leaf tobacco at the trading center shall be from 8:00 a.m. to 5:00 p.m., Monday to Friday, except, if any of the said days is declared as an official holiday. However, the buying at the trading center outside of the official working days may be allowed upon written

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request by the burley leaf tobacco bf/tc operator and duly approved by the branch manager concerned, seven (7) days prior to the conduct of such operations, provided, that the overtime pay of the NTA personnel assigned thereat, shall be for the account of the burley leaf tobacco bf/tc operator.

RULE 3. Location And Use Of The Trading Center — The trading center shall be located in a place adjacent to a street or thoroughfare, permitting easy access to it by the tobacco farmer-producer/seller. The trading center/warehouse/building shall be used solely for burley leaf tobacco trading. Buying of other type/s of leaf tobacco at the trading center may be allowed, provided, that, the leaf tobacco bf/tc operator shall secure the requirements for such activity. Other business activities may be conducted within the premises of the trading center, provided, such activities will not, in any way, hamper/obstruct the effective and efficient implementation of these rules.

RULE 4. Requirements Before Buying — Before buying burley leaf tobacco, a burley leaf tobacco bf/tc operator shall:

a)

Obtain from the NTA a “License To Buy” virginia leaf tobacco, duly approved and signed by the NTA Administrator;

b)

Secure all the NTA prescribed trading forms, such as, Purchase Invoice Voucher (PIV), duly registered with the BIR, Purchase Books, Tobacco Bale Tags, Delivery Receipt and Certificate of Purchase for its authorized field representative/s, which forms shall be inspected and validated by the NTA Branch Office Manager concerned;

c)

Submit to the NTA Branch Office, the name/s and facsimile signature/s of the TC operator/manager, his/her tobacco grader/s, weigher/s, field representative/s, and the TC official, if any, who may be authorized/designated by the TC operator, to sign for and in his behalf;

d)

Put up in front of the trading center, a signboard measuring 3 feet x 6 feet containing, the name and address of the trading center, the corresponding NTA license number, its regular business hours and days of trading (e.g., “Open for business 8:00 am to 5:00 p.m., Monday to Friday, 8:00 am to 12:00 noon, Saturdays and Sundays”), and other information which the TC operator may decide to include;

e)

Display conspicuously inside the trading center, the NTA duly approved and certified samples of virginia leaf tobacco that should meet/approximate the standard specifications/descriptions of each official grade/s, as prescribed by the NTA, and shall be kept in an appropriate glass-encased display board that is visible to the public and should be changed every fifteen (15) days, or earlier, in case of sudden deterioration or change of the quality of the samples, particularly, in the color, thereof;

f)

Install at least one (1) weighing scale that is duly calibrated and sealed by the NTA Branch Office. The weighing scale/s shall be inspected and calibrated regularly by the NTA Branch Office, which shall monitor periodically, the accuracy of such weighing scale/s;

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g)

Exhibit the original copy of the NTA License To Buy virginia leaf tobacco in a conspicuous place within the premises of the trading center;

h)

Provide a separate receiving ramp/area for the acceptance, weighing and grading of virginia leaf tobacco that are personally delivered by the tobacco farmer-producer/s;

i)

Hire the sufficient number of trading center personnel to accomplish the NTA-prescribed trading forms and implement effectively, the NTA-prescribed trading rules and regulations;

j)

Provide a permanent/adequate space for the NTA bulletin/billboard/s, in a conspicuous place, within the premises of the trading center; and

k)

Undergo orientation seminar on the NTA Trading Rules & Regulations, that will be conducted by the Branch Offices.

RULE 5. Tobacco Deposits — Before the official opening of the trading season, a tobacco farmer-producer/seller may deliver his burley leaf tobacco to a trading center, provided, that, the tobacco deposit form shall be properly accomplished by the assisting technician/extension worker and the tobacco farmer-producer.

RULE 6. Documentation And Recording Of Tobacco Deposits — All burley leaf tobacco considered as deposit/s, shall be properly recorded as purchases/acceptances by the trading center on the day the trading center officially opened and shall be covered by a PIV..

RULE 7. Classification and Baling of Burley Leaf Tobacco — The burley leaf tobacco farmer-producer/seller shall bring/sell his burley leaf tobacco produce to a duly licensed burley leaf tobacco bf/tc operator, properly bundled/baled and classified in accordance with the grading standards, prescribed by the NTA.

RULE 8. Order Of Buying/Acceptance — The tobacco farmer-producer shall personally bring his burley leaf tobacco to a duly licensed virginia leaf tobacco bf/tc operator and shall be attended to strictly on a “first come, first serve” basis. It shall be recorded chronologically in the incoming logbook of the trading center operator.

RULE 9. Weighing Of The Leaf Tobacco — the burley leaf tobacco shall be weighed on a duly calibrated weighing scale installed by the bf/tc operator. The weighing of the burley leaf tobacco shall be done in the presence of the tobacco farmer-producer/seller.

RULE 10. Determination Of The Net Weight — The net weight of the burley leaf tobacco, which shall be the basis of payment, shall be determined by deducting the weight of the baling material/s, which is equivalent to one (1) kilo, if the gross weight of the tobacco is 30 kilograms or less; two (2) kilos, if the gross weight is over 50 kilograms but not less than 30 kilograms three (3) kilograms, if it is more than 50 kilograms.

For unclassified/in sticks burley leaf tobacco, the tare of the sticks and stoppers shall be equivalent to ten percent (10%) of the gross weight. In case a baling basket/platform is used, the actual weight of the baling basket/platform shall be deducted for every weighing.

RULE 11. Grading of the Burley Leaf Tobacco —The grading of the burley leaf tobacco shall be done in the presence of the tobacco farmer-producer, and the appropriate grade/s shall be in accordance with the grade descriptions prescribed by the NTA for this type of tobacco. The set of NTA-approved and certified burley leaf tobacco samples displayed at the trading center, shall be used as basis in determining the proper grade.

In case of apparent downgrading of the burley leaf tobacco by the tc grader, the NTA official/employee or Roving Team assigned thereat, shall direct the tc grader to regrade the tobacco; in case of failure, the NTA assigned official/employee or roving team, shall determine the appropriate grade of the tobacco which shall be binding upon the parties.

Unclassified/in sticks burley leaf tobacco shall be graded by determining the highest possible grade. The highest possible grade determined, shall be the official grade of the burley leaf tobacco.

RULE 12. Pricing Of Burley Leaf Tobacco —The burley leaf tobacco shall be bought by the duly licensed tobacco buyers at prices not lower than the prescribed floor price corresponding to a particular grade of burley leaf tobacco, as determined and approved by the NTA Board of Directors.

Unclassified/in sticks burley leaf tobacco delivered for sale, shall be bought by the tobacco buyers at prescribed floor price for a particular tobacco grade.

RULE 13. Tobacco Bale Tag — The burley leaf tobacco trading center operator, shall issue tobacco bale tag/s at all times when buying burley leaf tobacco during the trading season. The name of the farmer-seller, the weight and the grade of the burley leaf tobacco shall be written legibly by the bf/tc grader/weigher on each of the three segments of the tobacco bale tag, which shall be distributed as follows:

Segment No. 1 - TC’s Copy (to be attached to the tobacco bale/roll)
Segment No. 2 - NTA’s Copy (to be attached to the PIV Copy for MDRD)
Segment No. 3 - Farmer’s Copy

The farmer’s copy of the tobacco bale tag, shall be used as a claim stub by the tobacco farmer-seller in securing/claiming the payment of his tobacco produce.

RULE 14. Purchase Invoice Voucher (PIV) — Every burley leaf tobacco purchased from a tobacco farmer-producer, shall be covered by a PIV, that is duly registered with the BIR and inspected and verified by the NTA. The PIV shall be properly accomplished by the bf/tc personnel within twenty four (24) hours after the grading, weighing and payment of the delivered/accepted burley leaf tobacco. It shall be accomplished in three (3) copies and to be distributed as follows:

Original - NTA-MDRD
Duplicate - Buyer
Triplicate - Farmer-Seller

The PIV shall indicate the name of the trading center, its business address, BIR registration number, etc., name of tobacco farmer-producer/seller, date of transaction, source of the tobacco, as to barangay and municipality, grade/s of the tobacco, gross weight and the corresponding deduction/s, if any, net weight of each grade, the corresponding buying price for each grade, the purchase value for each grade, the total purchase value, name and signature of the trading center operator/manager, the time of its arrival at the trading center and the time/date of payment and the serial number/s of the tobacco bale tag/s and the Certificate of Purchase (COP), if applicable.

RULE 15. Certificate Of Purchase (COP) — Every burley leaf tobacco bought /gathered/collected by a field representative/tc agent, from a tobacco farmer-producer, shall be covered by a properly accomplished COP. It

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shall be submitted to the tobacco bf/tc operator upon delivery of the burley leaf tobacco gathered/collected/purchased, who, shall subsequently attach it to the PIV.

RULE 16. Supervision and Enforcement — During the burley leaf tobacco trading season, the Administrator shall designate and assign a competent and reliable NTA trading official/employee/roving team/s, at the trading center, to oversee the proper, effective and efficient enforcement/implementation of these trading rules and regulations, particularly, on the proper grading, accurate weighing, prompt payment and proper documentation of burley leaf tobacco acceptances.

REGULATION V — PAYMENT OF TOBACCO

RULE 1. Manner Of Payment — All burley leaf tobacco purchased by the duly licensed burley leaf tobacco bf/tc operator/s shall be paid in cash.

RULE 2. Payment In Check Or Other Negotiable Instruments — Payment in the form of personal check, postal check, money order or any other form of negotiable instrument shall be allowed, provided, that, the amount due is more than ten thousand (PhP10,000.00) pesos, and there is a bank or other facility for encashment within the province where the trading center is located, and that such mode of payment is acceptable to the tobacco farmer-producer.

RULE 3. Time Of Payment — The licensed burley leaf tobacco bf/tc operator shall pay the farmer-producer/seller, immediately after the grading and weighing of the delivered burley leaf tobacco. However, if payment cannot be made promptly due to fortuitous event or circumstances beyond the control of the burley leaf tobacco bf/tc operator/s, payment shall be made within forty-eight (48) hours after the normal conditions are restored.

RULE 4. Place Of Payment — The place of payment shall be at the trading center. Payment in a place other than the trading center may be allowed, if the payment cannot be effected at the trading center by reason of the deterioration of the peace and order conditions in that place or any other cause beyond the control of both parties. No payment shall be effected in any bar/disco house or drinking establishment, gambling or other similar place.

REGULATION VI — REGISTRATION OF TC
FIELD REPRESENTATIVES

RULE 1. Who May Apply As Field Representative — Any person of legal age and having legal capacity to enter into contract, duly recognized and authorized by a duly licensed burley tobacco bf/tc operator, may apply for a Certificate of Authority, to gather/collect/purchase burley leaf tobacco from the tobacco farmer-producers and deliver the same to the licensed burley leaf tobacco bf/tc operator, subject to the provisions of Rule 3, hereof and after paying the registration fee in the amount of One Thousand Five Hundred (P1,500.00) Pesos.

RULE 2. Where To File Application As Field Representative — An application for the issuance of a Certificate of Authority to gather/collect/purchase burley leaf tobacco from the tobacco farmer-producer, shall be filed with the Branch Office where the trading center is located. In case the field representative operates outside the province of his/her operations, he/she shall secure a similar Certificate of Authority from the NTA Branch Office concerned.

RULE 3. Requirements To Support The Application Of A Field Representative:

a. Information sheet (MDRD Form FR-1)

b. Photocopy of NTA official receipt indicating full payment of the required registration fee.

REGULATION VII — COLLECTION AND RECORDING OF
PURCHASE INVOICE VOUCHERS (PIVs)

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RULE 1. Collection and Recording of the PIV — During the trading operations, the NTA trading official/employee and/or the Roving Team shall gather/collect the PIVs, COPs and Tobacco Bale Tags used by the burley leaf tobacco bf/tc operator and submit the same to the Branch Office trading center clerk, who shall record chronologically in the Purchase Book, the following information and data:

- Name of Farmer-Producer-Seller
- Source of the tobacco (Barangay, Municipality, Province)
- Date of transaction
- Volume, grade and value of the burley leaf tobacco
- Serial number/s of the PIV/s and the tobacco bale tags

REGULATION VIII — RESEARCH AND REGULATION (R& R) FEES

RULE 1. Research & Regulation Fees — The amount of Eighty Centavos (PhP0.80), representing Research and Regulation (R & R) Fees, shall be paid to the NTA, by the licensed burley leaf tobacco bf/tc operator, for every kilogram of burley leaf tobacco purchased/accepted, less three (3%) percent handling loss allowance.

RULE 2. The Basis Of The R & R Fees — The basis of the R & R fees shall be the total monthly acceptances/purchases of burley leaf tobacco, as recorded in the purchase book, less three percent (3%) handling loss allowance.

RULE 3. Billing And Collection Of R & R Fees — The Branch Office concerned shall be responsible for the billing and collection of R & R fees. The Branch Manager shall designate a Billing Clerk, who shall prepare a billing letter, signed by the Branch Manager and deliver to the burley leaf tobacco bf/tc operator/s on or before the 10th day of the month, following the month of purchase/acceptance of the burley leaf tobacco. In case the R & R Fees remain unpaid on the 20th day, another billing letter shall be prepared and sent to the burley leaf tobacco bf/tc operator not later than the 25th day of the said month.

RULE 4. Payment Of R & R Fees — The burley leaf tobacco bf/tc operator shall pay the R & R fees to the Branch Office where such trading center is located, within the month immediately following the month the burley leaf tobacco was purchased/accepted.

RULE 5. Penalty For Late Payment Of Research & Regulation Fees — In case the R & R fees are not paid within the reglementary period prescribed herein, a penalty of three percent (3%) per month, compounded monthly, shall be imposed, paid and collected in the manner prescribed herein.

The penalty of three percent (3%) per month shall be computed from the day immediately following the day the principal R & R Fees become due.

RULE 6. Remittance of R & R Fees — All collections on R & R Fees and penalties, if any, shall be deposited by the Branch Office concerned to the NTA–Central Office's On-Line Bank Account.

REGULATION IX — TRADING OF BURLEY LEAF TOBACCO WITH WHOLESALE TOBACCO BUYERS/TRADERS/REDRYING PLANT OPERATORS

RULE 1. Who May Engage In The Purchase/Redry Of Burley Leaf Tobacco — Any natural/juridical person may engage in the purchase and redrying of burley leaf tobacco, by securing from the NTA a "Permit To Purchase/Redry", after compliance with the following requirements:

a)

Purchase Commitment to purchase/redry a specific quantity/volume of burley leaf tobacco from duly licensed

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tobacco bf/trading center operators;

b)

Certified list of duly licensed burley leaf tobacco trading center/s that shall operate under its Purchase Commitment and the duly authorized signatories in all trading documents; and

c)

Photocopy of NTA official receipt indicating full payment of the processing and license fees of Two Thousand (PhP2,000.00) Pesos, unless otherwise revised.

RULE 2. Manner Of Acceptance — NTA licensed Wholesale Tobacco Dealers/Buyers/Traders and Redrying Plant Operators are authorized to purchase/receive burley leaf tobacco deliveries from licensed burley leaf tobacco bf/tc operator/s and/or other duly licensed wholesale tobacco dealers/buyers/traders, for redrying/processing/sale. Burley leaf tobacco delivery/ies shall be supported by a Delivery Receipt, duly signed as "Received" by the wholesale tobacco dealer/buyer/trader, indicating therein, the volume/net weight of the tobacco delivered and the date of delivery/purchase.

REGULATION X — SPECIAL PROVISIONS ON THE TRADING OF BURLEY LEAF TOBACCO BY AND BETWEEN AN NTA/BF/TC OPERATOR-FINANCED LEAF TOBACCO FARMER-PRODUCER AND THE TOBACCO BUYER

In the implementation of the NTA programs, dubbed as the "Integrated Farming and Other Income Generating Activities" which aims to increase the present level of productivity and income of the tobacco farmer-producer, by granting production and facility loan assistance, including sustenance, directly to the qualified tobacco farmer-producer or thru tobacco cooperatives and associations, under a Marketing Agreement, the following special provisions shall supplement the provisions of Regulations Nos. I to IX, to govern the trading of burley leaf tobacco covered by a Marketing Agreement, to wit:

RULE 1. System of Trading Of Burley Leaf Tobacco Under The Marketing Agreement

1.1. All burley leaf tobacco, under this program, shall be personally delivered by the NTA/TC/BF-financed tobacco farmer-producer to the trading center operator/buyer firm with whom he/she has entered into a Marketing Agreement, and shall be accompanied by the NTA technician assigned in the area where such tobacco farmer-producer resides or produces tobacco.

1.2. Upon arrival at the trading center, the NTA/TC/BF-financed tobacco farmer-producer shall present his farmer's ID, including the ID's auxiliary card to the BF/TC operator.

1.3. After the weighing and grading of the burley leaf tobacco delivered by the NTA/TC/BF-financed tobacco farmer-producer, the TC operator shall issue to the NTA/TC/BF-financed tobacco farmer-producer the farmer's copy (Segment No. 3) of the tobacco bale tag, for the purpose of securing payment of the sales proceeds of his tobacco produce, from the TC cashier.

1.4. The TC cashier shall deduct from the sales proceeds of the burley leaf tobacco sold, the amount due from him corresponding to the periodic amortization of the loan granted, as indicated in the Marketing Agreement and thereafter, be recorded and signed, in the auxiliary card of the NTA/TC/BF-financed tobacco farmer-producer.

1.5. In the event that the NTA/TC/BF-financed tobacco farmer-producer decides to sell his burley leaf tobacco produce to a field representative/s, he/she shall be allowed to sell his/her tobacco produce to a field representative

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who is duly affiliated with and authorized by the BF/TC operator with whom he/she has a Marketing Agreement, but prior notice shall be given to the NTA technician assigned thereat, on the intended date or schedule of sale. The field representative shall issue a properly accomplished Certificate of Purchase, indicating therein the ID card number of the NTA/TC/BF-financed tobacco farmer-producer and the amount collected and deducted, corresponding to the periodic amortization for the loan granted duly signed by the said NTA/TC/BF-financed tobacco farmer-producer. All collections/deductions made shall be recorded and signed by the field representative, in the auxiliary card of the NTA/TC/BF-financed tobacco farmer-producer.

1.6. All field representatives who are authorized by the BF/TC operator, to gather/collect/purchase burley leaf tobacco of the NTA/TC/BF-financed tobacco farmer-producer shall, in addition to the required Certificate of Authority, carry with him a notarized Special Authority, issued by the participating TC operator/buyer firm, which shall be presented to the NTA/TC/BF-financed tobacco farmer-producer when gathering/collecting/purchasing his/her burley leaf tobacco and in deducting/collecting the amount due form him corresponding to the payment of his loan.

1.7. The NTA Branch Manager concerned and all NTA/TC/BF-financed tobacco farmer-producers, shall be furnished by the BF/TC operator, a copy of the Special Authority issued to the authorized field representative, prior to the commencement of its operations.

1.8. The NTA/TC/BF-financed tobacco farmer-producer shall not be allowed to sell/transfer/deliver his burley leaf tobacco produce to other any field representative/s without a Special Authority, issued by the BF/TC operator, unless he/she has already settled all his monetary obligations with the NTA and/or with the BF/TC operator, with whom he/she has a Marketing Agreement, as indicated in his/her ID's auxiliary card.

1.9. Field representative/s without the required Special Authority are not authorized to buy the burley leaf tobacco produce of the tobacco farmer-producer who is known to him to have availed of a financial assistance from the NTA and/or from any bf/tc operator, nor shall induce an NTA/TC/BF-financed tobacco farmer-producer to sell his/her burley leaf tobacco produce by offering a better price. However, if he intends to sell/deliver his burley leaf tobacco produce to other buyers, the NTA/TC/BF-financed tobacco farmer-producer must first secure a waiver or a "Certificate of First Refusal" from the bf/tc operator, with whom he/she has a Marketing Agreement,

1.10. No bf/tc operator or field representative shall accept/buy burley leaf tobacco from any tobacco farmer-producer, without the required NTA ID and auxiliary card.

1.11. All tobacco farmer-producers who have availed of any financial assistance from the NTA and/or from the bf/tc operator shall properly maintain and carry his NTA ID and auxiliary cards, at all times, for reconciliation and validation purposes.

RULE 2. Violation of the Marketing Agreement and Sanctions — Any violation of the provision/s of the Marketing Agreement or any of the herein provisions of this Regulation, by the NTA/TC/BF-financed tobacco farmer-producer and/or by the bf/tc operator, shall be considered as unfair tobacco trading practice, subject to administrative sanctions and/or fines.

2.a. An NTA/TC/BF-financed tobacco farmer-producer who violates the provision/s of the Marketing Agreement and/or any of the provisions of this Regulation, shall be blacklisted by the NTA, for a period of two (2) years, and shall be disqualified as a beneficiary of any assistance that the NTA may grant and shall pay an additional fine of three percent (3%) per month for unpaid loans.

2.b. Any BF/TC operator who violates the same, shall be denied registration/License to Buy/Operates, for the succeeding two (2) trading seasons and shall pay an additional fine of three percent (3%) per month on the unpaid

loans from the NTA.

REGULATION XI — SPECIAL PROVISIONS ON THE AUCTION SYSTEM OF BURLEY LEAF TOBACCO TRADING

In the event that the Agency decides to adopt an auction system of tobacco trading in specific areas of the burley leaf tobacco producing regions, the NTA shall make announcement/s, through media, to this effect, and the following rules and regulations shall be prescribed:

RULE 1. Who Are Qualified To Participate In The Auction System Of Burley Leaf Tobacco Trading — The following are qualified to participate in the auction system of burley leaf tobacco trading, to wit:

- All NTA-registered trading center operators operating within the province where the auction system of burley leaf tobacco trading will be conducted or field representatives duly authorized by the tc operator with whom they are affiliated.

- NTA-registered tc operator/buyers, operating in other provinces/Branch Offices, provided a License to Buy/Operate in the province/Branch Office, where the auction system is conducted, has been issued by the NTA.

- Members of a cooperative who do not have marketing tie-up/agreement with the NTA and/or any NTA-registered BF/TC operator, may sell/submit his burley leaf tobacco produce, for auction.

- NTA/tc/bf-financed burley leaf tobacco farmers, provided they secure a waiver and/or a “Certificate of First Refusal” from the BF/TC operator with whom they have an existing Marketing Agreement.

- Independent burley leaf tobacco farmer-producer/s.

RULE 2. Order of Activities — The auction system of burley leaf tobacco trading shall be conducted in accordance with the following order of activities, to wit:

1.1 All burley leaf tobacco intended for auction sale shall be delivered to the designated auction center/place, as determined by the officers of the cooperative and/or farmers association, by the tobacco farmer-producer/seller, properly classified, bundled and baled, in accordance with the provisions of Regulation IV, under Rule 5, hereof.

1.2 Upon arrival of the burley leaf tobacco intended for auction sale at the auction center/place, the same shall be weighed on a duly calibrated weighing scale by a designated weigher in the presence of the tobacco farmer-producer/seller. The weight of the burley leaf tobacco, which shall be determined in accordance with the provision of Regulation IV, under Rule 8, hereof, shall be recorded in a tobacco bale tag, duly signed by the designated weigher, and grader, attached to the tobacco roll or bale. The grade of the tobacco shall be predetermined by the designated burley leaf tobacco grader, in accordance with the grade description/classification prescribed by the NTA. The grade of the burley leaf tobacco shall be likewise indicated in the tobacco bale tag and attached to the tobacco roll or bale.

1.3 After all the burley leaf tobacco were weighed and pre-graded, each tobacco roll or bale, shall be numbered and properly piled, and shall be opened to the public. The authorized burley leaf tobacco buyers shall inspect and determine for themselves the quality/grade of the burley leaf tobacco offered for auction sale.

1.4 Each burley leaf tobacco buyer, who is authorized to participate in the auction sale, shall be given a price quotation form, wherein he/she shall quote/indicate his/her bid price for a particular burley leaf tobacco bale or roll. Price quotation/s shall be on per kilo, per bale basis.

1.5 After the burley leaf tobacco buyers have inspected the tobacco for auction sale, they shall submit to the

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auction officer the accomplished price quotation form.

1.6 The auction officer shall post the bid prices of the burley leaf tobacco buyers for every burley leaf tobacco bale or roll and shall determine the winning bidder.

1.7 If there are no objections or protests, the auction officer shall award the tobacco to the winning bidder.

1.8 The winning bidder shall accomplish a Certificate of Purchase form, to be signed by the burley leaf tobacco farmer-producer, if, he/she is a duly authorized field representative, or a PIV, if the winning bidder, is a BF/TC operator.

RULE 3. Payment of the Tobacco — The winning bidder shall pay the tobacco-producer/seller, immediately after the award is made.

RULE 4. Supervision and Monitoring of the Auction System of Burley Leaf Tobacco Trading — During a scheduled auction of burley leaf tobacco trading, a competent and reliable NTA official/s/employee/s, shall be assigned at the designated auction center/place, to oversee the proper implementation of the foregoing rules on the auction system of burley leaf tobacco trading, particularly on the proper weighing, proper grading and documentation, and prompt payment of the auctioned burley leaf tobacco.

REGULATION XII — BURLEY LEAF TOBACCO TRADING VIOLATIONS AND SANCTIONS

RULE 1. The NTA Administrator shall impose the necessary administrative sanction/s, ranging from warning to revocation/cancellation of the license/permit and/or fine/s, for any violation/s of the herein provisions.

First Violation

—

Warning and payment of fine in the amount of Ten Thousand (P10,000.00) Pesos.

Second Violation

—

Suspension/temporary closure of operation for not more than five (5) days or until its compliance with the violation/s and payment of fine in the amount of Twenty Thousand (P20,000.00) Pesos.

Third Violation

—

Revocation/cancellation of license and payment of penalty in the amount of Thirty Thousand (P30,000.00) Pesos.

In addition to the sanction prescribed for the third violation, the violator shall not be issued a license/permit for the tobacco trading season immediately following the commission of the violation.

These Trading Rules and Regulations shall take effect immediately.

Adopted: 20 Jan. 2001

(SGD.) ANTONIO M. DE GUZMAN
Administrator

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