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**REPUBLIC ACT NO. 8366**

AN ACT LIBERALIZING THE PHILIPPINE INVESTMENT HOUSE INDUSTRY, AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 129, AS AMENDED, OTHERWISE KNOWN AS THE INVESTMENT HOUSES LAW

SECTION 1. Declaration of policy. ~ It is the policy of the State to expand and strengthen the capital base of the economy in order to ensure sustained economic growth and development. Toward this end, the Philippine investment house industry is hereby liberalized, increasing foreign equity participation and raising the minimum capitalization of investment houses to enable them to meet the present and future demands of the market.

SECTION 2. Section 5 of Presidential Decree No. 129, as amended, otherwise known as the Investment Houses Law, is hereby further amended, to read as follows:

"SEC. 5. Citizenship requirements. ~ At least forty percent (40%) of the voting stock of any Investment House shall be owned by citizens of the Philippines. In determining the percentage of foreign-owned voting stocks in Investment Houses, the basis for the computation shall be the citizenship of each stockholder, and, if the stockholder is a corporation, the citizenship of the individual stockholders holding voting shares in that corporation. In approving foreign equity applications in Investment Houses, the Securities and Exchange Commission shall approve such applications only if the same or similar rights are enjoyed by Philippine nationals in the applicant's country.

Foreign nationals may become members of the board of directors to the extent of the foreign participation in the equity of said enterprise."

SECTION 3. Section 8 of the same Decree is hereby amended to read as follows:

"SEC. 8. Capital requirements. ~ In the case of newly-organized Investment Houses, the minimum paid-in capital shall be Three hundred million pesos (P300,000,000). The minimum paid-in capital of the existing Investment Houses shall be Three hundred million pesos (P300,000,000) to be built up in two (2) years after the effectivity of this Act in the following manner: Two hundred million pesos (P200,000,000) after the effectivity of this Act and an additional Fifty million pesos (P50,000,000) for every year thereafter until the minimum capitalization is attained. The Monetary Board may prescribe a higher minimum capitalization in order to promote and ensure the stability of the Philippine capital market and the competitiveness of the investment house industry in line with the national economic goals. The Monetary Board shall, within six (6) months, prescribe a risk assets to capital ratio and other capital adequacy ratios in order to provide broader protection to the investing public."

SECTION 4. This Act shall take effect fifteen (15) days from its publication in a newspaper of general circulation.

Approved: October 21, 1997