

## Implementing Rules and Regulations (IRR)\* of the Maharlika Investment Fund Act of 2023

\* Published in the Official Gazette on 28 August 2023

“ These Rules shall be liberally construed to ensure the fulfillment of the declared policy objectives of R.A. No. 11954

### Maharlika Investment Fund Act of 2023

### Declaration of Policy



## IRR Highlights

1. Minimum requirements on education and professional experience of PCEO, CIOO, Corporate Secretary, Regular and Independent Directors
2. Creation of Corporate Governance and Remuneration Committees
3. Responsibilities of Risk Management Committee
4. Members and responsibilities of Audit Committee
5. Mechanisms for initial appointments of PCEO, Independent & Regular Directors
6. Agenda on first MIC Board of Directors (BOD) meeting
7. Strategic Investment Priority Plan (SIPP) to also determine investments of MIC
8. Shares of stock owned by ROP as source of government's capital infusion into MIC
9. Reputable private & State-owned financial institutions and corporations as sources of MIC's capitalization

### Maharlika Investment Corporation (MIC) Authorized Capitalization (Total of PhP 500 billion)\*

Common Shares (PhP 375 billion)

Preferred Shares (PhP 125 billion)\*\*

Initial Funding (PhP 125 billion)

Subsequent Funding (PhP 250 billion)

Land Bank of the Philippines (LBP) (PhP 50 billion)

National Government (NG)

Development Bank of the Philippines (DBP) (PhP 25 billion)

Government-Owned or -Controlled Corporations (GOCCs)

National Government (NG) (PhP 50 billion) \*\*

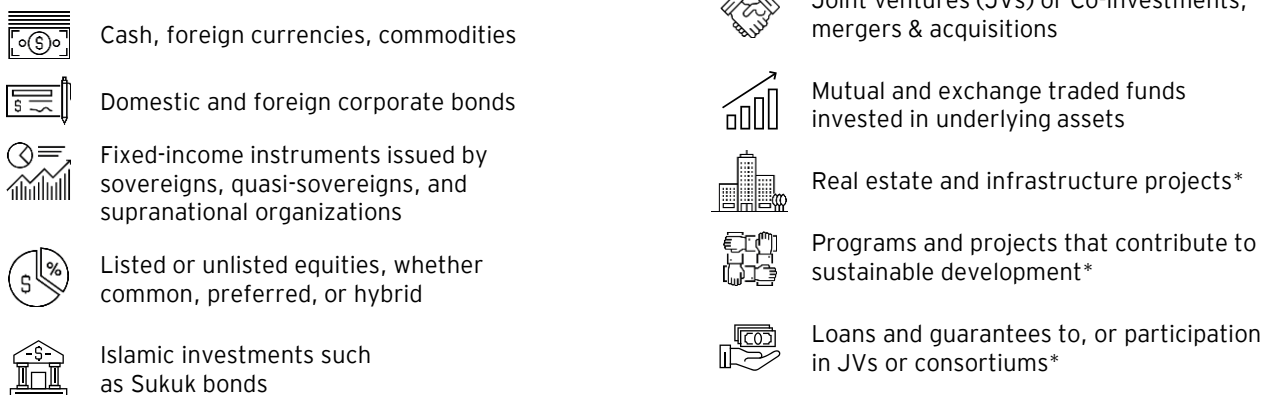
Reputable private and State-owned institutions and organizations

\* The law expressly prohibits government agencies and GOCCs providing social security and public health insurance services such as, but not limited to the SSS, GSIS, PhilHealth, Pag-IBIG, OWWA, and PVAO Pension Fund to contribute to the capitalization of the MIC

\*\* In the form of BSP dividends, NG's share in PAGCOR's income, privatization proceeds, and other sources such as royalties, special assessments, and shares of stock owned by the Republic of the Philippines

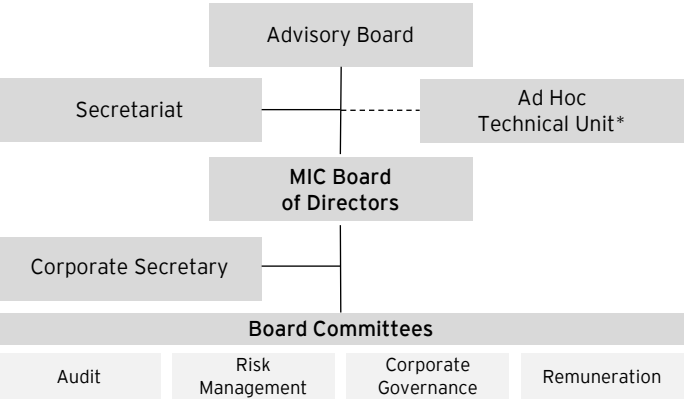
\*\*\* May be subscribed to by Government Financial Institutions (GFIs)

### Allowable Investments



\* The investments in real estate, including agro-industrial estates and ecozones, estate infrastructure and other developmental projects, whether alone or in partnership with other corporate entities, shall be limited to high-impact projects, those contained in the Strategic Investment Priority Plan (SIPP), as well as those approved by appropriate approving body.

MIC Governance Structure and Board Committees



\* Created as needed

Advisory Board Members



Budget Secretary



Finance Secretary



Treasurer of the Philippines

MIC Board Members

- ▶ Finance Secretary as Chairperson
- ▶ MIC PCEO as Vice-Chairperson
- ▶ LBP PCEO
- ▶ DBP PCEO
- ▶ 2 Regular Directors
- ▶ 3 Independent Directors from Private Sector

Risk Management Committee





Responsibilities



Audit Committee

Members and Responsibilities

Members

-  Independent Director as Chairperson\*
-  1 Ex Officio Member of the Board
-  1 Regular Director
-  2 Senior Executives of MIC

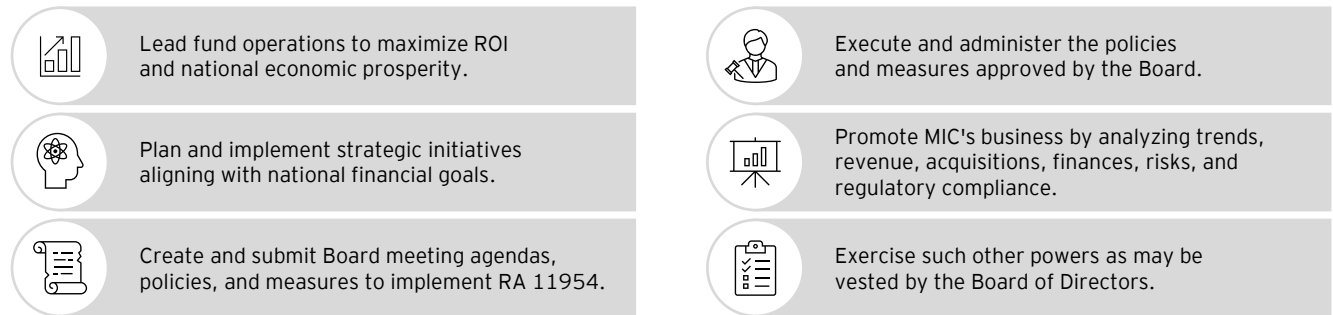
\* Chairperson should have audit, accounting, or finance background

Responsibilities

- ▶ Supervise MIC's internal controls; audit oversight, and; COA coordination.
- ▶ Review and approve audit plans, financial statements, and compliance with standards and requirements for MIC Board submission.
- ▶ Receive and review audit and regulatory reports and ensure timely corrective action by the MIC Board for compliance.
- ▶ Ensure internal auditors' free and full access to MIC's resources and independence in conducting their work.
- ▶ Create a transparent financial system to maintain and ensure internal control integrity at MIC.

President & Chief Executive Officer

Powers & Duties



## Education and Professional Experience

## Requirements



### Educational Attainment



### Professional Experience



#### President & Chief Executive Officer (PCEO)

- ▶ Advanced degree (MBA, MA, MSc, PhD) in finance, economics, business administration, or related degree
- ▶ Professional certifications such as CFA or CPA preferred



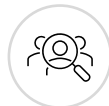
#### Chief Investment & Operating Officer (CIOO)

- ▶ Master's or advanced degree in finance, economics, business or related field
- ▶ Track record of at least **10 years in senior management roles**, preferably in sovereign wealth funds, asset management firms, or large institutional investors



#### Corporate Secretary

- ▶ LLB, MBA, or master's degree in related field
- ▶ At least **5 years** in a similar role in a corporation, preferably in a Government Financial Institution (GFI) or a similar financial institution



#### Independent & Regular Directors

- ▶ Master's degree
- ▶ Advanced degree in finance, economics, business administration or related field highly desirable
- ▶ **10 years** experience in finance, economics, business or related field and should include senior management or directorship roles in reputable financial institutions, investment firms, or sovereign wealth funds
- ▶ Demonstration of commitment to the highest ethical standards, integrity, and compliance with laws and regulations

## Setting up the MIC

## Initial Appointments



### 28 August

- ▶ IRR published in the Official Gazette



### 12 September

- ▶ IRR takes effect 15 days after publication
- ▶ Secretariat formed from Bureau of Treasury (BTr) personnel to provide technical and administrative support to Advisory Body
- ▶ Ad Hoc Technical Unit formed from staff and personnel of BTr, NEDA, DBM, and other agencies
- ▶ Advisory Body formulates rules and criteria in nomination and selection for **PCEO, Regular & Independent Directors**
- ▶ Advisory Body solicits nominations/applications from public and private sectors
- ▶ Ad Hoc Technical Unit and the Governance Commission for GOCCs (GCG) receive nominations and applications and assess credentials using non-discriminatory "pass/fail" criterion



### 27 September

- ▶ Closing date for solicitation/application not to exceed 15 days from the effectivity of IRR



### 04 October

- ▶ Within 7 days from closing date, GCG and Ad Hoc Technical Unit submit qualified nominees/applicants to Advisory Body for further evaluation and shortlisting



### 12 October

- ▶ Within 30 days from effectivity of IRR, Advisory Body submits to the Office of the President shortlisted nominees/applicants

## Agenda on First MIC BOD meeting

Upon official assumption of majority of BOD members, BOD shall immediately convene to:

- ▶ Identify location of MIC's head office in Metro Manila
- ▶ Appoint Corporate Secretary
- ▶ Appoint CIOO and other critical and key officers and employees of MIC and determine their compensation structure
- ▶ Craft guidelines on the formulation of investment and risk management policies
- ▶ Address other relevant matters

SGV is the largest professional services firm in the Philippines. In everything we do, we nurture leaders and enable businesses for a better Philippines. This Purpose is our aspirational reason for being that ignites positive change and inclusive growth.

Our insights and quality services help empower businesses and the economy, while simultaneously nurturing our people and strengthening our communities. Working across assurance, tax, strategy and transactions, and consulting services, SGV teams ask better questions to find new answers for the complex issues facing our world today.

SGV & Co. is a member firm of Ernst & Young Global Limited. EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). For more information about our organization, please visit [ey.com/ph](https://ey.com/ph).

© 2023 SyCip Gorres Velayo & Co.  
All Rights Reserved.  
APAC No. 10001132

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither SGV & Co. nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

## SGV & Co. Head Office

6760 Ayala Avenue, Makati City,  
1226 Metro Manila, Philippines  
PO Box 1408, Makati Central Post Office  
1254 Metro Manila, Philippines

Tel: (+632) 8891 0307

Fax: (+632) 8819 0872

(+632) 8818 1377

Email: [sgv.information@ph.ey.com](mailto:sgv.information@ph.ey.com)

[www.sgv.ph](http://www.sgv.ph)

## SGV Economic Advisory Team



### Marie Stephanie C. Tan-Hamed

*Strategy and Transactions Partner,  
EY Parthenon Partner and PH Government  
and Public Sector Leader*

[marie.stephanie.c.tan-hamed@ph.ey.com](mailto:marie.stephanie.c.tan-hamed@ph.ey.com)  
(+632) 8894 9339



### Alma Angeli D. Placido-Domanico

*Strategy and Transactions Senior Director*

[alma.angeli.d.placido@ph.ey.com](mailto:alma.angeli.d.placido@ph.ey.com)  
(+632) 8891 0307



### Lester Jeff D. Pawid

*Strategy and Transactions Senior Director*

[lester.jeff.pawid@ph.ey.com](mailto:lester.jeff.pawid@ph.ey.com)  
(+632) 8891 0307