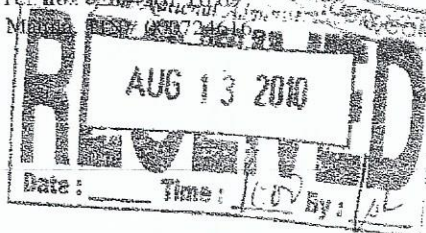




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF AGRICULTURE
PHILIPPINE COCONUT AUTHORITY

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ADMINISTRATIVE ORDER NO. 02
Series of 2010

REVISED RULES AND REGULATIONS ON PCA REGISTRATION OF PERSONS AND ENTITIES ENGAGED IN BUSINESSES INVOLVING COCONUT AND OTHER PALM OIL PRODUCTS AND BY-PRODUCTS THEREBY AMENDING CERTAIN PROVISIONS OF ADMINISTRATIVE ORDER NO. 003, SERIES OF 1981

WHEREAS, Presidential Decree No. 232, as amended by Presidential Decree No. 1468, has created and organized the Philippine Coconut Authority to implement the declared policy of the State to promote the development and growth of the coconut and other palm oil industry in all its aspects and to ensure that the coconut farmers shall become beneficiaries of such development and growth;

WHEREAS, Presidential Decree No. 1468, as further amended by Presidential Decree No. 1644 empowered the Philippine Coconut Authority to regulate the marketing and export of coconut and palm oil products in furtherance to the rationalization of the oil milling industry;

WHEREAS, coconut and palm oils are vital industries in the Philippines being complementary commodities in the domestic market, particularly as household cooking oil and basic ingredient in the cooked and processed food industries as well as competitors in the world market for lauric oils;

WHEREAS, there is now a need to unify and rationalize the existing registration requirements for the coconut and other oil palm industries to harmonize and promote a balanced complementation in the production and market development programs of the Authority, taking into consideration the National Coconut Production Program and the Philippine Palm Oil Industry Development Plan;

WHEREFORE, premises considered, the Governing Board of the Philippine Coconut Authority hereby adopts and promulgates the following rules and regulations:

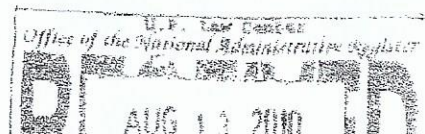
ARTICLE I
DEFINITION

Section 1.1 Words and Phrases - As used in these Rules, the words and phrases used herein, unless the context in which they are used indicate otherwise, have the following meanings:

1. "PCA" refers to the Philippine Coconut Authority.



2. "Traders " are those engaged in the physical buying and/or selling of coconut and/or oil palm products or by-products; done or negotiated on the spot, or forward sale; for this purpose, traders shall also include those engaged in futures trading or sale of contracts or papers representing a physical commodity for a price certain.
3. "Processors" are those who transform coconut and oil palm products into other forms of products or by-products through the use of technology, *such as* but not limited to natural, biological, mechanical and chemical means.
4. "Exporters" are those who sell or ship out coconut or palm oil products and by-products to foreign buyers or markets.
5. "Laboratories", "Chemists", or "Analysts" are persons or facilities who determine the actual physical and chemical characteristics of coconut and oil palm products and by-products.
6. "Trade Intermediaries" are those who provide services relative to commercial transactions involving coconut or palm oil products or by-products, which include, among others, the arrangement of trade negotiations and preparation of necessary documents therefore, and dissemination of market and trade information, including its valuation and analysis.
7. "Unfair Trade Practice" is any false, falsely disparaging or misleading oral or written statement, visual description or other representation of any kind in connection with sale, or offering for sale, which has the capacity, tendency, or effect of deceiving or misleading buyers.
8. "Adulteration" is the act of corrupting or debasing coconut or oil palm products or by-products, or the act of mixing such products with other matters of inferior quality and usually of a more or less deleterious quality.
9. "Fraudulent Designation" is the representation made which is known to be false and intended for the victim or injured party to act and rely on the same.
10. "Misbranding" means the branding of coconut or oil palm product or by-product intended for sale for which a definition and standard or identity has been prescribed. It may also be the putting in place, substitution of one product for another.
11. "Admixture" is the co-mingling of one or more coconut product or oil palm product with another oil product which has been previously declared as one specific or homogenous product.
12. "Re-packer" means one who engages in any activity of changing or altering the package or packaging of goods from any bulk, aggregate or assembly to other form or forms by segregating, parcelling, dividing, or resizing in other measures of weight, volume, or dimension, or other manner of packaging with the use of container, wrapper, and other protective materials for purposes of protection, handling, delivery, design and presentation of goods.



13. "Independent Distributor" an independent agent who acquires goods from the manufacturer and sells the same through wholesale or retail with or without an agreement or contract with the manufacturer or producer.

ARTICLE II COVERAGE

Section 2.1. Covered Products and Activities - These Rules shall apply to natural and juridical persons engaged in business, or rendering service to the public or any clientele involving:

(A) Coconut products, either as:

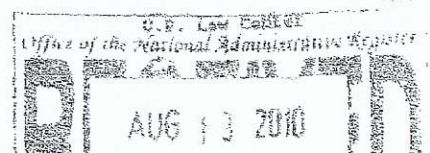
- i. Whole or husked nuts;
- ii. Copra;
- iii. Fresh young coconut or "buko";
- iv. Desiccated coconut;
- v. Crude, refined, bleached and deodorized, or virgin coconut oil; and,
- vi. Coconut oil derivatives or by-products such as, but not limited to copra meal, paring meal, paring oil, cochin oil, refined edible oil, acid oil, glycerine, methyl ester, fatty acid, fatty alcohol and derivatives in other coconut-based oleo chemicals and their derivatives.

(B) Processed products principally derived from coconut raw materials, such as, but not limited to:

- i. Coir (coconut) Fiber and peat and their processed/manufactured derivative products, such as but not limited to yarn, twine, geo-textile net, biolog, peat block, plant pots, poles, mattress, and other processed coir products;
- ii. Coconut shell charcoal or activated carbon and derivative products;
- iii. Coconut water beverages;
- iv. Vinegar;
- v. Coconut sap beverages;
- vi. Coconut sap sugar;
- vii. Coconut flour;
- viii. Coconut milk or cream; and,
- ix. Others where the main ingredient or at least 60% of which is derived from coconut products or by-products.

(C) Oil palms, including but not limited to:

- i. Planting, and cultivation;
- ii. Production of planting materials through seeds germination, seedling propagation, or culture of oil palm vegetative parts, such as embryo or tissue culture;
- iii. Manufacture or production of crude, or refined, bleached, deodorized palm oil; refined, bleached, deodorized palm kernel oil; palm olein; and palm oil derivatives in the form of other oleo-chemicals;
- iv. Oil palm fiber and derivative processed fiber products;



Section 2.2. Covered Persons or Entities - The natural and juridical entities referred to in this Article dealing with coconut or other oil palm products shall include those who are directly or indirectly functioning as:

- a) Oil palm crop growers or plantation owners or operators, ornamental plant dealers, distributors or sellers, and oil palm nursery owners or operators;
- b) Oil millers, refiners, toll crushers, re-packers, independent distributors;
- c) Processors of primary or secondary products and by-products;
- d) Traders;
- e) Trade intermediaries or middlemen;
- f) Importers or exporters; and,
- g) Laboratories, chemists, samplers or product analysts.

ARTICLE III REGISTRATION

Section 3.1. Coverage - Any person or entity may engage in business operation involved in any of the capacities, activities and products enumerated in the preceding Article only after being first registered with the Authority pursuant to these Rules.

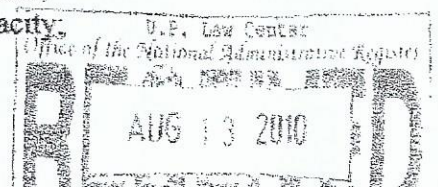
The registration as authorized herein shall be mandatory for both the principal and his agents in the case of natural persons, and the central or main offices and branches, subsidiaries and other agencies such as buying stations in the case of juridical persons.

Section 3.2 Application for Registration - Applicants for registration shall file an application with the Authority by fully accomplishing a prescribed registration form and subscribed under oath before a Notary Public.

The application shall be applicable for the current year and shall be filed anytime thereof; Provided, However, that for manufacturers and producers, it is advisable that the applicant should first consult the PCA to determine the viability of the location of the plant to ensure sufficiency and economic flow of raw material supply.

Unless otherwise determined by the Authority, the registration form shall contain the following information:

- 1. Name of person, company, partnership or other business form where the business shall operate;
- 2. Address;
- 3. Nature of business operation;
- 4. Name and position of person managing the business operation;
- 5. Commodity/Product lines;
- 6. Authorized Capitalization in case of juridical entity, or declared operating capital in the case of a natural person;
- 7. Name of subsidiary, branch, agent, trading/buying station, etc.;
- 8. Rated monthly and annual production, milling/refining capacity;



9. Number of storage tank, if any, and the capacity;
10. Number and location/address of warehouses and their capacity;
11. Address and area (in hectares) of farm/plantation owned, leased, or otherwise operated by the natural or juridical entity and planted with oil palm; and
12. Address and area (in hectares) of nursery planted to oil palm seedlings.

Section 3.3. Documentary Requirements - The following documents shall be attached to the accomplished and notarized application for registration:

A) For Corporations / Cooperatives

1. Registration Certificate issued by the Securities & Exchange Commission, or the Cooperatives Development Authority;
2. Articles of Incorporation and By-Laws;
3. City/Municipal permit/license;
4. Building plan and permit (for manufacturing plants only);
5. Feasibility study (for millers, manufacturers and processors only); and
6. License To Operate (LTO) from the Food and Drug Authority (FDA) for all processed coconut food products.

B) For single Proprietorship/partnership -

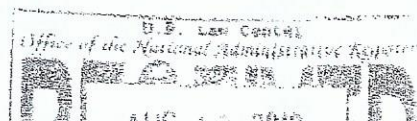
1. Registration Certificate/Business Name issued by DTI-Bureau of Domestic Trade;
2. Articles or Contract of partnership;
3. City/Municipal permit/license;
4. Building plan and permit (for manufacturing plants only);
5. Feasibility study (for millers, manufacturers and processors only); and
6. License To Operate (LTO) from the Food and Drug Authority (FDA) for all processed coconut food products.

Section 3.4. Place of Filing of Application for Registration - Application for registration shall be filed with the Regional Office having jurisdiction over the area where the address and operations of the applicants are located with strict observance of the TMDB Branch Memorandum dated 15 March 2010 and the Notice of Compliance thereof.

Section 3.5. Denial of Registration - The Authority reserves the prerogative to disapprove the application and deny the issuance of Registration Certificate, or the renewal thereof, if the applicant, after an investigation conducted by PCA, or upon receipt of derogatory report and recommendation from any agency of the government, has been found to have committed an act in violation of existing laws, rules and regulations administered by the Authority, or other agencies of government, or has committed an act, considered as unfair trade practice, as defined in these Rules.

ARTICLE IV CERTIFICATE OF REGISTRATION

Section 4.1. Certificate of Registration - A Certificate of Registration, which serves as a license to commence operation involving the registered activity and



commodity under these rules may be issued by the duly authorized official of PCA after evaluation of the application for registration fully supported by the documents required in Section 3.3.

The initial or original Certificates of Registration and Renewal Certificates shall be issued upon the approval of the PCA Regional Manager in the Regional Office having jurisdiction of the area of operations of the applicants.

On exceptional circumstances, provisional registration, which shall have a validity period of six (6) months from the day of its issuance, may be issued by the Authority, if after compliance with the requirements of the foregoing Sections, the applicant has a pending obligation for compliance or settlement with the Authority or other agencies of the government, or investigation conducted by any government authority that would otherwise involve the imposition of civil or administrative sanction to the registrant.

A provisional registration may be extended for another period not longer than six (6) months in meritorious cases at the discretion of the Authority.

Section 4.2. Validity and Renewal of Registration - All Registration Certificates issued under these Rules, except provisional registration under the preceding paragraph, shall be valid for the current year of its issuance until December 31 of the same year; *Provided, However*, that an allowance of the validity period shall be extended up to January 15 of the following year to afford the registrant enough time to apply for renewal.

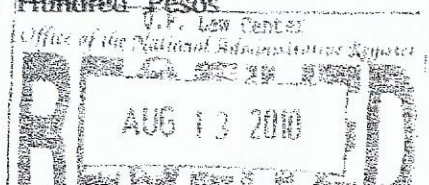
The Certificate shall be valid only for the activity/ies or function/s stated therein. Any additional business activity not included in the Certificate shall be allowed under a separate application, in which case, an amended or new Certificate may be issued by PCA.

Section 4.3. Registration Fee - Unless otherwise prescribed by the Authority, each registration certificate applied for shall be issued by PCA, upon payment of a registration fee at revised rate or amount based on the schedule of capitalization of the entity authorized under the provisions of Administrative Order No. 01, Series of 2004, as amended by Administrative Order Nos. 01 and 01-A, Series of 2009, copies of which are hereby annexed as integral part of these Rules.

Late applications for renewal filed after January 15 shall be subject to the payment of a surcharge in accordance with the rates provided in Administrative Order No. 01, Series of 2004.

Section 4.4. Posting - The current Certificate of Registration issued under these Rules shall be exhibited by posting the same throughout the year in a conspicuous place in the office or plant of the registered person or entity.

Section 4.5. Lost Certificate - A lost, destroyed or mutilated Certificate may be replaced upon submission of an affidavit stating the circumstances or causes thereof and payment of a certificate replacement fee of Three Hundred Pesos (P300.00) for every certificate.



ARTICLE V SUSPENSION, CANCELLATION OF CERTIFICATE

Section 5.1. Cancellation or Revocation of Certificate of Registration -

(a) Voluntary - Any Certificate issued under these Rules may be cancelled at the instance of the registrant through a request in writing to the Authority upon the termination or cessation of the activities or operations involving the registered business activities, whether or not such termination or cessation has entailed the closure of the business, or through a written advice accompanied by the surrender of the Certificate of Registration to the Authority.

(b) Involuntary - The Certificate shall be cancelled if, upon investigation and hearing, the registrant is found to have violated existing laws and /or implementing rules and regulations administered by PCA in an Order served by the Administrator of PCA to the registered person or entity.

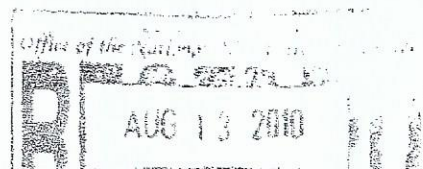
Section 5.2. Grounds for Suspension or Revocation - Any of the following acts, and after due investigation conducted thereon, shall be deemed sufficient ground for the issuance of an Order of Suspension or revocation, or non-renewal of the Certificate -

1. Giving any false statements in the Application for Registration;
2. Hoarding of the registered commodity to manipulate prices or pricing policies of the government;
3. Non-reporting or misdeclaration of inventory in any disposition or location as may be required by PCA;
4. Non-posting of buying prices in conspicuous places of the place of business or premises of their buying stations;
5. Giving any false statement in any other reports as may be required from time to time by PCA; and
6. Having been found guilty of unfair trade practice, such as, but not limited to adulteration, fraudulent designation, admixture, misbranding, etc.

Section 5.3. Period of Suspension and Reinstatement - The suspension period ordered based on any of the grounds enumerated in the preceding Section shall be imposed by the PCA Regional Manager for a minimum period of three (3) months or a maximum period of twelve (12) months.

Official copy of the order of suspension shall be attached to the registration file of the registrant maintained in the PCA Regional Office and a copy thereof served to the affected registrant, through personal service or registered mail, which becomes effective upon receipt of the same by the registrant, his representative, or any person of sufficient discretion in the registered business address.

Section 5.4. Lifting of Suspension - A petition for the lifting of the suspension may be filed by the registrant with the Authority upon proof that the



registrant has, in good faith, adopted corrective measures to address the grounds for his suspension, or such justifiable reasons which may be considered at the discretion of the Authority; *Provided, However*, that the suspension shall not be lifted, and no registration reinstated within three (3) months following the issuance of a suspension order. A petition for the lifting of suspension shall be docketed and given due course upon payment of One Thousand Five Hundred Pesos (P 1,500.00) Docket Fee.

Section 5.5. Reinstatement and Revocation - In cases where the order of suspension is for a maximum of twelve (12) months and after the expiration of such period, the registrant shall file his application for reinstatement and renewal of his suspended registration within thirty (30) days from date of such expiration. Should the registrant fail to apply for the reinstatement and renewal within the prescribed period, the suspended registration certificate shall be deemed cancelled and revoked.

Any person or entity engaging in any business activity covered by these Rules during the period of suspension shall be sufficient cause for the cancellation and revocation of the suspended registration.

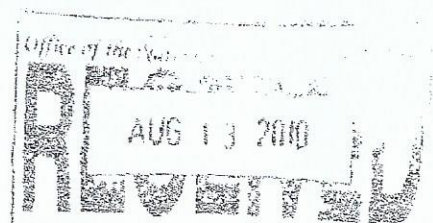
ARTICLE VI SANCTIONS

Section 6.1. Administrative Sanctions - Failure to comply with, or violation of any provision of these Rules or any Circular issued by the Authority pursuant thereto, shall be sufficient ground for the cancellation, revocation or non-renewal of the certificate of registration, without prejudice to notification by the Authority of such sanction to other agencies of government having other regulatory jurisdiction on the conduct of the business or the marketing and export shipment of the commodities.

Section 6.2. Penal Sanctions - In addition to the administrative sanctions provided in the preceding section, any person or entity who wilfully and deliberately violate any provision of these Rules or any Circular issued pursuant thereto, shall, in accordance with Presidential Decree No. 1468 and Presidential Decree No. 1644, be penalized with a fine of not more than P 20,000.00 and imprisonment of not more than five (5) years.

If the offender is a corporation, partnership or a juridical person, the penalty shall be imposed on the officers authorizing, permitting or tolerating the violation.

If the offender is an alien, he/she shall be immediately deported after serving sentence. In the case of a naturalized citizen, his certificate of naturalization shall be cancelled.




**ARTICLE VII
REPEALING CLAUSE**

All other provisions of Administrative Order No. 003, series of 1981 not inconsistent with this Order shall remain valid and effective.

**ARTICLE VIII
EFFECTIVITY**

These rules and regulations shall take effect fifteen (15) days from date of publication in two (2) newspapers of national and general circulation.

Quezon City, August 5, 2010.


OSCAR G. GARIN
Administrator

Adopted and confirmed by the PCA
Governing Board pursuant to Resolution
No. 032-2010 on 21 May 2010.

