

REVISED RULES AND REGULATIONS OF THE NATIONAL FOOD AUTHORITY ON GRAINS BUSINESS

Pursuant to the Provisions of Presidential Decree No. 4 dated September 26, 1972, otherwise known as the National Grains Authority Act, as amended, these Rules and Regulations are hereby promulgated by the National Food Authority Council to implement the provisions of said Act, for the information and guidance of all concerned.

REGULATION I

Definition of Terms:

For purposes of these Rules and Regulations, the following are the definition of terms:

1. **ACQUISITION COST** - Shall refer to the net price at which the grains and/or their substitutes and/or their by-products/end products mentioned in the Act are sold to and acquired by marketing channels, exclusive of other expenses incurred in the delivery and handling of said grains and/or their by-products/end products.
2. **ACT** - Shall mean the National Food Authority Act (Presidential Decree No.4, as amended).
3. **ADMINISTRATIVE DUE PROCESS** - The right of a party interested or affected to notice and hearing to enable him to present his side and submit evidence in support thereof. In essence, due process pertains to the opportunity of the party impleaded to be heard.
4. **ADMINISTRATOR** - Shall mean the Administrator of the National Food Authority.
5. **AFFIDAVIT** - a written declaration or statement of facts made voluntarily under oath or affirmation before an officer authorized to administer such oath or affirmation.
6. **AFLATOXIN** - A group of highly poisonous and carcinogenic compounds which are produced by strains of the fungi, *Aspergillus flavus* and *Aspergillus parasiticus* on suitable substrates such as corn, peanuts, copra, and other oilseeds, cassava, etc. Aflatoxin content is expressed in parts per billion (ppb).
7. **AGGRAVATING CIRCUMSTANCES** - refer to those circumstances present in the commission of an offense charged that increase the penalty to be imposed.
8. **ALTERNATIVE CIRCUMSTANCES** - refer to those which must be taken into consideration as aggravating or mitigating according to the nature and effects of the offense and the other conditions attending its commission.
9. **ANALOGOUS CIRCUMSTANCES** - refer to those circumstances similar to any of the mitigating or aggravating circumstances that reduce or increase the penalty to be imposed.
10. **ANSWER** - a responsive pleading containing the respondent's negative and affirmative defenses.
11. **AROMATIC RICE** - Rice which gives off pleasant, sweet and fragrant odor.
12. **BLENDING EQUIPMENT** - for purposes of these Rules, shall mean a machine/equipment that is used to blend, mix, or otherwise facilitate the mixture of iron rice premix with raw rice to produce iron fortified rice.
13. **BOND** - shall mean an undertaking conditioned to respond or answer for the market value of the grains actually delivered and received at any time the warehouseman is unable to return the grains or pay their value.

14. **BONDED WAREHOUSE** - Shall mean a building or structure made of strong materials used as a place for storage of grains where the deposits are subject to the condition that the market value of the grains actually delivered and received, shall be paid under a bond if the warehouseman is unable to return the grains or to pay their value.
15. **BONDED WAREHOUSEMAN** - Shall mean any person or entity engaged in the business of accepting grains milled or unmilled, for deposit or storage, imposing or not a charge or charges by reason thereof, and obligates himself to deliver the grains deposited upon surrender of the receipt therefor.
16. **BRAND NAME** - Shall refer to the trademark, used by a grains businessmen to distinguish his rice/corn product from those of his competitors.
17. **BREWERS** - Small pieces or particles of rice kernels that pass through a sieve having round perforations 1.4 millimeters in diameter. This is also known as “binlid” or “chips”.
18. **BROKEN KERNELS** - Pieces of kernels smaller than 7.5/10 of the average length of the unbroken kernel.
19. **BROKEN KERNELS & FOREIGN MATTER (CORN)** - Kernels and pieces of kernels of corn and other matters which pass through a No. 12 sieve (a metal perforated with round holes 4.76 mm or 12/64 inch in diameter) and all other foreign matters remaining in such sieve after screening.
20. **BROKEN MILLED RICE** - This contains a minimum of 75% broken kernels in a whole lot.
21. **BROWN RICE (Pinawa)** - Rice kernel from which only the hull has been removed. This is also known as “dehulled rice”, “cargo rice”, or “dehusked rice”.
22. **BY-PRODUCTS** - Shall mean the secondary products derived from the post-production processing of rice and/or corn.
23. **CAPACITY** - It is a measure of the performance of a machine as to its capability to process certain volume of input or raw product to produce output or finished product. It is expressed in metric tons per hour (tph). For rice/corn mills and dryers it shall refer to the volume of the mill/dryer in bags of fifty kilograms per hour of operation. For threshers and corn shellers, it shall refer to the output capacity of the thresher or sheller in bags of fifty kilograms per hour of operation.
24. **CAPITALIZATION** - Refers to the resources invested in the different lines of activity in the rice and corn business. For purposes of these Rules, capitalization includes the cost of stocks, whether on consignment basis or bought on cash basis, cost of facilities and equipment, loans used in the business and amount of working capital.
25. **CAVAN** - Shall mean the quantity of palay, rice and/or corn placed in a sack weighing fifty (50) kilograms, net weight.
26. **CARTEL** - Shall mean any combination of or agreement between two (2) or more persons engaged in the production, manufacture, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its price. There shall be prima facie evidence of engaging in a cartel whenever two (2) or more persons or business enterprises competing for the same market and dealing in the same basic necessity or prime commodity perform uniform or complementary acts among themselves which tend to bring out artificial and unreasonable increase in the price of

- any basic necessity or prime commodity or when they simultaneously and unreasonably increase prices in their competing products thereby lessening competition among themselves.
27. CHALKY KERNELS - Kernels, whole or broken, one-half or more of which is white like the color of white chalk and is brittle, upon removal of the hull for palay.
 28. CHEMICAL RESIDUE - Residue acquired by palay/rice through the use of chemical substance as plant nutrients or as pesticides. The residue may also be acquired through other circumstances and at any stage in the growing, harvesting, distribution, marketing or processing of palay.
 29. CLASSIFICATION - A designation indicating the type of milled rice based on grain size.
 30. COMPACT-TYPE RICEMILL - A single-pass type of ricemill which utilizes more than one machine to accomplish the milling process. It has a huller to remove the hull, and a polisher to remove the bran. The grain mass undergoes a complete milling process as it passes through the huller and the polisher once.
 31. COMPLAINT - a sworn written statement charging a person, natural or juridical, with an offense, subscribed by the offended party and a peace officer or other public officers charged with enforcement of laws or rules and regulations.
 32. CONSUMER - Shall mean the end-user of rice and/or corn, and/or their by-products/end products.
 33. CONTRASTING TYPES - Palay/rice kernels and pieces of kernels of different varieties other than the variety designated, wherein the size, shape and color differ distinctly from the characteristics of kernels of the variety designated.
 34. CONVENTIONAL RICEMILL - A multi-pass old type of ricemill which consists of an under-runner disk huller, a paddy separator and at least two abrasive cone-type polisher. Usually, the power transmission is through a massive but slow moving beltings attached in a single shaft, powered by a big engine.
 35. COOPERATIVE - Shall mean the association of natural or juridical persons organized under the cooperative laws, such as, but not limited to, farmers' cooperatives, consumers' cooperatives and credit union's cooperatives.
 36. CORN GRAINS - Shall mean shelled corn of either dent or flint varieties of the plant *zea mays*.
 37. CORN GRAINS OF OTHER COLORS - Corn grains of different colors other than the color under consideration.
 38. CORN (MAIZE) GRITS - shall mean milled corn grains where the outer covering and germs have been removed.
 39. CORN GRITS NO 10 - Milled corn grains after sieving are retained in mesh sieve No. 12.
 40. CORN GRITS NO. 12 - Milled corn grains after sieving are retained in mesh sieve No. 14.
 41. CORN GRITS NO. 14 - Corn grains after sieving are retained in mesh sieve No. 16.
 42. CORN GRITS NO. 16 - Milled corn grains which pass mesh sieve No. 16.
 43. CORN OR MAIZE - Shall mean and include corn-on-the-cob, the shelled (corn grains) or ground (corn grits) kernels of a plant known scientifically as *Zea mays*, as well as all its strains, varieties and sub-varieties belonging to the family *Gramineae*.

44. CORN MILL - Is a machine consisting of several components the purpose of which is to remove and separate the corn bran, germ and cap (degermination) and grind the endosperm to produce corn grits as its main product.
45. CORN SHELLER - Shall mean a power operated equipment or device that shells, separates and cleans the corn grains from the cob.
46. CORN VARIETY - Refers to the common name or specific varietal common name of a given shelled corn variety (i.e. Pioneer, SMC-1, BPI, etc.).
47. COUNCIL - Shall mean the National Food Authority Council.
48. CROP YEAR - Shall mean the season and year when palay and/or corn are harvested.
49. DAMAGED KERNELS(CORN) - Kernels or pieces of kernels of corn which are heat damaged, sprouted, ground damaged, weather damaged, moldy, diseased, insect-bored or otherwise materially damaged.
50. DAMAGED KERNELS (Milled Rice) - Kernels, which are obviously damaged by insects, water, diseases and/or other means as seen by the naked eye.
51. DAMAGED KERNELS (Palay) - Kernels which are sprouted or distinctly damaged by insects, water, fungi and/or any other means.
52. DECISION - it is the written disposition of a case personally and directly prepared and signed by Department for Legal Affairs (DLA) Department Manager or NFA Regional Director, as the case may be, stating clearly the findings of facts and the law applicable thereto. It shall also include a finding of the culpability or innocence of the respondent as well as the impossible penalty therefor
53. DEGREE OF MILLING - the extent of which the bran layers and germ have been removed.
54. DELIVERY - Shall mean the transfer to actual possession of palay/rice and/or corn from one person to another.
55. DENOMINATION - Shall refer to the specific unit or value of each quedan or warehouse receipt, stated in terms of number of sacks of palay/rice/corn of fifty (50) kilograms each.
56. DENT CORN - Corn kernels which have dent in the broad end of the kernels caused by great shrinkage of soft starch between the two layers of corneous and flinty starch at the end of the endosperm.
57. DEPOSIT - Shall mean any palay/rice and/or corn delivered to and accepted by the warehouseman for the purpose of storage and for which a warehouse receipt is issued.
58. DEPOSITOR - Shall refer to the owner of palay/rice and/or corn placed in a bonded warehouse for purposes of storage and safekeeping and for which a warehouse receipt is issued by the warehouseman.
59. DIRECTLY PRODUCED - Refers to palay/rice and/or corn grown or produced by the person or farmer himself, either as owner-tiller, lessor, or lessee.
60. DISCOLORED KERNELS - Kernels which have changed their original color as a result of heating and other means. These are also known as "yellow kernels" or "fermented kernels".
61. DISCOLORED GRITS - Pieces of grits of corn, which are materially discolored and damaged by external heat or as a result of heating caused by fermentation.
62. DUPLICATE - Shall refer to a new warehouse receipt issued to the depositor/holder in lieu of a lost, damaged or destroyed receipt, the entries of which are exactly the same as the warehouse receipt originally issued.

63. ENDORSEMENT - Shall refer to the signature at the back of the negotiable warehouse receipt, either of the depositor or holder in due course to evidence the transfer to ownership of the stock covered by the warehouse receipt.
64. END-PRODUCTS - Shall mean such finished products resulting from the processing or manufacturing activity using rice, corn, other grains and/or their by-products as raw materials therefor, such as, but not limited to rice noodles, popcorn, poprice, corn oil, cereal foods, snack foods, animal feeds, iron rice premix, etc.
65. ENRICHED RICE - Milled rice to which fortified rice kernels are added to enhance its nutritive value.
66. EXPORTATION - Shall mean the shipment out of the country, either for sale or barter of rice and/or corn and/or their substitutes and/or their by-products/end products.
67. FILTH - Impurities of animal origin including live and dead insects.
68. FINDINGS OF FACT(S) - it is the determination by the hearing officer of an issue of fact after an evaluation of the evidence submitted in the case.
69. FIRE INSURANCE - Shall mean the coverage by contract whereby an insurance company guarantees to indemnify the loss or damage by fire, of the palay/rice and/or corn received for storage, milling, shelling, threshing and/or drying.
70. FLINT CORN - Corn kernels with relatively large amount of hard endosperm on the sides and the inner portion is composed of soft starch. The color of the endosperm is either white or yellow.
71. FLOUR (Rice)- Shall refer to the finely ground rice especially the product obtained in its commercial milling, which consists essentially of the starch of the endosperm.
72. FOREIGN MATTER (Milled Rice) - Organic and inorganic components other than whole or broken rice kernels (e.g. Foreign seeds, husks, bran, sand, dust and other crop seeds).
73. FOREIGN MATTER (Palay) - All matters other than palay grains such as (a) sand, gravel, dirt, pebbles, stones, lumps of earth, clay, mud, chaff, straw, and (b) other grains like weed seeds and other crop seeds.
74. FOREIGN MATTER (Corn) - Impurities such as stones, sand, dirt, weed seeds or any matter, which is not corn grits.
75. FRANCHISE - Shall mean the privilege granted to qualified licensed bonded warehouseman to issue negotiable warehouse receipts to depositors of palay/rice and/or corn upon fulfillment of the requirements set forth herein.
76. GERM - Small white portion which lies on the ventral side of the rice kernel from where the seed germinates.
77. GLUTINOUS/WAXY RICE - A special variety of rice whose kernels are white and opaque or pigmented. The starch component consist almost entirely of amylopectin (98-100%).
78. GRADE - A designation indicating the degree of quality of rice and corn.
79. GRADE No. 1 - Any rice and corn variety which meet the second highest grade requirements for rice and corn as set forth in the herein prescribed national standards.
80. GRADE No. 2 - Any rice and corn variety which is lower in quality than Grade No. 1 but higher in quality than Grade No. 3, based on the grade requirements for rice and corn as set forth in the herein prescribed national standards.
81. GRADE No. 3 - Any milled rice variety which is lower in quality than Grade No. 2 but higher in quality than Grade No. 4, based on grade requirements for milled rice as set forth in the herein prescribed national standards. Any palay and corn variety which meet

- the lowest grade requirements for palay and corn as set forth in the herein prescribed national standards.
82. GRADE No. 4 - Any milled rice variety which is lower in quality than Grade No. 3 but higher in quality than Grade No. 5, based on grade requirements for milled rice as set forth in the herein prescribed national standards.
 83. GRADE No. 5 - Any milled rice variety which meet the lowest grade requirements for milled rice as set forth in the herein prescribed national standards.
 84. GRADER - A machine used to separate head rice and brokens. This could either be sieve or indented plates or indented cylinders.
 85. GRAINS - shall mean the husked or unhusked, milled or unmilled, seeds or fruits of various food plants, more specifically the cereal grasses.
 86. GRAINS INDUSTRY - Shall mean and include the culture or production, milling, warehousing, processing or manufacturing, exportation, importation, transporting, handling the distribution, either by wholesale or retail and other activities relating to rice, corn, other grains and/or their substitutes and/or their by-products/end products.
 87. GRAINS STANDARDS - Refer to the standard specifications for rice/palay and/or corn grains/corn grits and approved by the Authority for adoption by the Bureau of Product Standards, Department of Trade and Industries.
 88. GRINDER CORN MILL - Is a corn mill whose corn crushing action takes place between two steel grinding plates. One plate is a stationary while the other is rotating. The gap between these grinding plates determines the size of corn grits to be produced.
 89. GROSS WEIGHT - Shall mean the weight of grains or their substitutes or their by-products including the container, expressed in kilograms.
 90. HABITUALLY - is a circumstance where the offender has been previously punished for an offense to which the law attaches an equal or greater penalty or for two or more administrative offenses to which it attaches a lighter penalty.
 91. HEAD RICE - A kernel or a piece of kernel with its length equal to or greater than 7.5/10 of the average length of the unbroken kernel.
 92. HEAT DAMAGED KERNELS - Kernels or pieces of kernels of corn which have been materially discolored and damaged by external heat or a result of heating caused by fermentation.
 93. HOARDING - Shall mean the undue accumulation by any person or a combination of persons of any basic necessity or prime commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to the unjustified taking out of any basic necessity or prime commodity from the channels of production, trade, commerce and industry. There shall be prima facie evidence of hoarding when a person has stocks of any basic necessity or prime commodity fifty percent (50%) higher than the usual inventory and unreasonably limits, refuses, or fails to sell the same to the general public at the time of discovery of the stocks., The determination of a person's usual inventory shall be reckoned from the third month immediately preceding the discovery of the stocks in case the person has been engaged in the business for at least three (3) months; otherwise it shall be reckoned from the time he started his business.
 94. HULLER - Shall mean the machine assembly consisting of several components the only purpose of which is to remove and separate the hull from the palay with minimum damage to the bran layer and with minimum breakage to the brown rice.
 95. HULL - Shall mean the outermost cover of the kernel, also known as "husk".

96. IMMATURE KERNELS - Kernels, whole or broken, which are light green and chalky with soft texture.
97. IMPORTATION - Shall mean the entry into the Philippines of rice either for sale, barter or for own consumption.
98. IMPORTER - Shall mean any person, natural or juridical, duly licensed by the National Food Authority to engage in the bringing in of rice to the country for purpose of trade.
99. IMPROVED CONVENTIONAL RICEMILL - A multi-pass type of conventional ricemill with certain modifications/improvements. Some components of the conventional type are replaced with modern machines like rubber roll huller in place of under-runner disk huller, or other machines like friction whitener, is integrated/added in the system.
100. INDENT - Shall mean the acceptance of orders from NFA licensed importers for the supply of rice and/or corn and/or their substitutes and/or their by-products/end-products on behalf of accredited foreign suppliers.
101. INJURIOUS SPECULATIONS - Shall mean engaging in the business out of the ordinary, or dealing with the view of making profit from conjectural fluctuations in the price rather than from earning out of the ordinary profit of trade, or entering into a business venture involving unusual risks, for a chance of an unusual large gain or profit.
102. IRON FORTIFIED RICE (IFR) - An enriched rice made from a blend of premixed iron-fortified rice grains with ordinary rice. The iron fortified rice can be cooked like ordinary rice. Consumption of IFR is expected to build healthy red blood cells, improve physical and mental performance, prevents anemia and strengthen the body against infection.
103. IRON RICE PREMIX (IRP) - A rice based product containing an approved iron fortificant which serves as a carrier for the latter in the manufacture of iron fortified rice. IRP is prepared either by coating a rice grain with an approved iron fortificant or by extruding rice starch mixed with the fortificant into rice shaped beads.
104. JURISDICTION - the authority vested by law to hear and decide a case.
105. KISKISAN RICE MILL - A single-pass type of ricemill that utilizes one machine to accomplish the milling process (hulling and polishing) at the same time, in one stage. A sieve may be integrated into the machine to separate the small brokens from the head rice and big brokens.
106. LANDED COST - Shall include expenses covering cost, insurance, freight, customs and other government imports, wharfage and arrastre, storage, transportation and handling, bank charges, and such other legitimate expenses incurred in the importation of the rice and/or corn and/or their by-products and/or their end-products.
107. LICENSING - Shall mean the act of granting an authority/privilege to a qualified applicant to engage in a particular line of activity in the rice and/or corn industry.
108. LIEN - shall mean a charge or incumbrance upon a specific property, whether real or personal, for the satisfaction of any debt, obligation or duty.
109. LONG GRAIN (Palay) - Palay whose average length of the full size palay grain is between 8.8 to 9.8 mm
110. LONG GRAIN (Milled Rice) - Rice with 80% or more of whole of milled rice kernels having a length of 6.4 to 7.4 mm
111. MANIPULATION - Shall refer to the artificial advancing and depressing of prices by those who have ability to do so by certain devices including false claims, wash sale, bucketing, collusion, etc.

112. **MARKETING COST** - Shall refer to the aggregate sum of all expenses incurred by a producer or manufacturer that are necessary to effect the physical distribution of the rice and/or corn mentioned in the Act.
113. **MARKET PRICE** - Shall refer to the price at which a seller is ready and willing to sell and a buyer ready and willing to buy in the ordinary course of trade.
114. **MATERIAL EVIDENCE** - it is that evidence which is relevant and goes to the substantial matter in dispute, or has a legitimate and effective influence or bearing on the decision in the case.
115. **MECHANICAL DRYER** - Is a power operated equipment or device used for drying grains by removing moisture from the grains to a level safe for storage or milling, normally at 14% moisture content. Mechanical dryers are of two types, namely, the batch type or the continuous flow type. A dryer is of the batch type when the grains remain at rest during the drying process while it is of the continuous flow type when the grains continuously move downwards during the drying process.
116. **MILLING** - the process of converting grains into a state or form ready for use or consumption.
117. **MIST POLISHER** - A kind of polisher which applies water in mist form during polishing to improve brilliancy of polished rice. These are commonly friction type horizontal polisher which could be integrated to an existing ricemill or operated independently.
118. **MIXED CORN** - Consists of corn kernels of different colors.
119. **MIXED CORN GRITS** - Consists of corn grits of various color that do not meet the color requirement for either white or yellow corn grits.
120. **MODERN RICEMILL** - A multi-pass type of ricemill which is an integration of modern machines that have the capability to produce higher recovery and better quality of milled rice output such as but not limited to, paddy cleaner, rubber roll huskers, paddy separator, abrasive polishers, friction whiteners and auto-weigher. Each machine may be powered by individual electric motors remotely controlled in a panel board. Usually, the machines are laid out horizontally and the grain mass is delivered by bucket elevators/conveyors from one machine to another. In some modern ricemills, mist polisher, packaging machine and other hi-tech components are integrated in the system. For purposes of distinction, modern ricemills have the basic components as follows: paddy cleaner, auto-weigher, rubber roll huskers, paddy separator, abrasive polisher, friction whitener, bran collection system and motor control center.
121. **MODERN VARIETY** - Variety of rice and corn derived from recent genetic improvement or interbreeding of different varieties.
122. **MOISTURE CONTENT (As received)** - The water content of palay, milled rice and corn, expressed in percent (%) as received.
123. **MOLDY KERNELS** - Kernels or pieces of kernels which are contaminated with molds.
124. **MONOPOLY** - Shall mean the ownership or control of so large a part of the market supply or output of rice and/or corn and/or their substitutes and/or their by-products/end-products as to stifle competition, restrict freedom of commerce and to give the monopolist, control over prices thereof.
125. **MULTI-PASS RICE MILL** - Refers to that class of rice mill whereby the rice hull, the bran and germ are removed in more than one passing. Rice mills under this class consists of the huller/s, paddy separator and polisher/s. The product of hulling is fed to the paddy separator which separates the unhulled palay and brown rice, the unhulled palay then returns back to the huller for re-hulling while the brown rice is fed to the polisher.

Conventional rice mills, improved conventional rice mills and modern rice mills fall under this classification.

126. NEGOTIABLE WAREHOUSE RECEIPT - Shall mean a warehouse receipt by the terms of which the palay/rice and/or corn stored shall be delivered to the depositor or upon his order, to bearer or holder in due course for value of the warehouse receipts.
127. NET WEIGHT - Shall mean the weight of grains or their substitutes or their by-products exclusive of the container.
128. NEWLY DISCOVERED EVIDENCE - the evidence which could not have been discovered and produced during the hearing of the case despite due diligence, and if presented, would probably alter the decision.
129. NFA ACCREDITED INSURANCE COMPANY - Shall refer to an insurance company which is issued a Certificate of Authority by the Insurance Commission to transact insurance business in the Philippines and is accredited by NFA to issue the surety bond and fire insurance requirements of rice and/or corn bonded mills, warehouse, sheller/thresher/dryer owners and/or operators.
130. NFA ACCREDITED RICE MILLERS/PRODUCERS OF PREMIUM GRADE RICE - Shall refer to rice mill owners /other producers other than ricemillers, who are capable of producing premium grade rice.
131. NFA OR AUTHORITY - Shall mean the National Food Authority
132. NOMINAL COMPLAINANT - any officer who, by reason of his office or position, is required or authorized to institute and file an administrative complaint.
133. NON-NEGOTIABLE WAREHOUSE RECEIPT - Shall mean a warehouse receipt, by the terms of which, the palay/rice and/or corn stored shall be delivered to the depositor; or to a specified person named therein.
134. OVERMILLED RICE - Rice kernel from which the hull, the germ and the bran layers have been completely removed.
135. PACKAGING - Shall refer to the activity of placing rice and/or corn and/or their by-products into containers/bags of varying sizes for easier handling or distribution. The volume of rice and/or corn and/or their by-products varies from 1 kg to 50 kg. The packaging machine used could be automatic or semi-automatic which are autoweigher provided by electric sealer.
136. PALAY - Unhulled grain of *Oryza sativa*, which means, grain with the glumes enclosing the kernel. It is also known as “paddy” or “rough rice”.
137. PALAY VARIETY - Shall refer to the category/species of palay denoting its genetic characteristics whether it is traditional variety (i.e. Intan, Raminad, etc.) Or modern variety which is a result of genetic improvement or inter-breeding of different varieties (i.e. C-4, IR Series, BPI Series, PSB Series, etc.)
138. PERSONS - shall mean any natural or juridical person such as corporations, partnership, cooperatives, associations, or institutions whether government or private.
139. POLISHER - shall refer to the machine assembly consisting of several components the only purpose of which is to remove and separate the rice bran and the germ from the brown rice to produce polished rice as its main product.
140. POP CORN - A type of corn which forms large flakes after the kernels explode in response to heating (popping expansion).
141. PREMIUM GRADE - Any rice and corn variety which meet the highest grade requirements for rice and corn as set forth in the herein prescribed national standards.

142. PRICE MANIPULATION - Shall mean the act of causing prices of essential commodities to fall or rise for one's own profit by changing or falsifying figures, accounts and other related information.
143. PRIMA FACIE - evidence of fact which, in law, is sufficient to establish the fact; self evident
144. PROCESSOR OR MANUFACTURER - Shall refer to a person, either natural or juridical engaged in the processing or manufacture of goods where rice or corn and/or their by-products are used as ingredients in the manufacture of flour, starch, oil, noodles, animal feeds, iron rice premixes, and/or similar commodities and end-products irrespective of the purpose or usage.
145. PRODUCTION COST - Shall include the reasonable ordinary expenses covering direct agricultural input cost, adding thereto expenses such as overhead, including farmer's subsistence, labor and financial charges such as fees, duties, taxes, and other charges.
146. PROFITEERING - shall mean the sale or offering for sale of any basic necessity or prime commodity at a price grossly in excess of its true worth. There shall be prima facie evidence of profiteering whenever a basic necessity or prime commodity being sold: a) has no price tag; b) is misrepresented as to its weight or measurement; c) is adulterated or diluted; or 4) whenever a person raises the price of any basic necessity or prime commodity he sells or offers for sale to the general public by more than ten percent.
147. PURITY - Percentage of palay grains free of foreign matters.
148. QUANTUM OF EVIDENCE - the degree of proof required sufficient to establish a case which in administrative proceedings is substantial evidence, and in a criminal proceedings is proof beyond reasonable.
149. RED KERNELS - Kernels that have red bran covering, wholly or partly.
150. REGISTRATION - Shall mean the act of requiring businessmen engaged in certain activities in the rice and/or corn industry to enlist themselves with the NFA for purposes of monitoring only.
151. REGLEMENTARY PERIOD - the period required by law to perform a specific act. In the computation of the period of time, the first day shall be excluded and the last day included unless it be a Saturday, a Sunday or a legal holiday, in which case the period shall run until the end of the next day which is neither a Saturday, a Sunday or a legal holiday.
152. REGULAR MILLED RICE - Rice kernel from which the hull, the germ, the outer bran layers and the greater part of the inner bran layers have been removed but parts of the lengthwise streaks of the bran layers shall be within the range of 20-40% of the kernels.
153. RELEVANT EVIDENCE - having any value in reason as tending to prove any matter provable in an action. Evidence is relevant when it tends to prove or disprove the issue or issues outlined in the pleading of the parties.
154. RETAIL - shall mean the sale of rice and/or corn, whether NFA or commercial stocks, and/or their by-products/end-products for the consumption or use of the purchaser, whether natural or juridical person, irrespective of the value or volume of the transaction.
155. RICE - Shall mean husked or unhusked kernel coming from a plant known scientifically as *Oryza Sativa* and/or all its strains, varieties and sub-varieties, belonging to the family Gramineae otherwise known generally and commonly in Philippine national language as "palay" (for unhusked) and "bigas" (for dehusked/milled).

156. RICE VARIETY - Refers to the category/species of palay from which processed or milled rice was derived denoting its genetic characteristics whether it is traditional variety not belonging to special variety rice or a result of genetic improvement/hybridization.
157. RICE AND CORN INDUSTRY - shall mean and include the culture or production, warehousing, processing or manufacturing, milling, exportation, importation, transporting, handling the distribution, either wholesale or retail of rice, corn and/or their by-products/end products.
158. RICE MILL - shall refer to the machine or equipment that removes and separates the hull, bran and germ of the palay with polished rice as its main product. There are two general classifications of rice mills namely, single-pass and multi-pass rice mills.
159. RICE PARBOILING - Refers to the process wherein palay or rough rice is subjected before milling to soaking or steeping in water, steaming and drying.
160. ROLLER CORN MILL - A corn mill whose corn crusher consists of two solid steel rollers with separate (hollow-notched) surfaces which rotates in opposite directions. The number of serrations per inch on these rollers determines the degree of fineness of corn grits to be produced.
161. ROLLING STORE - a mobile store in the form of a 4-wheeled vehicle, a trailer or any movable devise/facility which maybe taken in places where it is needed and allowed to operate.
162. RUBBER ROLL RICE MILL - A type of rice mill whose huller consists of two identical rubber rolls, set side by side inwardly rotating in opposite directions at different speeds. The faster roll is fixed while the other roll is adjustable sideways.
163. RURBAN CODE - numbers representing the regional, provincial and municipal location of the applicant's business.
164. SACK - The polypropylene/polyethylene sack or similar materials suitable to be used as packaging material/container for rice and/or corn or their by-products.
165. SAMPLE - a small quantity taken from various portions of the lot as representative of the lot.
166. SHELLED CORN - Corn kernels, mainly of either dent or flint varieties of the plant Zea mays. It is also known as "maize" or "corn grain".
167. SHORT GRAIN (Palay) - Palay whose average length of the full size palay grain is below 8.0 millimeters.
168. SHORT GRAIN (Milled Rice) - Rice with 80% or more of the whole milled rice kernels having a length of less than 5.5 mm.
169. SHRIVELLED AND IMMATURE GRAINS - Kernels or pieces of kernels which are not fully developed, thin and papery in appearance.
170. SINGLE-PASS CORN MILL - A corn mill which removes and separates the bran, germ and cap and produces corn grits in one passing. Corn mills under this class are compact units employing only one set of steel rollers or grinding plates and produces limited grit sizes.
171. SINGLE-PASS RICE MILL - Refers to that class of mill whereby the huller and polisher are integrated in one compartment and milled rice is produced in a single passing. Kiskisan rice mill, and compact type or cabinet type rubber roll rice mill fall under this classification. This type of mill is not equipped with a separator.
172. SIZE - Length category of at least 80 percent of the sample of palay/ whole milled rice kernels to which the sample belongs.

173. SPECIAL VARIETY PALAY - Includes glutinous, aromatic palay varieties and those with excellent eating and nutritive quality. Palay varieties considered under this classification shall include but are not limited to the following: Dinorado, Sigadis, Milagrosa, Sampaguita, Sinandomeng, Kalinayan and Baysilanon.
174. SPECIAL RICE - Includes glutinous, aromatic rice and those with excellent eating and nutritive quality.
175. SPECIFICATION - A concise statement of a set of requirements to be satisfied by a product, material or a process indicating whenever appropriate, the procedure by means of which it may be determined whether the requirements given are satisfied.
176. STANDARD - A specification adopted for wide use or repeated utilization. It is the result of standardization effort approved by a recognized authority.
177. STANDARDIZATION - The process of formulating and applying rules in an orderly approach to a specific activity for the benefit and with the cooperation of all concerned, and in particular for the promotion of optimum over-all economy taking due account of functional conditions and safety requirement.
178. STATEMENT OF VIOLATION/CHARGE SHEET - is a written specification of charge or charges signed by the Chief of the Enforcement, Investigation and Prosecution Division or the deputized Enforcement Officer of the Region or Province where the offense was committed. It need not be sworn to.
179. SUBPOENA AD TESTIFICANDUM - a process directed to a person requiring him to appear and testify in an investigation.
180. SUBPOENA DUCES TECUM - a process directed to a person requiring him to appear in an investigation and to bring with him any books, documents or other things under his control.
181. SUBSTANTIAL EVIDENCE - such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.
182. SUMMARY PROCEEDINGS - it is an abbreviated administrative proceeding conducted consistent with due process to determine the culpability or innocence of the respondent.
183. SUMMONS - a written order informing the respondent that he is charged of an offense and directing him to file his Answer and other responsive pleadings.
184. THRESHER - is a machine or equipment used for removing and separating the grains from its panicle.
185. TRADER - shall mean any person, natural or juridical, engaged in the buying, selling, distribution or barter of rice and/or corn and/or their by-products/end-products.
186. TRADITIONAL VARIETY - Refers to indigenous or native varieties of rice and corn other than special rice varieties.
187. TRANSPORTING - Shall mean the conveyance of rice and/or corn and/or their by-products/end-products from one place to another.
188. TRAVELING/MOBILE RICE MILL - A rice mill apparatus whose portable design allows the devise to be mounted on a vehicle and maybe taken in places where milling services are needed. It could also be mounted on a trailer or any wheeled cart.
189. TYPE - refers to the size and shape of kernel, e.g. Very long grain, long grain, medium grain or short grain.
190. UNDER MILLED RICE - Rice kernel from which the hull, a part of the germ and all or part of the outer bran layers, but not the inner bran layers have been removed.

191. VERY LONG GRAIN (Palay) - Palay whose average length of the full size palay grain is 9.9 mm and above.
192. VERY LONG GRAIN (Milled Rice) - Rice with 80% or more of whole milled rice kernels having a length of 7.5 mm and above.
193. WAREHOUSE - shall mean any building or fixed structure with enclosures and roofing for purpose of palay/rice and/or corn storage such as but not limited to silos, conventional warehouses, etc.
194. WAREHOUSE AUTHORIZED CAPACITY - Shall refer to the quantity of grains authorized by the authority for the licensed/ bonded /franchised bonded warehouseman to store/deposit in his warehouse as specified in his license/franchise certificate. This capacity, however, can not be greater than the warehouse capacity in bags as defined in these Rules.
195. WAREHOUSE CAPACITY (In Bags of 50 kilograms) - For conventional warehouses, it shall refer to the maximum number of fifty (50) kg bags of grains that a warehouse can store. It is computed by multiplying the volume of storage space after deducting the required allowances provided for within the warehouse by the bags density of grains which are 10, 13 and 15 for palay, corn grains, and rice respectively. Allowances provided for within the warehouse are: 0.5 meter for wall and pile, 0.5 meter between piles, 1.0 meter for pile and main door, 1.0 meter for passageway and 1.0 meter for operational facilities, but 0.5 meter, if otherwise.
196. WAREHOUSE CAPACITY (In cubic meters) - shall refer to the volume of storage space in cubic meters which is computed by multiplying the dimensions in meters of the warehouse: Length x Width x Height.
197. WAREHOUSING - shall mean the storage of palay/rice and/or corn and/or their by-products/end products in any warehouse, whether or not the same is incidental to the principal line of activity of the licensee/registrant and whether bonded or not.
198. WAREHOUSE RECEIPT -shall mean:1)the written acknowledgment by the warehouseman that he has received and holds the goods therein described for the person to whom it is issued: and 2) a contract between the owner of the goods and the warehouseman, the latter to store the goods and the former to pay compensation for that service.
199. WEED SEEDS AND OTHER CROP SEEDS - Seeds of any plant other than rice.
200. WEEVILY CORN - Corn infested with live weevils or other insect injurious to the grain.
201. WELL-MILLED RICE - Rice kernel from which the hull, the germ, the outer bran layers and the greater part of the inner bran layers have been removed, but parts of the lengthwise streaks of the bran layers shall be less than 20% of the kernels.
202. WHITE CORN - Corn kernels of white color with not more than two percent (2%) of other colors. A slight tinge of other colors, other than white shall not affect their classification as white corn.
203. WHITE CORN GRITS - Milled white corn grains which may include not more than 5% of corn grits of other color.
204. WHOLESALE - Shall mean the sale/distribution of rice and/or corn and/or their by-products/end products to any person natural or juridical, without regard to price or volume for the purpose of resale, either in the same form purchased or processed and/ or manufactured into another product.

205. YELLOW CORN - Yellow corn kernel with not more than two percent (2%) of other colors. A slight tinge of other colors, other than yellow, shall not affect their classification as yellow corn.
206. YELLOW CORN GRITS - Milled yellow corn grains which may include not more than 5% of corn grits of other color.

REGULATION II

LICENSING AND REGISTRATION OF ALL LINES OF ACTIVITIES, IN THE RICE AND CORN BUSINESS

Section 1. Grains Business License and/or Grains Business Registration

All persons, natural or juridical, who are engaged or are intending to engage in the rice and/or corn industry shall apply for a grains business license and/or grains business registration with the Authority.

A license is an authority or a privilege granted to a qualified applicant to engage in a particular line of activity in the rice and/or corn industry. It is issued by the Authority in the exercise of its police power for purposes of regulation. A registration is issued by the Authority to grains businessman engaged in certain activities in the rice and/or corn industry for purposes of monitoring only.

Section 2. Grains Bonded Business License

No person shall engage in the business of receiving palay/rice and/or corn for storage, milling, shelling, threshing and/or drying, unless duly licensed by the Authority. A Grains Bonded Business License shall be issued to qualified warehouseman, miller, corn sheller/thresher/dryer owner and/or operator who has complied with these rules and regulation or those to be herein after promulgated by the Authority.

Section 3. Lines of Activity Covered by a License

The following lines of activities shall require an application for a license :

- | | |
|-----------------------------|---|
| 1. Retailing | 8. Exporting |
| 2. Wholesaling | 9. Importing |
| 3. Milling | 10. Indenting |
| 4. Warehousing | 11. Packaging |
| 5. Threshing | 12. Mechanical Drying |
| 6. Corn Shelling | 13. Mist Polishing |
| 7. Processing/Manufacturing | 14. Manufacturing/Processing;
Distribution of Iron Rice Premix |

- a. Owners/operators of rice/corn mills, threshers, and/or corn shellers, shall be licensed provided their facilities are operational and used for their own stocks and/or for third party stocks. Said post-harvest facilities could be stationary or mobile.
- b. Mobile or traveling rice mills, however, shall not be allowed to operate within less than 100 meter radius of a stationary mill. An additional 30% of the basic milling license fees shall be imposed for its operation.
- c. Only storage spaces of at least twelve (12) cubic meters shall be considered as warehousing.
- d. Owners/operators of packaging machines and/or mechanical dryers shall be licensed if the said facilities are used for servicing third party stocks.
- e. Owners/operators of mist polishers shall be licensed if the said facilities are operating independently from a rice mill as a stand alone facility/unit.

Section 4. Facilities/Lines of Activities covered by a Registration

The following lines of activities/facilities/establishments shall require registration :

1. Motor vehicles principally used or intended to be used in the transport/hauling of palay/rice and/or corn, whether for the owner's/operator's exclusive use or for hire. Common carriers, such as public utility vehicles, other than those used by "viajeros" as the term is understood, vessels, planes, trains duly franchised by the proper government agencies concerned which are not principally used for transporting rice/and/or corn, as well as light vehicles such as jeep/owner-types of vehicles with or without trailers, are not covered ;
2. Warehouses, threshers, and shellers to be used for his own produce;
3. Mechanical dryers for owner's/operator's exclusive use/own stocks;
4. Packaging machines for the owner's/operator's exclusive use;
5. Non-operational mills and other post-harvest facilities/equipment for rice and corn. The registration of these facilities shall be done only once;
6. Institution/Establishment securing their rice and/or corn requirements from the Authority for use or consumption of their employees, members or customers or to be used for relief or charitable purposes;
7. Poultry and hog raisers securing rice and/or corn and/or their by-products from the Authority to be used for animal feeds;
8. Manufacturers, importers, dealers and distributors of rice and corn post-harvest facilities and/or blending equipment to be used for iron fortified rice, i.e. volumetric mixers, feeders, etc..
9. Blending equipment (volumetric mixers/feeders) used for producing iron fortified rice.
10. Facilities/equipment to be used for rice parboiling.

REGULATION III

QUALIFICATIONS AND DISQUALIFICATIONS FOR LICENSE AND REGISTRATION

Section 1. Qualifications

An applicant, whether natural or juridical person before engaging in the rice and/or corn industry, shall possess the following qualifications :

1. Must be of legal age and/or authorized by law to enter into contracts;
2. Must be a Filipino citizen. And, in case of juridical persons, the capital stock must be wholly owned by citizens of the Philippines as prescribed in Section 1 of Republic Act 3018, except those persons/entities allowed to engage in certain lines of activity in the rice and/or corn industry pursuant to Section 2 of Presidential Decree No. 194.

Any foreign investors may, however, be allowed to apply for NFA license in the retail trade of rice and/or corn, subject to the provisions of the Retail Trade Liberalization Act of 2000.

Section 2. Disqualifications

1. For applicants who shall engage in the business of receiving palay/rice and/or corn for storage, milling, shelling, threshing and/or drying, shall not have been convicted of a crime involving moral turpitude ;
2. Defaulting contractors of the defunct RCA and the NGA/NFA unless otherwise authorized by the Administrator.
3. Transferee, buyer, assignee or lessor mortgagee of post-harvest facilities (e.g. mills and warehouses), acquired from a defaulting contractor or his heirs/successors-in-interest unless with prior consent or approval from the NFA. However, this shall not apply to post-harvest facilities acquired thru a confirmed public auction sale and/or juridical foreclosure.

REGULATION IV

APPLICATION AND REQUIREMENTS AND OTHER REGULATIONS ON LICENSING AND REGISTRATION

Section 1. Application for License and/or Registration

The application for an appropriate license and/or registration shall be prepared and submitted to the Authority in triplicate. It shall give the true information required of the applicant himself, or in the case of a corporation, partnership, or cooperative/association, by the duly authorized officer thereof. It shall indicate the tax information number (TIN) of the applicant required per Revenue Regulations No. 11-99. A single proprietor, however, maybe represented by his/her authorized representative. The Authority shall apprise every applicant/applicant's representative of the duties and obligations of the licensee under P.D. 4, as amended, and to which the applicant shall pledge to fulfill and comply with the same.

Likewise, application for license and/or registration shall also be given due course in case of government entities, non-governmental organizations (NGOs), service-oriented organization, local government units or similar government projects/programs including but not limited to projects of congressional district officers, etc. utilizing rolling stores for their distribution scheme. The selling of rice through a rolling store however, shall be subject to additional requirements and conditions set forth in Section 3 hereof. The application shall be signed by the duly authorized representative/officer and shall be subject to the documentary and applicable facility requirements.

Section 2. Application Fee

Upon securing an application, a new or renewal applicant for license and/or registration shall pay an application fee of One Hundred Ten Pesos (P110.00) if he is engaged or intending to engage in a single line of activity; but if the applicant is engaged or intending to engage in two or more lines of activity in the rice and/or corn industry, he shall pay an application fee of One Hundred Sixty Five Pesos (P165.00). An application for registration shall be treated as a separate activity.

Section 3. Option to Pay Two or Three Years License/Registration Fees.

An applicant may opt to apply for new or renewal application for license and/or registration for a continuous period of two or three years. Provided, however, that the license fees to be paid in advance for said two or three years shall be based on the applicable schedule of fees according to the information declared during the current year when the application was filed. The application fee for the current year, however, shall suffice to cover for the 2nd and 3rd year applications. Provided further, that in case the applicant opts to avail of this option, all his/her lines of activities for license/registration shall be covered.

Section 4. Annual Increase in License/Registration Fees.

The license and/or registration fees may be increased yearly at a reasonable amount as may be determined subject to approval by the Council.

Section 5. Requirements for Licensing

Together with the accomplished application form, the applicant must submit two (2) copies each of the following requirements :

I. For New Applicants

A. Individual (Sole Proprietorship) :

1. Passport size picture of the applicant ;

B. Corporation/Partnership/Association/Cooperative :

1. Secretary's Certificate of a Board Resolution authorizing the representative to sign for and in behalf of the corporate/entity.
2. Passport-size pictures of the representative ;
3. Article of Incorporation and By-laws and all amendments thereto;
4. Certificate of Registration with the Securities and Exchange Commission, in case of corporations, partnership or associations and Certificate of Registration with the Cooperative Development Authority in case of cooperatives.

C. Common Requirements for Both Individual (Sole Proprietorship) and Corporation/Partnership/Association or Cooperative :

1. Proof of Filipino citizenship if applicant for rice and corn business has acquired Filipino citizenship by naturalization or by any other means of acquisition as provided by law ;
2. Proof of ownership such as Deed of Sale, Certificate of Title, Tax Declaration or other proofs of ownership. In case applicant does not own the facility, a certified copy of document allowing him/her use of the facility, such as a Contract of Lease ;
3. If applicant is an estate, Court Orders appointing Special Administrator/ Executor to apply for a license.

D. Additional Requirements for Applicants for Warehousing/Milling/Shelling/Threshing/Drying.

1. Postcard-size picture of warehouse/mill/sheller/thresher/dryer;
2. Location plan indicating the principal roads bounding the site of the warehouse / mill / sheller / thresher / dryer;
3. Warehouse plan indicating therein, the materials used, floor area, height, storage space, or capacity and the space occupied by the mill or other facilities/equipment, if any ;
4. For mills, location clearance from the Housing and Land Use Regulatory Board, and Environmental Compliance Certificate (Pollution Clearance and Permit to Operate) from the Environmental Management Bureau (EMB), whenever applicable;
5. Rice milling recovery should be at least 62% by weight and rice mills should be equipped with such mechanism for controlling and ensuring the milling quality of rice.
6. Traveling mills shall present a Permit from the municipality/city mayor's office in the municipality where it would be allowed to operate.

E. Additional Requirements for Applicants who shall Engage in the Business of Receiving Rice and/or Corn for Storage / Milling/Shelling/Threshing/Drying.

1. Clearance from the Regional Trial Court of the province where the applicant is a resident or has his place of Business;

2. Warehouse plan certified by a registered engineer or architect indicating the portion applied for bonded storage, if not to be completely bonded ;
3. A fire insurance policy issued and signed by an NFA accredited insurance company and endorsed in favor of the NFA. The period of premium payment on a policy shall coincide with the period of the license covering an approved application ;
4. Any of the following guaranty/bonds :
 - 4.1 A cash bond deposited with the proper Cashier or Disbursing Officer of the Authority;
 - 4.2 A Deed of Assignment in favor of the NFA for guaranty/bonds in the form of bank deposits, Philippine government bonds and securities like Land Bank bonds, Bangko Sentral ng Pilipinas Certificates of Indebtedness (CBCI), DBP bonds, Treasury Bills and other types of stocks of private corporations acceptable to the Authority.
 - 4.3 A first real estate mortgage in the form prescribed by the Authority ;
 - 4.4 A surety bond issued and signed by an NFA accredited insurance company and endorsed in favor of NFA. The period of the premium payment on a bond contract shall coincide with the license covering an approved application.

F. Additional Requirements and Conditions for Rolling Stores:

1. A Special Permit shall be secured in addition to accreditation, if applicable, from the NFA office having jurisdiction on the location of the rolling store;
2. It shall operate only on depressed or remote barangays, refugee settlement centers, disaster areas or squatter areas away from existing rice stores, public/private markets, centers or poblacion of cities and towns;
3. A License fee per rolling store shall be paid by the private sector allowed to operate a rolling store such as NGOs and other service-oriented organizations, in addition to the license fee for their stationary stores, if any;
4. The rolling store shall have a billboard which shall indicate NFA license number and Special Permit Number issued to the licensee.

G. Additional Requirements for Rice Millers, Importers, Traders/Wholesalers, Retailers, Repackers, Manufacturers/Producers of Iron Fortified Rice (IFR) and Iron Rice Premix (IRP):

1. License to Operate (LTO) issued by the Bureau of Food and Drug (BFAD) for manufacturers/processors/importers-distributors of iron rice premixes (IRP).
2. All rice millers, importers-distributors, and repackers, of milled rice (except brown rice and locally produced glutinous rice) shall submit the following:
 - 2.a. One (1) kg representative sample of their fortified rice to be offered for sale/distribution, for verification/testing as to the iron rice premix /

fortificant content of the fortified rice for which a Certificate of Analysis shall be issued.

2.b. Certificate of Attendance to a training/seminar attended on rice fortification.

II. For Renewal Applicants

A. Individual (Sole Proprietorship) :

1. Passport-size picture of the applicant
2. Income Tax Return (ITR) of the preceding year;
3. Financial Statement showing the assets and liabilities for the preceding year if applicant's capitalization in the rice and/or corn business exceeds P100,000.00;

B. Corporation/Partnership/Association/Cooperative :

1. Passport-size picture of the authorized representative;
2. Should there be a change of representative, a Secretary's Certificate of a Board Resolution authorizing the representative to sign for and in behalf of the corporation/entity;
3. Copy of Information Sheet submitted to the Securities and Exchange Commission (SEC) ;
4. Corporate Income Tax Return (ITR) of the preceding year with audited Financial Statement certified by the Bureau of Internal Revenue (BIR);

C. If Applicant for Bonded Warehousing / Milling / Shelling / Threshing / Drying

1. Documents showing guarantee/bond and fire insurance prescribed in Section 3, Regulation V.

D. Additional Requirements for Rice millers, Importers, Traders/Wholesalers, Retailers, Repackers, Manufacturers/Producers of Iron Fortified Rice (IFR) and Iron Rice Premix (IRP):

1. Renewal License to Operate (LTO) issued by the Bureau of Food and Drug (BFAD) for manufacturers/processors/importers/distributors of iron rice premixes (IRP).
2. All rice millers, importers/distributors, and repackers, of milled rice (except brown rice and locally produced glutinous rice) shall submit the following:
 - 2.a. One (1) kg representative sample of their iron fortified rice to be offered for sale/distribution, for verification/testing as to the iron rice premix/fortificant content of the fortified rice for which a Certificate of Analysis shall be issued.
 - 2.b. Recent Certificate of Attendance to a training/seminar attended on rice fortification, if not previously submitted.

Section 6. Requirements for Registration

Together with the prescribed and accomplished application form, new and renewal applicants who are required to register with the Authority shall submit two (2) copies of the following :

1. Passport-size picture of the registrant or of the authorized representative, if corporation, partnership, association or cooperative ;
2. For registration of transporting facilities used for hauling rice and/or corn: LTO Registration Certificate with current LTO Official Receipt ;
3. For registration of manufacturers, importers, dealers or distributors of post-harvest equipment and/or blending equipment for iron fortified rice, brochures containing the specifications and pictures of the equipment.

Section 7. Facilities and Equipment Requirements and Exemptions Thereof

- A. The following facilities/equipment are hereby required to be owned and/or possessed by the grains businessmen concerned as pre-requisite to licensing or registration:

GRAINS
BUSINESSMEN

FACILITIES/EQUIPMENT
REQUIRED

1. Retailer
 - A. Duly calibrated scale or weighing apparatus;
 - B. Adequate storage space;
 - C. Rice boxes duly painted white free from posters and advertisement materials;
 - D. Price tags measuring 28 cm x 21.5 cm for big rice/corn boxes (legal size bond paper); 21.5 cm x 16.5 cm for smaller rice boxes 1/2 legal size bond paper) rice/corn displayed for sale, in kilograms. It shall indicate in printed bold black letters and figures (except the symbol kg) the following information:
 - i. retail price per kilogram
 - ii. type/milling degree (Whiteness) of rice whether NFA rice, regular milled (RMR) or well-milled rice (WMR).
 - iii. Variety (optional except for special rice)
 - iv. Grade (whether Premium Grade, Grade Nos. 1,2,3,4,or 5 for rice)
 - E. The color of Price Tag shall be Sky Blue for Special Rice; Light Yellow for Premium Grade Rice; White for Well Milled, Regular Milled and Under Milled Rice and Light Green for corn grains/grits.

- 2. Wholesaler except “Broker”
 - A. Duly calibrated platform scale or suitable weighing apparatus;
 - B. Adequate storage facility, owned or leased for the grains traded;
 - C. Price list of grains displayed on a conspicuous place in the establishment of the businessman;
 - D. Duly calibrated moisture meter for wholesalers of palay; and
 - E. Dryers for wholesalers of palay/corn.

- 3. Miller except Mobile rice/corn Mill operator
 - A. Duly calibrated platform scale or suitable weighing apparatus;
 - B. Fire extinguishers;
 - C. Adequate space for the grains received for milling, and,
 - D. Duly calibrated moisture meter except for owners/ Operators of single pass rice/corn mills who render milling services only and are not in wholesaling and/or retailing of palay/corn nor in bonded or non-bonded warehousing.

- 4. Warehouse owner/operators (whether bonded or non-bonded)
 - A. Duly calibrated platform scale or suitable weighing apparatus;
 - B. Duly calibrated moisture meter for warehousemen of palay/corn;
 - C. Dryer for warehousemen of palay/corn;
 - D. Fire extinguishers;
 - E. Fumigating and pest control equipment;
 - F. Pallets;
 - G. Warehouse should be rodent and bird-proof and properly ventilated;
 - H. If warehouse is not completely bonded. Provide fixed partition to segregate the bonded from the non-bonded portion thereof;
 - I. Dry seal upon approval of application for bonded warehouse.

Section 8. Signboard Requirements

All grains businessmen are required to display on a conspicuous place of the store, warehouse, mill, and other grains business establishments, a signboard herein prescribed bearing the name and business name of the Licensee, the NFA control number and the words “Licensed Grains Retailer”, or “Wholesaler” as the case may be. “Grains Warehouse” in case of non-bonded warehouse, “Licensed Rice Mill” or “Corn Mill” in case of rice and/or corn mill and “Grains Bonded Warehouse” in case of bonded warehouse, or such appropriate appellation depending on the line of activity engaged in.

The signboard shall at least measure as follows :

1. 45 cm in width and 75 cm in length, in case of retailers, wholesalers and other establishments;
2. 75 cm in width and 135 cm in length in case of bonded warehouse, rice/corn mill and/or sheller/dryer.

Section 9. Listing of Brand Names

Grains businessmen using brand names for the rice and corn products being traded shall be required to submit a list of their brand names with the Authority.

Section 10. Licensing/Renewal Month

The scheduled licensing month shall be from January to June of each year to be determined by the provincial offices based on geographical location and population of grains businessmen per municipality per province.

Section 11. Place of Filing

The applicant shall file the accomplished application with the NFA office having jurisdiction over the location of his/her principal business. An applicant with a branch shall file his/her application for said branch at the NFA office where he filed his/her application for his/her principal business.

Section 12. Date of Filing

New applicants before engaging in the grains business shall apply for a license and/or registration at any time of the year.

Renewal applicants shall file their renewal applications for license and/or registration within their scheduled renewal month.

Section 13. Approval and Issuance of License/Registration

Upon approval of the application for new or renewal license and/or registration by the Administrator or his duly authorized representative, a Grains Business License and/or Registration per grains business location/address, shall be issued to the applicant for all lines of activity applied for, except bonded lines of activity for which a Grains Bonded Business License shall be issued.

Section 14. Issuance of One-Time Grains Business License/Registration Metal Plate, Renewal Sticker, and Cost.

A one-time Grains Business License/Registration metal plate shall be issued to approved applicants upon payment of a reasonable cost of fabrication of the license/registration plates. It shall contain among others, the sequential number of the license, name of the agency and seal. Upon renewal of the application for Grains Business License/Registration, a renewal sticker printed on security paper shall be issued and required to be attached to the license/registration plate.

Section 15. Term/ Expiration of License/ Registration, Renewal and Surcharges.

The Grains Business License/Registration shall be valid for one (1) year from the scheduled month assigned to the municipality/city/district of the business location. Provided, however, that the license/registration issued for a given licensing year shall expire on the last date of the scheduled licensing/renewal month irrespective of the month the application was filed. In case the last day of the month falls on a Saturday, Sunday, or a Holiday, the next working day shall be considered the last day, for purposes of renewal. In case the applicant applied and paid license fees/registration fees for two or three years per Section 3, Regulation IV hereof, the validity of the license shall cover the years applied and fees paid for.

A licensee/registrant who continues to engage in the rice and/or corn business but fails to file his application for renewal of license/registration shall be subject to a penalty of twenty five percent (25%) surcharge a month or fraction thereof and one hundred percent (100%) if application for renewal is filed after three months.

A licensee/registrant who fails to notify the Authority of his discontinuance in business as provided in the succeeding section, but who desires to reapply for license registration for the same business shall be deemed to have continued to engage in the same business, unless he/she could show and submit a valid and acceptable proof of cessation. Otherwise, the corresponding license/registration fees inclusive of surcharges, shall be collected for the applicable years.

Section 16. Lost or Destroyed Grains Business License/Registration Metal Plate.

A replacement of a lost/destroyed license/ registration metal plate may be issued by the Authority, upon satisfactory proof of such loss or destruction and the fact of such replacement issued shall be made of record. The cost of fabrication of the license/registration plate shall be paid by the licensee/registrant-grantee to the Authority.

Section 17. Place of Business and Change of Business Address

An applicant for grains business shall indicate in the application form his place of business which refers to the principal location of the business establishment and/or the location of the store/unit/branch/plant where his grains business activities are permanently located and/or are being operated.

A grains businessman applying for a change in business address within the licensing period, shall be charged a fee of two hundred pesos (P200.00) to cover the re-inspection and issuance of a new license/registration metal plate.

Section 18. Change of Licensee

In the event of death, or physical or mental incapacity of the licensee, before the expiry date of the license to engage in the grains business issued to him/her, the transfer of the business to the legal heirs/Court-appointed Estate Administrator shall be allowed within said licensing period, subject to compliance with all the requirements. A fee of two hundred pesos (P200.00) shall be paid to the Authority to cover the cost of the issuance of a new license and other administrative cost.

Section 19. Change in Type of Business

A grains businessman whose type of business has changed from a single proprietorship to a partnership/corporation or vice-versa, shall be required to file a new application for license and/or registration and comply with the prescribed requirements.

Section 20. Discontinuance in Business

Any licensed rice and/or corn businessman who shall cease from engaging in any or all lines of activity in the said business for which he is licensed/registered, shall immediately notify the Authority in writing of said decision to discontinue in business and shall surrender thereto his/her NFA license/registration metal plate.

REGULATION V

LICENSE AND REGISTRATION FEES

Section 1. Licensing Fees

In addition to the application fees mentioned in Section 2, Regulation IV above, the applicant except government entities/units, shall pay license fees and charges upon filing of the application according to the following schedules:

A. Retailing

1. Capitalization up to ₱10,000.00.....	P 165.00
2. Capitalization exceeding ₱10,000.00 up to ₱25,000.00.....	220.00
3. Capitalization exceeding ₱25,000.00 up to ₱50,000.00.....	440.00
4. Capitalization exceeding ₱50,000.00 up to ₱100,000.00.....	660.00
5. Capitalization exceeding ₱100,000.00 up to ₱200,000.00.....	880.00
6. Capitalization exceeding ₱200,000.00 up to ₱500,000.00.....	1,320.00
7. Capitalization exceeding ₱200,000.00 up to ₱750,000.00.....	3,300.00
8. Capitalization exceeding ₱750,000.00 up to ₱1,000,000.00.....	5,500.00
9. Capitalization exceeding ₱1,000,000.00	11,000.00

B. Wholesaling

1. Capitalization up to ₱25,000.00	660.00
2. Capitalization exceeding ₱25,000.00 up to ₱50,000.00	1,320.00
3. Capitalization exceeding ₱50,000.00 up to ₱100,000.00.....	1,980.00
4. Capitalization exceeding ₱100,000.00 up to ₱250,000.00.....	3,300.00
5. Capitalization exceeding ₱250,000.00 up to ₱500,000.00.....	5,500.00
6. Capitalization exceeding ₱500,000.00 up to ₱750,000.00.....	11,000.00
7. Capitalization exceeding ₱750,000.00 up to ₱1,000,000.00.....	16,500.00
8. Capitalization exceeding ₱1,000,000.00	22,000.00

C. Threshing

1. Up to 5 cavans output capacity per hour of operation.....	330.00
2. Exceeding 5 up to 10 cavans output capacity per hour of operation	440.00
3. Exceeding 10 up to 20 cavans output capacity per hour of operation	660.00
4. Exceeding 20 up to 30 cavans output capacity per hour of operation	880.00
5. Exceeding 30 up to 40 cavans output capacity per hour of operation	1,210.00
6. Exceeding 40 cavans output capacity per hour of operation	1,760.00

D. Corn Shelling

1. Up to 5 cavans of corn grains output capacity per hour of operation.....	330.00
2. Exceeding 5 cavans up to 10 cavans of corn grains output capacity per hour of operation	440.00
3. Exceeding 10 cavans up to 20 cavans of corn grains output capacity per hour of operation	660.00

4. Exceeding 20 cavans up to 30 cavans of corn grains output capacity per hour of operation	880.00
5. Exceeding 30 cavans up to 40 cavans of corn grains output capacity per hour of operation	1,210.00
6. Exceeding 40 cavans of corn grains output capacity per hour of operation.....	1,760.00

E. Manufacturing

1. Capitalization up to P10,000.00.....	880.00
2. Capitalization exceeding P10,000.00 up to P 25,000.00	1,320.00
3. Capitalization exceeding P25,000.00 up to P 50,000.00	1,760.00
4. Capitalization exceeding P50,000.00 up to P200,000.00.....	2,640.00
5. Capitalization exceeding P200,000.00 up to P500,000.00.....	3,520.00
6. Capitalization exceeding P500,000.00 up to P750,000.00.....	5,500.00
7. Capitalization exceeding P750,000.00 up to P1,000,000.00	8,250.00
8. Capitalization exceeding P1,000,000.00 up to P3,000,000.00	16,500.00
9. Capitalization exceeding P3,000,000.00	22,000.00

Owners/operators of processing establishments using rice and/or corn for their finished products, such as puto, poprice, and other similar processing/manufacturing commodities, shall pay the following fees:

1. Capitalization up to P2,000.00.....	220.00
2. Capitalization exceeding P2,000.00 up to P5,000.00.....	440.00
3. Capitalization exceeding P5,000.00 up to P10,000.00.....	660.00
4. Capitalization exceeding P10,000.00 up to P25,000.00.....	1,100.00
5. Capitalization exceeding P25,000.00	1,540.00

F. Exporting Abolished per E.O.554

G. Importing (Farmers)..... 3,300.00
 Importing (Non-Farmers)..... 22,000.00

H. Indenting 4,400.00

I. Warehousing

1. From 12 cubic meters up to 100 cubic meters of storage space.....	330.00
2. Exceeding 100 cubic meters up to 250 cubic meters storage space	440.00
3. Exceeding 250 cubic meters up to 500 cubic meters of storage space	660.00
4. Exceeding 500 cubic meters.	
4.1 For the first five hundred cubic meters of storage space	880.00
4.2. For every additional cubic meters or fraction thereof	0.66/cu.m.

J. Milling

1. Rice Mills

A. Single Pass Rice Mill - i.e. kiskisan and compact type rice mills, all without paddy separators.

1. Up to 5 cavans of palay input capacity per hour of operation.....	330.00
2. Exceeding 5 up to 10 cavans of palay input capacity per hour of operation.....	660.00
3. Exceeding 10 up to 15 cavans of palay input capacity per hour of operation.....	1,210.00
4. Exceeding 15 up to 20 cavans of palay input capacity per hour of operation.....	1,760.00
5. Exceeding 20 cavans input capacity per hour of operation.....	2,640.00

B. Multi-Pass Rice Mill - i.e. Conventional, improved conventional and modern type rice mills all equipped with paddy separators.

1. Up to 10 cavans of palay input capacity per hour of operation.....	660.00
2. Exceeding 10 up to 15 cavans of palay input capacity per hour of operation.....	1,210.00
3. Exceeding 15 up to 20 cavans of palay input capacity per hour of operation.....	2,200.00
4. Exceeding 20 up to 30 cavans of palay input capacity per hour of operation.....	2,640.00
5. Exceeding 30 up to 40 cavans of palay input capacity per hour of operation.....	3,960.00
6. Exceeding 40 up to 50 cavans of palay input capacity per hour of operation.....	5,720.00
7. Exceeding 50 up to 60 cavans of palay input capacity per hour of operation.....	7,480.00
8. Exceeding 60 up to 80 cavans of palay input capacity per hour of operation.....	9,680.00
9. Exceeding 80 up to 100 cavans of palay input capacity per hour of operation.....	12,760.00
10. Exceeding 100 up to 120 cavans of palay input capacity per hour of operation.....	15,400.00
11. Exceeding 120 up to 140 cavans of palay input capacity per hour of operation.....	18,700.00
12. Exceeding 140 cavans of palay input capacity per hour of operation.....	22,000.00

2. Corn Mills

A. Single-Pass Corn Mill - covers grinder mills with only one set of grinding plates and roll mills with only one set of steel rollers.

1. Up to 5 cavans of corn grains input capacity per hour of operation.....	330.00
2. Exceeding 5 up to 10 cavans of corn grains input capacity per hour of operation.....	440.00
3. Exceeding 10 up to 20 cavans of corn grains input capacity per hour of operation	660.00
4. Exceeding 20 up to 30 cavans of corn grains input capacity per hour operation	1,210.00
5. Exceeding 30 cavans of corn grains input capacity per hour of operation.....	2,200.00

B. Multi-Pass Corn Mill - includes grinder mills with two or more sets of grinding plates or roller mills with two or more sets of steel rollers.

1. Up to 5 cavans of corn grains input capacity per hour of operation.....	330.00
2. Exceeding 5 to 10 cavans of corn grains input capacity per hour of operation.....	440.00
3. Exceeding 10 up to 20 cavans of corn grains input capacity per hour of operation.....	660.00
4. Exceeding 20 up to 30 cavans of corn grains input capacity per hour of operation.....	1,210.00

5. Exceeding 30 up to 40 cavans of corn grains input capacity per hour of operation.....	2,200.00
6. Exceeding 40 up to 60 cavans of corn grains input capacity per our of operation.....	2,310.00
7. Exceeding 60 up to 80 cavans of corn grains input capacity per hour of operation	3,300.00
8. Exceeding 80 up to 120 cavans of corn grains input capacity per hour of operation.....	4,400.00
9. Exceeding 120 cavans of corn grains input capacity per hour of operation	6,600.00
K. Mechanical Drying	
1. Batch type	
1.1. Up to 40 bags of grains per batch	220.00
1.2. Exceeding 40 bags up to 100 bags of grains per batch	330.00
1.3. Exceeding 100 bags of grains per batch	660.00
2. Continuous Flow type	
2.1. Up to 2.5 tons of grains per hour of operation.....	440.00
2.2. Exceeding 2.5 tons up to 10 tons of grains per hour of operation.....	880.00
2.3. Exceeding 10 tons of grains per hour of operation.....	1,760.00
L. Packaging	1,100.00
M. Mist Polishing (As Stand Alone Facility)	
1. Up to 20 cavans output capacity per hour of operation.....	480.00
2. Exceeding 20 cavans up to 40 cavans output capacity per hour of operation	640.00
3. Exceeding 40 cavans up to 60 cavans output capacity per hour of operation	960.00
4. Exceeding 60 cavans up to 80 cavans output capacity per hour of operation	1,280.00
5. Exceeding 80 cavans up to 100 cavans output capacity per hour of operation	1,780.00
6. Exceeding 100 cavans output capacity per hour of operation	2,560.00
Section 2: Registration Fees	
In addition to the application fees mentioned in Section 2, Regulation IV, the applicant shall pay a registration fee of:	
1. Transportation Facilities -	
A. Trucks with 4 to 6 wheels	220.00/unit
B. Trucks with 8 wheels	330.00/unit
C. Trucks with 10 or more wheels	440.00/unit
2. Unit/Store/branch outlet for each of the following:	220.00/unit
A. Mechanical dryer for owner's/operator exclusive use/own stocks;	
B. Warehouse for own produce;	
C. Threshers for own produce;	

- D. Shellers for own produce;
 - E. Packaging machine for own use;
 - F. Manufacturers/importers/dealers/distributors of post-production equipment and/or blending equipment for iron rice fortification.
 - G. Blending equipment (volumetric mixers/feeders) used for producing iron fortified rice.
3. Establishment in case of: 220.00/unit
- H. Institutions/establishments
 - I. Mills and other facilities, equipment not in operation;
 - J. Poultry and hog raisers securing rice and/or corn and/or their by-products from the Authority to be used for animal feeds.”
 - K. Facilities/equipment for rice parboiling

REGULATION VI

GUARANTEE/BOND AND FIRE INSURANCE FOR WAREHOUSE, MILL, CORN SHELLER, THRESHER AND DRYER

Section 1. Guaranty/Bond and Fire Insurance Requirement for Warehouse, Mill, Corn Sheller, Thresher and Dryer

An applicant for a license to engage in the business of receiving palay/rice and/or corn for storage, milling, corn shelling, threshing or drying shall before approval of his application, post in favor of the Authority sufficient guaranty/bond and fire insurance in the amount and nature therein prescribed.

Exemptions: These guaranty/bond and fire insurance coverage shall not be required of owners and/or operators of single pass type rice or corn mills and/or shellers/threshers/dryers/, provided the palay/corn stocks received by them for milling, shelling, threshing or drying are returned to the owner thereof at the end of the milling/shelling/threshing/drying day. If and when an applicant claims these exceptions, he/she shall:

- A) Submit an affidavit, duly notarized, stating the reasons for said exemption; and,
- B) Post a Notice in conspicuous place in the mill, sheller, thresher/dryer premises, with following inscription: "THIS MILLER/ SHELLER/THRESHER/ DRYER OPERATOR IS NOT BONDED AND THEREFORE NOT AUTHORIZED BY NFA TO KEEP PALAY/ CORN STOCKS AFTER THE DAY'S MILLING/SHELLING/ THRESHING/ DRYING HOURS."

Section 2. Guaranty/Bond. The purpose of the guaranty/bond is to secure the faithful compliance of the applicant's obligations and responsibilities set forth under these Rules.

A. Types of Guaranty-Bond. The types of acceptable guaranty/bond are any of the following, namely:

1. Cash bond deposited with the proper cashier or disbursing officer of the Authority which shall be kept by the latter until released in accordance with these Rules;
2. A Deed of Assignment in favor of the Authority. Any one of the following:
 - 2.1 Bank deposits free from all liens and encumbrances, in an amount required under these Rules with any reputable bank upon the written agreement of the bank in the form prescribed by the Authority;
 - 2.2 Philippine government bonds and securities like Land Bank bonds, Bangko Sentral ng Pilipinas Certificates of Indebtedness (BSPCI) DBP bonds, Treasury Bills and other types of government securities or shares of stocks of private corporations acceptable to the Authority. Provided, however, that in all cases the maximum mortgage value of the collateral shall be seventy percent (70%) of the current fair market value of the same.

The aforementioned certificate of bank deposit, bonds, securities and shares of stocks shall be endorsed in favor of the Authority, free from all liens and encumbrances, and shall be kept by the proper official of the Authority until cancellation of the Deed of Assignments in accordance with these rules; Shares of Stocks of private corporations shall be registered in the stocks and transfer book of the corporation.

3. A first Real Estate Mortgage in such form as may be prescribed by the Authority and upon submission of the following requirements, to wit:
- a) Original copy of the Owner's Transfer or original Certificate of Title of the property, the maximum mortgage value of which shall be seventy percent (70%) of the current fair market value thereof based on the current Tax Declaration;
 - b) Original copy of current Tax Declaration;
 - c) Copy of the latest payment of real estate taxes and current tax clearance issued by the proper city or municipal treasurer;
 - d) Original copy of location or subdivision plan with vicinity map duly signed and sealed by a Geodetic Engineer;
 - e) Original copy of the notarized Special Power of Attorney of the registered owner/s and spouse/s, if any, when the property offered as security is not owned by the applicant;
 - f) In case of an agricultural land, an affidavit of the registered owner that the same is not tenanted and if the property is tenanted, a notarized written consent of the tenant/s and written approval of the mortgage by the proper officer of the Department of Agrarian Reform;
 - g) In case any building, fixed equipment or facilities and other permanent improvements existing on the land are also included in the deed of mortgage, the same shall be insured with the NFA accredited insurance companies against loss by fire and the insurance policy shall be endorsed in favor of the Authority as the designated beneficiary thereof;
 - h) The Deed of Mortgage executed in favor of the Authority shall be registered with the proper Registry of Deeds;
 - i) Whenever the real estate property offered as security is not covered by the Torrens Title under Act No. 496, as amended, in addition to the aforementioned pertinent requirements, the following shall also be submitted:
 - i) Original copy of Survey Plan approved and signed by the Bureau of Lands;
 - ii) Written certificate of the Bureau of Lands that the property offered as collateral is not part of the public domain;
 - iii) Certified true copies of deeds of sale, donation, exchange cession, juridical, extra juridical partition or self-adjudication and other documents evidencing transfer or acquisition of the property duly registered with the proper Registry of Deeds under R. A. No. 3344, as amended;

- iv) The Deed of Mortgage executed in favor of the Authority shall be entered in the proper Registry of Deeds in accordance with the provisions of R. A. No. 3344 as amended.
4. A. Surety bond issued by an NFA accredited surety company providing, among others, for a perpetual undertaking in favor of the Authority until canceled and released by the latter in accordance with these Rules.
- B. Amount of Guaranty/Bond - The amount of surety bond shall be no less than Thirty-three and one third percent (33 1/3%) of the current market value of palay/rice and/or corn except in case of leased warehouse where the bond shall be set at fifty percent (50%) of the current market value. The current market value shall mean the support price fixed by the NFA Council.

Total value of guaranty/bond shall be based on any of the following:

1. On the maximum quantity of paly/rice/corn to be kept for storage at any one time in case of warehouses;
2. On the total input capacity of the mill/dryer or output capacity of the sheller/thresher, for 12 hours operation. However, the applicant may put up a nominal cash bond of P1,500.00 for any of the following :
 - a. Rice or corn mills, single pass and the milling capacity thereof does not exceed 5 sacks of palay/corn at 50 kilograms each net weight per hour of operation;
 - b. Corn shellers, palay threshers or dryers the capacity of which does not exceed 10 sacks of corn grains/palay at 50 kilograms each net weight per hour of operation.

If for any reason the Authority shall find the licensee's guaranty/bond to be worthless, inadequate or has diminished in value, the licensee shall be required to submit sufficient additional guaranty/bond in amount to be determined by the Authority. In such case, the licensee shall be given by the Authority a reasonable time to submit the additional guaranty/bond and his failure to comply will be a cause for cancellation or revocation of the license. In such case, the license fees paid by the licensee shall be deemed forfeited in favor of the Authority.

- c. Cancellation/Release of Guaranty/bond - When a licensee desires to have his guaranty bond canceled/released, he shall:
 1. Signify his intention in written application addressed to the Administrator or duly authorized representative in the province where his bonded warehouse, mill, sheller, thresher or dryer is located.
 2. Submit an affidavit, duly notarized, stating among others, the following:
 - A. That he ceased to engage in or retired from the business of receiving grains for storage, milling, shelling, threshing, drying only, under the National Food Authority Act;
 - B. That he has fully paid, returned or liquidated all the grains he has received for storage, milling, shelling, threshing or drying only; and

C. That he has no more obligation and liabilities under the bond sought by him to be cancelled or released.

3. Publish at his own expense his application for cancellation/release once a week for three (3) consecutive weeks in a newspaper of general circulation in the locality where his bonded warehouse, mill, sheller, thresher or dryer is located.

4. Furnish NFA the proof of publication.

5. Submit a certification issued by the NFA Provincial Manager where the warehouse, mill, sheller, thresher, dryer is located and that there are no claimants against the bond sought to be cancelled. Said certification shall be issued three weeks after the last day of publication. However, publication and certification from the NFA Provincial Manager may be dispensed with in any of the following cases:

a. When the bond is a nominal cash guaranty/bond of P1,500.00 and is for single-pass rice/corn mill and/or sheller/thresher/dryer.

A copy of the application for cancellation/release shall be posted by the applicant for three consecutive weeks in a conspicuous place in front of the mill/sheller/thresher/dryer building and in the municipality hall of the locality where the mill/sheller/ thresher/dryer is located.

b. Whenever applicable, the guaranty/bond put up by a miller used for purposes of entering into a milling contract with the Authority and not for purposes of accepting third party deposits.

The miller-contractor shall submit the following:

b.1. Affidavit to the effect that the guaranty/bond sought to be cancelled or released was posted only to answer for the stocks belonging to the Authority duly covered by a milling contract and that no third party deposits have ever been accepted during the existence of the bond.

b.2. Clearance from the Commission on Audit and the Authority certifying to the full compliance with the milling contract in question and liquidation of accountabilities pertaining hereto.

c. When all the warehouse receipts issued by the franchised bonded warehouseman were only for his own grains and that he has never accepted deposits from third parties during the existence of the bond sought to be cancelled, which fact shall be contained in an affidavit of the franchise holder.

d. When the bond sought by him to be cancelled or released has been replaced and/or substituted by another bond issued by the same or another surety company accredited by NFA.

6. All unused as well as cancelled negotiable warehouse receipts shall be surrendered to the Authority before any guaranty/bond for storage may be cancelled or released.

Section 3. Fire Insurance

The purpose of the fire insurance is to ensure all the palay/rice and/or corn stocks received by the warehouseman, miller, sheller/thresher/dryer owner/operator for storage, milling, shelling, threshing or drying, against loss or damage by fire for the actual current market value of such commodities. The fire insurance policy shall be issued by an NFA accredited insurance company.

REGULATION VII.

FRANCHISE BONDED WAREHOUSE

Section 1. Franchise

A Franchise is a privilege granted to an owner/operator of NFA licensed bonded warehouse to enable him to issue negotiable warehouse receipts and avail of financing and other government programs. A franchised bonded warehouse, in addition to this regulation, shall be subject to the regulations on bonded warehouse embodied in these Rules and Regulations.

Section 2. Qualifications

- A. No person, natural or juridical shall be granted a franchise unless licensed by the NFA to engage in bonded warehousing of palay/rice and/or corn and their by-products, who has not complied with these Rules and Regulations or those to be hereinafter promulgated by the Authority.
- B. The applicant for franchise must be of good moral character, and must be of sound and stable financial and credit standing.
- C. The grains bonded warehouse of the applicant must be located in an area where production is sufficient and profitable for operation.
- D. Said bonded warehouse should meet the minimum storage capacity requirement of five thousand (5,000) cavans at any one time per warehouse.

Section 3. Disqualifications

The following applicants shall not be granted a franchise:

- A. Defaulting contractors of the defunct RCA and the NGA/NFA;
- B. Those whose bonded warehouse have a capacity of less than five thousand (5,000) cavans at any one time.

Section 4. Application and Requirements for Franchise

- A. Any person, natural or juridical, who owns/operates an NFA licensed bonded warehouse and who has met the qualifications and none of the disqualifications hereto, may apply for a franchise.
- B. The application for franchise shall be filled out in triplicate, duly signed and sworn to by the applicant himself and in case of juridical persons, by its duly authorized representative and shall be submitted to the regional/provincial offices. In addition to the requirements enumerated in Regulations IV and V, applicants for franchise shall be required to submit two (2) copies of the following requirements:
 1. Income Tax Returns for immediately preceding 2 years with Bureau of Internal Revenue (BIR) Official Receipt and Bank Confirmation Receipts;
 2. Audited Financial Statements for immediately preceding 2 years;
 3. Certificate of Good Credit Standing from any bank;
 4. Specimen signatures of the applicant or his authorized representative witnessed by the Authority's licensing officer;
 5. If the applicant is an estate, Court Order appointing the Special Administrator/Administrator/Executor and authorizing the duly appointed Special Administrator/Executor to apply for franchise to transact business/contract a loan.
 6. Impression of dry seal of the bonded warehouse subject of the franchise.

Section 5. Fees

- A. Application Fee - Upon filing of the application for a franchise, the applicant shall pay an unrefundable application fee of Two Thousand Pesos (P2,000.00) per warehouse subject of the application, to cover a period of five (5) years. Provided, however, that if a franchise holder who has surrendered his franchise certificate for cancellation reapplies, he shall pay the application fee charged to new applicants.
- B. Franchise Fee - In addition to the application fee, the applicant shall pay a franchise fee of One Thousand Pesos (P1,000.00), upon approval of his/her franchise application, to be payable before the issuance yearly thereafter for the duration of the franchise.
- C. Amendment Fee - In case the franchise holder files an application for an increase/decrease of franchise bonded capacity, he shall pay an amendment fee of Six Hundred Pesos (P600.00) per warehouse.
- D. Replacement Fee - In case of lost Franchise certificate, a replacement fee of Six Hundred Pesos (P600.00) shall be charged.

Section 6. Approval and Duration of Franchise

Upon approval of the application for franchise by the Administrator, or his duly authorized representative, a Certificate of Franchise shall be issued which shall be valid for a period of five (5) years, subject to the following conditions:

- 1) Renewal of bonded warehousing license;
- 2) Payment of annual franchise fee of One Thousand Pesos (P1,000.00);
- 3) A track record showing a stable and sound financial and credit standing;
- 4) Submission of Income Tax Return and audited Financial Statement for the preceding year;
- 5) Compliance with these Rules and Regulations and other pertinent and existing laws, directives and circular;
- 6) Franchisee continuously possesses all the qualifications and none of the disqualification for franchise;

The franchise shall be sooner revoked or canceled for any of the following reasons:

- 1) Cancellations or revocation of the grains bonded business license;
- 2) Printing issuing or knowingly using, possessing or negotiating a canceled, unauthorized, illegal, counterfeit or falsified warehouse receipt.
- 3) Fraudulent misrepresentation by the applicant in connection with his application for franchise;
- 4) Violation of the conditions for the issuance of the franchise and of the laws, rules and regulations relative thereto;
- 5) Failure to comply with the provisions of all existing laws, rules and regulations governing grains bonded warehouses embodied in Regulation IV hereof as well as those to be hereinafter promulgated.

Section 7. Signboard

A licensed grains bonded warehouseman granted a franchise under the provisions of this regulation shall likewise, hang on a prominent place, on the exterior wall of the warehouse subject of the franchise, a signboard measuring at least 75 cm in width and 135 cm in length, bearing the name or business name of the franchisee, the control number and the words "Franchised Grains Bonded Warehouse".

REGULATION VIII.

WAREHOUSE RECEIPTS (NEGOTIABLE AND NON - NEGOTIABLE)

Section 1. Availability

The Authority shall provide at nominal costs, both negotiable and non - negotiable warehouse receipts to franchised bonded warehouses and only non - negotiable warehouse receipts to license grains bonded warehouses.

Section 2. Form

The Warehouse Receipt shall be composed of the “Stub” portion which shall be retained by the warehouseman issuing it; the “control” portion which shall be forwarded to the NFA; and the “Warehouse Receipt Proper” portion which shall be delivered to the depositor.

Section 3. Printing of Warehouse Receipts

A negotiable or non - negotiable warehouse receipt shall be printed on a security note paper, and serially numbered. Each booklet must contain fifty (50) warehouse receipts, which shall provide among other things the following:

- A. Specific quantity in denominations of 5, 10, 20, 50, 100 cavans, or other denominations as may be necessary, shall be printed on the face of the receipt and shall be conclusive evidence as to the number or quantity deposited under such receipt.
- B. The Warehouse Receipt shall be printed in the following denominations and varying colors:
 1. Quedan for Palay (Negotiable and Non-negotiable):
 - 1.1) 5 cavans denomination shall be colored light yellow;
 - 1.2) 10 cavans denomination shall be colored light green;
 - 1.3) 20 cavans denomination shall be colored light blue;
 - 1.4) 50 cavans denomination shall be colored light violet;
 - 1.5) 100 cavans denomination shall be colored light pink.
 2. Quedan for Grains other than palay (Negotiable and Non-negotiable)
 - 2.2) 5 cavans denomination shall be colored light orange;
 - 2.2) 10 cavans denomination shall be colored aquamarine;
 - 2.3) 20 cavans denomination shall be colored yellow green;
 - 2.4) 50 cavans denomination shall be colored pink;
 - 2.5) 100 cavans denomination shall be colored beige.

Section 4. Issuance

- A. Every warehouseman shall immediately issue either negotiable or non-negotiable warehouse receipt for grains actually delivered to and received by him for storage in his warehouse.
- B. Every warehouse receipt issued to be valid shall be signed and sealed by the warehouseman/franchisee, or by his duly authorized representative. Five specimen signatures of the warehouseman and/or of the duly authorized representative together with the Authority to act and sign in behalf of the licensed warehouseman shall be submitted to the Authority.
- C. The entries made in the negotiable warehouse receipts are conclusive evidence as to the facts stated therein.

- D. Whenever a franchised bonded warehouseman desires to issue a negotiable warehouse receipt in his own name, he shall first notify the Authority in writing after which an inspection of the warehouse shall be ordered by the latter to determine actual existence of such grains owned by him. The notice shall be accompanied by an affidavit certifying that the grains for which such warehouse receipt is issued in his name belongs to him. The warehouse receipt shall not be issued by such warehouseman until the inspector of the Authority has certified to the actual existence and quality (indicating variety, grade, crop year, moisture content) of the grains in the warehouse.
- E. Any erasures, correction or modification made on the warehouse receipt shall render the receipt null and void. The same shall be canceled and a new one shall be issued in lieu thereof. A holder in due course of the warehouse receipt who discovers any erasure, correction, alternation or modification shall immediately surrender the same for cancellation to the warehouseman who issued it, and in lieu thereof, a new warehouse receipt shall be issued by the warehouseman indicating the true and correct facts. The record of the Authority shall be verified, which shall be the final basis for the issuance of new receipt. The depositor shall pay the cost of every new receipt issued. The canceled warehouse receipt must be surrendered to the Authority within 24 hours and the fact of cancellation must be noted in the bonded warehouseman's records.
- F. In case a receipt issued by a licensed warehouseman is lost or destroyed, a new receipt with the same terms and conditions and subject to the requirements of laws and these regulations may be issued with the word "DUPLICATE" stamped or written on its face. Before such duplicate receipt is issued a Notice of said loss or destruction shall be posted by the party applying for the issuance of such duplicate receipt, for three (3) consecutive weeks in a conspicuous place in front of the bonded/franchise warehouse.
- G. Before issuing any duplicate receipt, the warehouseman may require the depositor or other person applying therefor, to execute and file a cash and/or surety bond in the amount twice the market value, at the time the bond is given, of the grains represented in the lost or destroyed receipt. Such bond shall be so conditioned as to answer for any damage or loss the warehouseman may suffer by reason of the issuance of such duplicate receipt.
- H. Whenever a bonded warehouseman delivers to any person only a part of the grains deposited for which he has issued a negotiable or non - negotiable receipt, he shall demand the return and cancel the same and issue another for the remaining grains in deposit in accordance with these rules and regulations. In both cases, the holder in due course of the warehouse receipt shall pay the cost of every new warehouse receipt issued.
- I. The denominations of the warehouse receipts may be changed if the depositor so desires, upon his surrender of the warehouse receipt to and the subsequent cancellation of the warehouse receipt by the warehouseman. New warehouse receipt of the desire denomination shall be issued by the warehouseman upon payment by the depositor of the cost of each new warehouse receipt issued.

Section 5. Cancellation

- A. Subject to the penal provisions of existing laws, every licensed franchise bonded warehouseman must not dispose of or deliver to any person the grains, for which he has issued a warehouse receipt unless and until such receipt has been returned to and canceled by him.

- B. All warehouse receipts surrendered by depositors must be canceled and surrendered by the warehouseman to the Authority within 24 hours from surrender by the depositor and the fact of cancellation must be made of record.

Section 6. Non-Coverage

Owners and/or operators of rice and/or corn mills, corn shellers, threshers or dryers receiving grains for milling, shelling, threshing or drying only, and are licensed and bonded in accordance with the provisions of these rules and regulations, shall not come within the purview of Sec. 4 and 5 of this regulation.

Section 7. Warehouseman's Warehouse Receipt Record Book

Section 7. Warehouseman's Warehouse Receipt Record Book

- A. The Authority shall provide each bonded warehouseman a Warehouse Receipt Record Book at nominal cost.
- B. The bonded warehouseman shall enter in the said Record Book the following:
 - 1. Names and address of the depositors;
 - 2. Dates of deposits;
 - 3. Serial numbers of bonded warehouse receipts issued;
 - 4. Variety, moisture content, quantity;
 - 5. Storage fee;
 - 6. All withdrawals made by the depositors or holders of warehouse receipts; and
 - 7. Cancellation of the corresponding warehouse receipts surrendered to him.
- C. The record book shall be kept in the office of the bonded warehouseman and shall, at all times, be open for inspection by the Administrator or his duly authorized representative.

REGULATION IX

DISPLAY OF LICENSE /REGISTRATION AND/OR CERTIFICATE OF FRANCHISE AND DISPLAY OF SIGNBOARD

A license/registration issued by the Authority shall be displayed in a conspicuous place in the establishment duly licensed/registered/franchised by the Authority, for the ready inspection by the Administrator, or by his duly authorized representative at all times. Likewise a signboard specified in Section 6 and 7, Regulations IV and VII, respectively, shall be hang in a conspicuous place on the wall of the establishment.

REGULATION X

MAINTENANCE OF SEPARATE BOOKS AND RECORDS KEEPING

All licensees shall keep and maintain separate books of accounts exclusively for their grains business which shall be registered with the nearest NFA office. Said books shall at all times be open for inspection by the Administrator or his duly authorized representative.

Bonded warehousemen who are also rice and/or corn millers, shall keep a separate uniform system of accounting and records keeping of deposits and withdrawals in the manner and form to be prescribed by the Authority.

REGULATION XI

UNIFORM REPORTING SYSTEM

Section 1. Types of Reports

All warehousemen, licensed and/or franchised by NFA shall submit the following reports to the Authority on the dates herein below specified:

1. A weekly report on bonded stocks covering all transactions from Friday 1:00 P.M. to Friday 12:00 NN.
2. A monthly abstract of non-bonded stocks on or before the 10th of each succeeding month being reported.

Section 2. Submission of Reports

Whenever the Administrator or his duly authorized representative deems necessary for the proper enforcement of the provisions of the NFA Act, and other pertinent existing laws, the implementation and enforcement of which is vested with the Authority, these Rules and Regulations and such rules and regulations which may be promulgated hereafter, he or his duly authorized representative may, from time to time and as often as may be necessary, require all licensees/registrants to submit to the Authority, grains stock inventory and such other reports as may be specified in his Memorandum Order, Directive or Circular.

REGULATION XII

INSPECTION, SAMPLING AND TEST METHOD

Section 1. The administrator or his duly authorized representatives shall be permitted to open any package/bag containing or supposed to contain any grain, to inspect the same and take therefrom samples for analysis, in order to ascertain the grade and quality thereof.

Section 2. Palay, milled rice and shelled corn shall be sampled in accordance with the NFA Standard for Grain Sampling.

Section 3. Testing and analysis of palay, milled rice and shelled corn shall be as specified in NFA official test method for palay (paddy), milled rice and shelled corn (maize), respectively.

REGULATION XIII

STANDARD SPECIFICATIONS OF PALAY, MILLED RICE, MILLED CORN GRITS AND SHELLED CORN

Section 1. Moisture Content

The moisture content of palay, milled rice, and shelled corn shall not exceed 14 percent on "as received" basis. However, in case the moisture content exceeds 14 percent, the price of such grains shall be adjusted according to the actual quality of grains delivered.

Section 2. Classification and Grading

- A. Palay and milled rice shall be classified according to the size of palay; size of the whole kernel for milled rice, as follows:
- i. Very long - For palay, the average length of the full size palay grains is 9.9 millimeters and above; For milled rice, 80% or more of the whole of milled rice kernels having a length of 7.5 millimeters and above.
 - ii. Long - For palay, the average a length of the full size palay grain is between 8.8 to 9.8 millimeters; For milled rice, 80 percent or more of the whole of milled kernels have a length of 6.4 to 7.4 millimeters.
 - iii. Medium - For palay, the average length of the full size palay grain ranges from 8.0 to 8.7 millimeters; For milled rice, 80 percent or more of the whole of milled kernels have a length of 5.5 to 6.3 millimeters.
 - iv. Short - For palay, the average length of the full size palay grain is below 8.0 millimeters; For milled rice, 80 percent or more of the whole of milled rice kernels have a length of less than 5.5 millimeters.
- B. Corn grits shall be classified according to type and size.
- B.1. Type
- i. White corn grits - Milled white corn grains which may include not more than five per cent (5%) of corn grits of other colors.
 - ii. Yellow corn grits - Milled yellow corn grains which may include not more than five percent (5%) of corn grits of other colors
 - iii. Mixed corn grits - Consist of corn grits of various colors that do not meet the color requirements for either white or yellow corn grits.
- B.2. Sizes
- i. Corn grits No. 10 - Composed of 35% minimum of grits No. 10; 35% maximum of grits No. 12; 25% maximum of grits No. 14; and 5% maximum of grits No. 16;
 - ii. Corn grits No. 12 - Composed of 35% minimum of grits No. 12; 10% maximum of grits No. 10; 35% maximum of grits No. 14; and 20% maximum of grits No. 16.
 - iii. Corn grits No. 14 - Composed of 35% minimum of grits No. 14; 25% maximum of grits No. 12; and 40% maximum of grits No. 16.

- iv. Corn grits No. 16 - Composed of 35% minimum of grits No. 16; 40% maximum of grits No. 14; and 25% maximum of grits No. 12.

C. Shelled corn shall be of three classes:

- i. flint corn
- ii. dent corn
- iii. pop corn

D. Shelled corn shall be of 3 types:

- i. Yellow corn
- ii. White corn
- iii. Mixed corn

E. Palay shall conform with the grade requirements specified in the following table:

GRADE REQUIREMENTS FOR PALAY

GRADING FACTORS (% by weight) □	PREMIUM	GRADE 1	GRADE 2	GRADE 3 □
Purity, min.	98.00	95.00	90.00	85.00 □
Foreign matters, max.	2.00	5.00	10.00	15.00
a) Weed seeds and other crop seeds, max.	0.10	0.10	0.25	0.50
b) Other foreign matters, max. □	1.90	4.90	9.75	14.50 □
Defectives:				
Chalky and immature kernels, max. □	3.00	6.00	12.00	20.00 □
Damaged kernels, max.	0.50	1.50	3.00	5.00 □
Contrasting types, max.	3.00	6.00	10.00	18.00
Red kernels, max.	1.00	3.00	5.00	10.00
Discolored kernels, max.	0.50	2.00	4.00	8.00
Moisture Content, max.	14.00	14.00	14.00	14.00

E.1 . Palay which exceeds the maximum limit or falls short of the minimum requirements for any grade factor or parameter of a given grade shall be given the next lower grade.

E.2. Palay which does not meet any of the grade requirements above, shall be graded as “off-
E.2. Palay which does not meet any of the grade requirements above, shall be graded as “off-grade palay”.

- E.3. The maximum percentage of other foreign matters (b) maybe exceeded provided the total percentage of foreign matter (a & b) is not exceeded.
- E.4. Palay which contains 50 percent or more red kernels shall be graded and designated according to the grade requirements of this standard but the words “Red Rice” shall be added as part of the grade designation.
- E.5. Special variety palay shall be graded and designated according to the grade requirements of this standard.
- E.6. Palay shall have moisture content of 14% maximum as received when tested in accordance with PNS ISO 712.
- E.7. Palay shall be free from objectionable and foreign odors, pest infestation and other contaminants.
- E.8. Palay shall not contain chemical residue in excess of the maximum limits recommended by the Joint FAO-WHO-10 Codex Alimentarius.
- F. Shelled corn shall conform with the grade requirements specified in the following table:

GRADE REQUIREMENT FOR SHELLED CORN

GRADING FACTORS (% by weight)□	PREMIUM	GRADE 1	GRADE 2	GRADE 3
Foreign matter, max.□	0.50	1.00	1.50	2.00
Corn of other colors, max.□	2.00	4.00	6.00	8.00□
Shriveled and Immature Kernels, max.□	1.50	3.00	5.00	7.00□
Damaged kernels, total□	3.00	5.00	7.00	10.00□
Moldy kernels, max.□	0.10	1.00	2.00	3.00
Moisture content, max.□	14.00	14.00	14.00	14.00□

- F.1. Shelled corn which exceeds the maximum limit or falls short of the minimum requirement for any grade factor or parameter of a given grade shall be given the next lower grade.
- F.2. Shelled corn which does not meet the grade requirements specified above, shall be graded and designated as “Off-grade Corn”.
- F.3. Weevily corn shall be graded according to the grade requirements specified above, and the words “Weevily Corn” shall be added as part of the grade designation.

- G. The classes of milled rice according to the degree on milling shall be as follows:
- i. Under milled - Rice kernel from which the hull, a part of the germ and all or part of the outer bran layers, but not the inner bran layers have been removed.
 - ii. Regular milled - Rice kernel from which the hull, the germ, the outer bran layers and the greater part of the inner bran layers have been removed, but parts of the lengthwise streaks of the bran layers shall be within the range of 20 - 40% of the kernels.
 - iii. Well milled - Rice kernel from which the hull, the germ, the outer bran layers and the greater part of the inner bran layers have been removed, but parts of the lengthwise streaks of the bran layers shall be less than 20% of the kernels.
 - iv. Over milled - Rice kernel from which the hull, the germ, and the bran layers have been completely removed.
- H. Milled rice shall conform with the grade requirements specified in the following table.

GRADE REQUIREMENTS FOR MILLED RICE

GRADING FACTORS (% by weight)	PREMIUMS	GRADE 1	GRADE 2	GRADE 3 □	GRADE 4	GRADE 5
Head Rice, min.	95.00	90.00	85.00	75.00	65.00	55.00
Broken, max. (Total, including Brewers)	5.00	10.00	15.00	25.00	35.00	45.00
Brewers, max.	0.10	0.20	0.50	0.60□	1.00	2.00
Defectives : □						
Damaged kernels max.	0.50	0.70	1.00	1.50	2.00	3.00
Chalky kernels, max.	4.00	5.00	7.00	7.00	10.00	15.00
Immature kernels max.	0.20	0.30	0.50	2.00	2.00	2.00
Contrasting types, max.	3.00	5.00	10.00	-	-	-
Red kernels, max.	1.00	2.00	4.00	5.00	5.00	7.00
Foreign matters max.	0.03	0.10	0.15	0.17	0.20	0.25
Paddy (max. nos. per 1000 grams.)	10.00	15.00	20.00	25.00	25.00	25.00
Moisture Content	14.00	14.00	14.00	14.00	14.00	14.00
Milling Degree	WMR	WMR	RMR	RMR	RMR	RMR

- H.1. Milled rice shall have moisture content of 14% maximum as received when tested in accordance with PNS ISO 712.
- H.2. Milled rice shall be free from objectionable and foreign odors, pest infestations and other contaminants.
- H.3. Milled rice which exceeds the maximum limit or falls short of the minimum requirements for any grade factor or parameter of a given grade shall be given the next lower grade.
- H.4. Milled rice from grades G2 to G5 which are well-milled shall have the word “Super” added as part of the grade designation (e.g. Super).
- H.5. Milled rice from grades G2 to G5, which are under milled shall have the word “Ordinary” added as part of the grade designation (e.g. G2 Ordinary).
- H.6. Milled rice which does not meet the requirements specified above in any of the grade factors shall be graded as “Off-Grade Rice”;
- H.7. Milled rice which contains 50% or more red kernels shall be graded according to the grade requirement specified above and the word “Red Rice” shall be added as part of the grade designation.
- H.8. Enriched rice shall be graded according to the grade requirements specified above and the words “Enriched Rice” shall be added as part of the grade designation. A Certificate attesting that said rice is enriched shall be secured from the Bureau of Food and Drug.
- H.9. Special rice shall be graded according to the grade requirements specified above and the words “Special Rice” shall be added as part of the grade designation.

I. Broken milled rice shall conform with the requirements specified below:

GRADE REQUIREMENTS FOR BROKEN MILLED RICE

Grade Factors (% by weight)	Grade 1	Grade 2	Grade 3
Brokens, max. (Total including Brewers)□	95.00	95.00	95.00
Brewers, max.□	20.00	30.00	40.00
Foreign matters, max.□	0.50	1.00	2.00
Damaged kernels, max.□	2.50	5.00	10.00
Moisture content, max.□	14.00	14.00	14.00

J. Corn grits shall be graded and designated according to the respective grade requirements shown in the following table:

STANDARD QUALITY GRADE REQUIREMENTS ON CORNGRITS

GRADE FACTORS (% ByWeight	PREMIUM	GRADE 1	GRADE 2	GRADE 3	GRADE 4
Aflatoxin (Food)	20 ppb	20 ppb	20 ppb	20 ppb	20 ppb
Filth <input type="checkbox"/>	0.1	0.1	0.1	0.1	0.1
Discolored Grits, max.	Trace	0.50	1.00	2.00	3.00 <input type="checkbox"/>
Foreign Matter, max.	Trace	0.50 <input type="checkbox"/>	0.80	1.00	2.00
Grits of Other Colors, max.	Trace <input type="checkbox"/>	0.50	1.50	3.00	5.00 <input type="checkbox"/>
Grits of Other Sizes, max.	1.00	4.00	7.00	10.00	13.00 <input type="checkbox"/>
Moisture Content, max.	14.00	14.00	14.00	14.00	14.00 <input type="checkbox"/>

J.1. The moisture content of the grains shall be determined using officially calibrated moisture meters which are appropriate for the purpose and in accordance with ISO 712:1985/ICC Method No. 110/1 (1986).

J.2. Corn grits shall comply with the allowable levels of aflatoxin as prescribed by this standard.

J.3. Corn grits shall comply with those maximum residue levels for heavy metals established by the Codex Alimentarius Commission for this commodity.

J.4. Corn grits shall comply with those maximum residue levels for pesticide established by the Codex Alimentarius Commission for this commodity.

K. PERCENT SIZE COMPOSITION OF CORN GRITS

CORN GRITS NO.	SIZE COMPOSITION (%)			
	Size No. 10	Size No. 12	Size No. 14	Size No. 16
10	35 min	35 max	25 max	5 max
12	10 max	35 min	35 max	20 max
14	0	25 max	35 min	40 max
16	0	25 max	40 max	35 min

Section 3. Packaging and Labeling for Palay, Milled Rice, Shelled Corn and Corn Grits.

A. Palay:

Palay shall be packed in woven polypropylene sacks and shall weigh 50 kg net on the basis of 14% moisture content.

B. Milled Rice:

- i. Milled rice shall be packed in new and durable woven polypropylene (WPP) sacks for grains in accordance with the Philippine National Standards, for big packages in multiples of 5 up to 50 kg net weight. Small packages may be allowed provided the net weight shall be 1 kg up to 15 kg or fraction thereof using polyethylene bags, paper or carton containers. Provided, however, that used sacks shall not be reused.
- ii. Appropriate packages for milled rice and broken milled rice for wholesale or retail shall be color-coded corresponding to its classification and grade as follows:

Color of Sack
and Color of Label
For Smaller Packages

Sky blue
Light Yellow
White

Class/Grade

Special Rice
Premium Grade Rice
Well milled rice (Grade 1)
Regular milled rice (Grade 2, 3, 4, 5) and

Well-milled rice (Grade 2 Super, Grade 3 Super,
Grade 4 Super and Grade 5

Super)

Under Milled rice (Grade 2 Ordinary, Grade 3
Ordinary, Grade 4 Ordinary and
Grade 5 Ordinary)

Broken milled rice (Grade 1, 2 or 3)

iii. Milled rice in sacks and/or small packages using transparent polyethylene, cloth, paper or carton bags shall be appropriately packed and labeled.

iv. Each package of milled rice shall be properly labeled with the following:

- a. Grade (i.e. whether Premium, G1, G2, G3, G4, G5)
- b. Classification (i.e. whether Well-Milled Rice, Regular Milled Rice)
 - c. Net weight in kilograms (kg)
 - d. Name and address of miller/packer
 - e. Name and address of owner
 - f. Variety (optional except for special rice)
 - g. Iron-enriched Rice (starting 2004)
 - h. Moisture Content - 14% max.

C. Shelled Corn:

- i. Shelled corn shall be packed in new and durable woven polypropylene (WPP) sacks for grains in accordance with the Philippine National Standards, for big packages in multiples of 5 up to 50 kg net weight. Small packages may be allowed provided the net weight shall be 1 kg up to 15 kg or fraction thereof using polyethylene bags, paper or carton containers. Moisture content shall not be more than 14% and provided, further that used sacks shall not be reused.
- ii. Color coding in the packaging of shelled corn:

Shelled corn for wholesale and retail shall be packed in light green sacks of 50 kg net irrespective of classification and grade. The color of the label for smaller packages shall likewise be light green.
- iii. Following information shall be labeled/printed on each sack/container for shelled corn:
 - a. Classification (i.e. whether White, Yellow, Mixed Corn and Flint, Dent or Pop Corn.
 - b. Grade (i.e. whether Premium, Grade Nos. 1, 2, or 3.
 - c. Net weight (kg)
 - d. Name and address of miller/packer
 - e. Moisture content - 14% max.
- iv. In addition to the information required in C.iii above, the label for shelled corn shall contain the approximate level of aflatoxin in parts per billion (ppb) for the guidance of prospective users/buyers and quality inspectors. Approximate coding scheme shall be issued for this purpose.

D. Corn grits:

- i. Corn grits shall be properly packed in 50 kilogram when packed of light green Woven Polypropylene sacks to protect them against mechanical damage and to facilitate handling and transport.
- ii. The outside of each container shall have a label or legible characters grouped on the same side, stamped in indelible ink to provide the following:

- A. Name and type of the product
 B. Grade and grits size
 C. Net weight in kilograms
 D. Name and address of miller
 E. Date of Milling

E. The NFA's empty sacks (MTS) standard specification for its procurement, palay milling and corn milling operations are herein prescribed, as follows:

NFA MTS STANDARD SPECIFICATIONS

Activity : Commodity	PROCUREMENT		Palay Milling Rice	Corn Milling Corn Grits
	Palay	Shelled Corn		
Code	PPR E50	PPR F50	PPM G50	PCM H50
Color	White	Light Green	White (Grades 1,2,3,4,5) Light Yellow (premium) Sky Blue (special)	Light Green
Weight	95	88	75	80
Bursting Strength (kPa)	1,510	1,520	1,510	1,520
Breaking Strength (N)				
- Warp	344	344	344	344
- Fillin	295	295	295	295
Dimension (mm)				
- Length	1,150	970	970	970
- Width	600	600	530	530
Fabric Count				
- Warp	10	10	10	10
- Fillin	10	10	10	10
Seaming				
- Turned Edge (mm)	25	25	25	25
- Stitching				
- Depth from the bottom edge (mm)	10	10	10	10
- No. of stitches Per decimetre	12	12	12	12
Open Top End	Heat Cut	Heat Cut	Heat Cut	Heat Cut
Roughness/ Cohesiveness	Should be provided w/ twisted yarn	Should be provided w/ twisted yarn	Should be provided w/ twisted yarn	Should be provided w/ twisted yarn

NOTE: NFA Standard Specifications - subject to change depending upon the requirement.

F. The Authority shall prescribe the MTS and packaging standard specifications for palay, corn, rice, and grits to be traded. Color schemes shall likewise be prescribed for MTS to identify the variety of rice, palay and corn, granting a reasonable grace period within which millers/traders shall be able to comply.

G. The phrases “when packed”, “as packed” which when printed following the words “Net Weight”, shall not be allowed. Provided further, that the variety of rice to be traded shall be indicated appropriately.

Section 4. Rice/Corn Boxes and Price Tags

- A. Retailers’ rice or corn boxes shall be painted white, and shall be free of posters/ advertisements
- B. Milled rice, shelled corn or corn grits for retail shall be properly identified with the prescribed color-coded tag/poster to be firmly fastened and conspicuously displayed on the grains box. The price tags shall measure 28 cm x 21.5 cm for big boxes and 21.5 cm x 16.5 cm for smaller boxes.
- C. The color-coded tag/poster shall contain in printed bold letters and figures (except the symbol kg for kilograms) the following information:
 - i. Retail Price (P/ kg);
 - ii. Classification (i.e. Whether well-milled rice (WMR), regular milled rice (RMR), or under-milled rice (UMR) for rice;
i.e. whether white or yellow corn grain (WGN/YGN) and flint or dent for (i.e. YGN-DENT) for shelled corn;
i.e. whether white corn grit or yellow corn grit (WCT/YCT) for corn grits.
 - iii. Variety (optional except for special rice);
 - iv. Grade (i.e. whether premium grade, grade nos. 1, 2, 3, 4, or 5 for rice;
i.e. whether premium grade, grade nos. 1, 2, or 3 for shelled corn;
i.e. whether premium grade, grade nos. 1, 2, 3, or 4 for corn grits.
- D. In the case of Special Rice, the variety of rice shall be stated in the tag/poster.
- E. In the case of NFA rice, the “NFA” shall be stated before the classification or variety code of the given NFA rice being sold.
- F. In the case of Shelled Corn and Corn Grits, the tag/poster shall only include the retail price, classification and grade.

REGULATION XIV

WEIGHT/UNIT OF MEASUREMENT

The NFA shall implement the standard weight of measurement by kilogram. The metric standard of weight measurement shall be adopted and the “cavan” of rice and corn/corn grains/grits shall be a unit containing fifty (50) kilograms of such grains net weight.. The words “when packed” “as packed” following the net weight shall not be allowed.

REGULATION XV

DUTIES OF LICENSEE AND PROHIBITIONS

Section 1. Duties of Retailers and/or Wholesalers

- A. Every licensed retailer and/or wholesaler shall display on a conspicuous place of his/her establishment, the license/registration issued by the Authority for ready inspection by the Administrator or his duly authorized representative at all times. Likewise, he/she shall display on a conspicuous place on the exterior wall of his establishment, a signboard measuring at least 45 cm in width and 75 cm in length, bearing the name or business name of the licensee, the NFA control number and the words “Licensed Grains Retailer”, or “Wholesaler” as the case may be.
- B. Every licensed retailer shall display the price tag measuring 28 cm x 21.5 cm for big rice box/es and 21.5 cm x 16.5 cm for smaller rice box/es for the rice marketed in kilograms. The price tag shall indicate the price per kilogram and the type/milling whiteness (degree) of rice whether well-milled rice (WMR) or regular milled rice (RMR), the words “iron fortified”, in the case of iron fortified rice, and whether (RMR), the words “iron fortified”, in the case of iron fortified rice, and whether NFA rice. The licensed wholesaler shall likewise display the price list of rice/corn being marketed, in a conspicuous place in his/her establishment.
- C. Every licensed retailer and/or wholesaler shall possess the prescribed facilities and equipment such as duly calibrated weighing scale/apparatus, storage space, and rice boxes printed white (for retailers).
- D. Every licensed retailer and/or wholesaler shall maintain his/her rice and corn stocks at normal inventory level. and shall ensure that a cavan to be disposed/sold should weigh 50 kilograms net.
- E. Every licensed retailer and/or wholesaler shall maintain separate books of accounts exclusively for their grains business. Said books shall at all times be open for inspection by the Administrator or his duly authorized representative.
- F. Every licensed retailer and/or wholesaler shall permit the Administrator or his duly authorized representative, to enter and inspect or examine, at any time with or without prior notice, his/her grains establishment, the books of accounts and records relating thereto and the contents thereof.
- G. Every licensed retailer and/or wholesaler shall renew his/her license on or before the renewal date. Any change in his/her business activity such as change of business location or type of business or discontinuance from the grains business should be reported to the Authority.
- H. In addition to the above, every licensed retailer who is authorized to sell NFA rice, shall sell NFA rice to consumers at the price and volume prescribed or set by the Authority.

Prohibitions:

The following acts are prohibited and illegal in the retailing and/or wholesaling of rice and/or corn:

- a. Engaging in retailing and/or wholesaling without a valid NFA license or with expired NFA license;
- b. Short weighing/mislabeling in the sale of rice and/or corn;
- c. No/Non-display of price tags/price lists and/or NFA prescribed signboard;
- d. Rice boxes not painted white or with advertisements/posters; or use of other containers other than rice boxes for rice displayed for sale such as basins, sacks, etc.
- e. Selling rice and/or corn and its by-products using the ganta or other instruments in violation of the standard weight of measurement by kilogram;
- f. Unauthorized possession of government rice and/or corn.

The following acts refer to the NFA stocks of rice/corn:

- g. Diversion of government stocks by retailers authorized to sell government stock. Diversion, shall be any of the following circumstances:
 - i. Unreasonable depletion of stocks;
 - ii. Selling or lending government stocks to another grains businessmen;
 - iii. Selling or offering to sell the government stocks beyond the maximum quantity allowed by the NFA;
 - iv. Storing and/or selling the government stocks in other places/stalls, other than duly authorized by law.
- h. Unreasonable/intentional delay in the delivery/unloading of withdrawn stocks;
- i. Storing or selling commercial stocks in the same establishment authorized by NFA to sell exclusively NFA stocks;
- j. Re-bagging/re-sacking of government stocks in commercial sacks and mislabeling of NFA stocks.
- k. Admixture or adulteration of government stocks with commercial stocks;
- l. Overpricing of NFA rice/corn grits; and
- m. Refusal to sell NFA rice by authorized retailers.

Section 2. Duties of Licensed/Franchised Bonded Warehousemen, Millers, Sheller/Thresher/ Dryer Owners and/or Operators**A. Display of License and/or Franchise Certificates and Display of Signboard**

Every licensed warehouseman, miller, sheller, thresher or dryer owner and/or operator, or franchisee, shall display in a conspicuous place in his/her establishment, the license and/or franchise certificate issued by the Authority for ready inspection by the Administrator or his duly authorized representative at all times.

Likewise, he/she shall display in a conspicuous place on the exterior wall of his establishment, a signboard measuring at least 75 cm in width and 135 cm in length, bearing the name or business name of the licensee, the NFA control number and the words "Licensed Rice Mill" or "Corn Mill" as the case may be, "Grains Bonded Warehouse" in case of franchised bonded warehouse.

B. Issuance of Warehouse Receipts

Every Licensed/franchised bonded warehouseman shall issue negotiable or non - negotiable warehouse receipts to cover third party deposits for his/her own stocks, in the form and manner provided under Sec. 4, Regulation VII hereof. Rice and/or corn miller or sheller, thresher or dryer owners/operators shall on the other hand, issue their own receipts duly registered with the Authority to cover the grains delivered to them for milling, shelling, threshing or drying.

C. Records Keeping

Every licensed/franchised bonded warehouseman shall maintain in his office or warehouse a complete record of his transaction in a Record Book prescribed by the Authority. Those who are also rice and corn millers shall keep a separate and uniform system of accounting and records keeping of deposits and withdrawals in the manner and form to be prescribed by the Authority.

Every licensed rice and/or corn miller, sheller, thresher or dryer owner/ operator shall maintain in his office/establishment, a complete record of his transactions and may be required from time to time to report to the Authority, the quality of grains they have stored, milled, shelled, threshed or dried, during the specified period.

D. Submission of Weekly Stock Report

Every licensed/franchise bonded warehouseman shall submit to the Authority a weekly report in writing showing:

- i. The name and address of the depositor;
- ii. The quantity and dates the grains were stored and withdrawn;
- iii. The quantity of grains stored which belongs to him, and
- iv. Such other information as the Authority may require from time to time.

This weekly report shall be prepared every Saturday and submitted to the Authority on the same day.

E. Allow Inspection of Establishment/Facility and Records.

Every licensed/franchised bonded warehouseman, miller, and/ or sheller, thresher, or dryer owner/operator shall permit the Administrator or his duly authorized representatives to enter and inspect or examine at any time, with or without prior notice, his/her licensed/franchise bonded warehouse, mill, sheller. thresher or dryer, the office thereof, the books of accounts and records relating thereto and the contents thereof. Such warehousemen, miller, and/or sheller, thresher or dryer owner/operator shall extend to such inspecting officer or agent the necessary assistance or help to enable him to perform such inspection or examination in an expeditious way.

F. Pest Control

It shall be mandatory for the warehouseman to institute adequate pest control measures to maintain the quality of the grains deposited in his warehouse. However, if in spite of the exercise of extraordinary diligence, the warehouseman finds that the grains stored or deposited in his warehouse are deteriorating and that such deterioration can no longer be stopped, he/she should immediately notify either personally or by registered mail the Authority and any of the following:

- i. The person holding the warehouse receipts if known to the warehouseman;

- ii. The person who originally deposited the grains;
- iii. Any person known by the warehouseman to be interested in the grains. Such notice shall be posted in the municipal or city hall of the place where the warehouse is located. It shall state among other things:
 - i. The name and location of the bonded warehouse in which the grains are stored and deposited.
 - ii. Actual condition of the grains if it could be ascertained, if known for such condition;
 - iii. The outstanding receipts covering the grains, giving the number and the date of issuance; and
 - iv. That the grains shall be delivered upon the return and surrender of the receipts therefor.

If after seven (7) days from the date the notice is sent to the parties concerned, the grains are not withdrawn by them, the warehouseman, in the presence of the Administrator or his duly authorized representative, may sell the same at a public auction at the expense and for the account of the owner. Nothing contained in this and the preceding paragraph shall be construed as relieving the bonded warehouseman from properly caring for the grains after notification of its condition has been given by him/her to the above-owned parties.

G. Packaging, Labeling and Weight Measuring

- i. Every licensed warehouseman /miller/ sheller, shall pack the palay / milled rice / shelled corn/corn grits in durable woven polypropylene sacks or in similar protective containers, to give maximum protection from normal hazards of transportation and handling.
- iii. Every licensed warehouseman or miller shall adopt the metric standard of weight measurement in kilogram and the “cavan” of rice and corn, milled or not milled shall be a unit containing fifty (50) kilograms of such grains, net weight.

Prohibitions:

- a. Unthreshed palay in straws or bundles shall not be accepted for storage.
- b. Engaging in the grains business without a valid NFA license.
- c. Short weighing/mislabeled in the sale of rice and/or corn.
- d. No label/tag on rice and/or corn traded or marketed in bags/sacks.
- e. Unauthorized possession of government stocks of rice and/or corn.
- f. Re-milling of government stocks without written authority or approval by the NFA.
- g. Every licensed/franchised bonded warehouseman shall not mix or pile up with the palay/corn grains received by him/her for storage in his/her warehouse, any palay /corn by-products, such as husk or "ipa", "tiki-tiki", "binlid", "mata-mata", and other kinds of by-products.
- h. Without the consent and approval of the Authority, no licensed/franchised bonded warehouseman shall allow any person or any other grains dealer to occupy any part of his/her bonded warehouse, either for office use or storage of grains of such person/grains dealer unless such grains are treated as deposits therein.
- i. Any licensed/franchised bonded warehouseman or miller receiving and keeping at any quality of stored grains deposited, more than that authorized and specified

in his/her license/franchise certificate shall be presumed to have violated the provisions of Presidential Decree No. 4, as amended, and its implementing rules and regulations. Grains received during the preceding year but not yet withdrawn shall be included in determining the quantity of grains received and stored at any one time.

- j. A licensed warehouseman, miller and/or sheller, thresher or dryer owner/operator shall not make unreasonable or exorbitant charges for services rendered. Before a license to operate a warehouse, mill, sheller, thresher or dryer is granted, the grains businessman concerned shall file with the Authority a copy of the schedule of charges to be used by him/her when licensed. Before making any change in such schedule of charges, he shall file with the Authority a written statement showing the proposed charges and the reasons therefor. Increasing charges without authority from NFA is strictly prohibited.

Such proposed increased charges once approved shall be posted in a conspicuous place in the warehouse or mill or in the premises of the sheller, thresher or dryer who shall not remove or dispose of any grains received by him for storage, milling, shelling, threshing or drying, without the written consent of the depositor/holder of the warehouse receipt or of the owner of the grains delivered for milling, shelling, threshing, or drying only and noting such removal/disposal on the receipt issued therefor.

REGULATION XVI

OTHER PROVISIONS

Section 1. Every weighing apparatus and/or moisture instrument used in ascertaining the weight and/or moisture content of grains for trading, milling or for storage and other activities under this Act and the implementing rules and regulations shall be subject to examination by the Administrator or his duly authorized representatives. If such apparatus is found inaccurate in giving or registering the correct weight, or moisture content, it shall not thereafter be used unless it is properly repaired or adjusted.

Section 2. No alien shall be employed in any rice and/or corn establishment by virtue of the provision of Section 2 of Commonwealth Act No. 108 in relation to Republic Act No. 3018 except as otherwise provided for by Presidential Decree No. 194 and the Retail Trade Liberalization Act of 2000.

Section 3. Any bond contract and insurance policy required by the Authority from a grains businessman for purposes of licensing to cover stocks deposited and/or received for milling, warehousing, shelling, and any other activities shall be acceptable only if issued by a duly licensed bonding/insurance company accredited with the Authority.

Section 4. Any bonding and insurance company duly licensed by the insurance Commission desiring to apply for accreditation with the Authority shall be required to pay an application fee of One Thousand Pesos (P1,000.00) and upon approval shall pay an accreditation fee of Four Thousand Pesos (P4,000.00).

Section 5. Any licensed rice mill owner/operator and/or other producers, with rice mill and other facilities capable to produce premium grade rice, shall first apply for accreditation with the Authority and shall comply with the requirements prescribed for accreditation before their produce of premium grade rice shall be distributed/marketed.

Section 6. A licensed rice mill owner/operator, with rice mill and other facilities capable to produce iron fortified rice in accordance with R.A. 8976, shall be accredited by NFA.

REGULATION XVII
ADMINISTRATIVE DISCIPLINARY RULES ON GRAINS INDUSTRY CASES

Section 1. Jurisdiction

The Administrator or his duly authorized representatives shall have jurisdiction to hear and decide cases filed against erring grains businessmen and grains haulers for violation of the provisions of P.D. 4, as amended, and all other laws, orders, instructions, rules and regulations issued by the National Food Authority.

Any apprehension made pursuant to the preceding paragraph shall carry with it the power to seize the instruments, tools and/or effects of any offense to be used as evidence against the violator concerned.

Section 2. Powers

2.1. Power to Seize

The Administrator or his duly authorized representative shall have the power to seize the instruments, tools and/or effects of any offense to be used as evidence against the violator concerned.

2.2. Power to Summon and Issue Subpoenas

The Administrator or his duly authorized representative, shall have power to summon or subpoena any person, natural or juridical, and require by subpoena duces tecum said person to bring along papers and books and other documents, and/or take his testimony or those of his witness/es in connection with any investigation being conducted or those of the Authority for the violation of the provisions of P.D. No. 4 as amended, and other pertinent existing laws, issued thereafter, or in connection with any contract entered into with the National Food Authority.

Any case of contumacy or failure to appear upon summons or subpoena or who upon appearing refuses to make oath, give testimony or produce documents for inspection when thereunto lawfully require shall be subject to discipline as in the case of contempt of court and shall be proceeded against in the manner provided by law.

2.3. Power to Make Arrest

a) The Administrator or his deputized enforcement officer shall have the power to arrest any person for violation of any provisions of P.D. No. 4 as amended, and other pertinent existing laws, rules and regulations, orders, circulars and directives and such rules and regulations which may be promulgated hereafter, the implementation and enforcement of which is vested with the Authority.

b) The persons vested with the Authority in the foregoing paragraphs shall exercise the same under the following circumstances:

1. When the person to be arrested had committed, is actually committing, or is about to commit an offense in his presence;
2. When an offense has in fact been committed and he has reasonable ground to believe that the person to be arrested has committed it.

c) It shall be duty of any person exercising authority as aforesaid, to make known his official character as an officer of the National Food Authority duly authorized to make arrest and to exhibit such authority for inspection if demanded.

d) After an arrest is made, it shall be the duty of the arresting officer to deliver the person arrested before the proper judicial authorities, within the period of six (6) hours, otherwise the person arrested shall immediately be released.

2.4. Power to Administer Oath

The Administrator or his duly authorized representative shall, pursuant to Section 6, paragraph a, subparagraph (XVII) of P.D. No. 4 as amended, have the power to administer oath in connection with any act performed in the exercise of the function of his/their office/s.

Section 3. Due Process

No complaint against grains businessmen and grains haulers shall be given due course unless the same is subscribed and sworn to by the complainant.

Section 4. Imposition of Sanctions

a) Any violation of the provisions of P.D. No. 4, as amended, and other laws, orders, circulars, instructions, rules and regulations shall be proceeded against administratively and/or criminally. Administrative sanctions may be in the form of suspension or cancellation of license and/or imposition of fines, as the evidence may warrant.

b) Before any license is canceled or revoked for any violation of or failure to comply with any of the provisions of P.D. 4, as amended, and other pertinent existing laws, rules and regulations, orders, and directives, promulgated or may be issued hereafter, the licensee concerned shall be informed in writing of the charges filed against him by the Administrator or his authorized agent or representative, and shall be allowed to file an answer under oath within five (5) days from receipt thereof. Failure to answer shall be construed as waiver to formal hearing and the case shall be decided on the basis of the evidence presented.

c) Summary Suspension. The Administrator or his duly authorized representative, whenever he deems necessary for the proper enforcement of the provisions of P.D. No. 4, as amended, and other pertinent laws, the implementing rules and regulations, orders, directives, circular and/or in the interest of the public, may without hearing, suspend the license of any licensee, after due notice is given to the licensee.

d) Indefinite Suspension. Pending investigation against any licensee, the Administrator or his duly authorized representative, whenever he deems necessary, in the interest of public, may without hearing, suspend the license of any licensee, after due notice is given to the licensee.

e) The administrator may likewise suspend, cancel or revoke any license, after a hearing has been afforded, when the licensee:

- 1) Dies;
- 2) Is non-compos mentis;
- 3) Is bankrupt or insolvent;
- 4) Has sold, transferred or conveyed wholly or substantially his business establishment/facilities/equipment for grains.
- 5) Has in any other manner become non-existent, incompetent or incapacitated to conduct said business; or
- 6) When the business of such licensee is in the process of dissolution or has been dissolved.

Section 5. Classification of Offenses and the Corresponding Penalties

1. In addition to the acts and omissions mentioned in Section 29(c) of Presidential Decree No. 4, as amended, the following violations constitute light offenses:

- a) Diversion of government stocks by NFA accredited retailers/outlets authorized to sell NFA stocks:
 - i. Unreasonable depletion of stocks;
 - ii. Selling or lending government stocks to another grains businessman;
 - iii. Selling or offering to sell the government stocks beyond the maximum quantity allowed by NFA;
 - iv. Storing and/or selling the government stocks in other places/stalls other than that duly authorized by the NFA;
 - v. Unreasonable/intentional delay in the delivery/unloading of withdrawn stocks.
- b) Unauthorized re-bagging/re-sacking of government stocks in commercial sacks;
- c) Mislabeling of NFA and/or commercial stocks;
- d) Unauthorized re-milling of government stocks;
- e) Admixture or adulteration of government stocks with commercial rice;
- f) Overpricing of NFA rice and/or corn grits;
- g) Short-weighing or under-weighing in the sale of NFA stocks and/or commercial rice/corn grits;
- h) No price tags;
- i.) Improper display of NFA rice;
- j) Refusal to sell NFA rice;
- k) Storing or selling commercial stocks in the same establishment/stalls authorized for NFA stocks;
- l) Non-display of NFA license;
- m) Non-display/no NFA prescribed signboard
- n) Rice boxes not painted white and with unauthorized advertisements/posters.

2) Administrative fines shall be imposed according to the following schedule:

- 2.1. For light offenses as enumerated in Section 29 (c) (1 to 7) of Presidential Decree No. 4, as amended, a fine of not less than one thousand pesos (P1,000.00) nor more than four thousand (P4,000.00).
- 2.2. For less serious offenses as enumerated in Section 29 (b)(1 to 4 and 6) of Presidential Decree No. 4, as amended, a fine of not less than four thousand (P4,000.00) nor more than eight thousand pesos (P8,000.00).
- 2.3. For serious offenses as enumerated in section 29 (a) (2 to 4) of Presidential Decree No. 4, as amended, a fine of not less than twelve thousand pesos (P12,000.00) nor more than fifteen thousand pesos (P15,000.00).

Section 6. Standard Procedural Requirements

1. Complaint

- 1.1 Any complaint involving violations of P.D. 4, as amended, and other related laws, orders, instructions, rules and regulations may be filed at any time with the NFA Provincial/Regional Office where the offense is committed or with the Enforcement Investigation and Prosecution Department.
- 1.2 A complaint against any grains businessmen and grains haulers shall not be given due course unless it is in writing and subscribed and sworn to by the complainant. However, in cases initiated by an authorized NFA enforcement officer himself, the complaint need not be under oath.
- 1.3 The Complaint shall contain the following:
 - a) the full name and address of the complainant;
 - b) the full name and address of the person complained of;
 - c) a brief statement of the relevant facts;
 - d) certified true copies of documentary evidence, in support of the complaint and sworn affidavits of his witnesses, if any.In the absence of any one of the aforementioned requirements, the complaint shall be dismissed without prejudice to its refiling. Where the complaint is not under oath, the complainant shall be summoned by the authorized NFA enforcement officer to swear to the truth of the allegations in the complaint.
- 1.4 Complaint sent through TEXT NFA, e-mail, fax messaging or similar means of communication shall be considered non-filed unless the complainant shall comply with the requirements provided in Section 7 (1.3) within ten (10) days from receipt of the notice of compliance.
- 1.5 Withdrawal of the complaint at any stage of the proceedings does not result in its outright dismissal nor discharge the person complained of from any administrative liability. Where there is obvious truth or merit to the allegations in the complaint or where there is documentary or direct evidence that would tend to prove the guilt of the person complained of, the same should be given due course.

2. Action on the Complaint.

Upon receipt of a complaint which is sufficient in form and substance, the Administrator or his authorized representative shall require the person complained of to submit a Counter-Affidavit/Comment under oath within five (5) days from receipt of the notice/summon.

3. Preliminary Investigation

- 3.1 A preliminary investigation shall be conducted by the deputized Enforcement Officer. The investigation involves the ex parte examination of documents submitted by the complainant and the person complained of, as well as documents readily available from other government offices, to determine if a prima facie case exists.
- 3.2 This preliminary or fact-finding investigation shall commence not later than five (5) working days from receipt of the complaint by the Provincial Office/Regional Office or by the Enforcement, Investigation and Prosecution Department (EIPD), and shall be terminated within thirty (30) working days thereafter to determine if a prima facie case exist to justify filing of proper administrative action. During said

investigation, the parties are given the opportunity to submit affidavits and counter-affidavits. Failure of the person complained of to submit his counter-affidavit shall be considered as a waiver thereof.

3.3 If necessary, the parties may be summoned to a conference where the investigator may propound clarificatory and other relevant questions.

3.4 If during the investigation, a party is assisted by a counsel and the latter raises an objection, the investigator shall not rule on the objection but shall note down the same for resolution by the Hearing Officer.

3.5 Investigation Report. - Within five (5) working days from the termination of the preliminary investigation, the investigator/EIP Chief shall submit the Investigation Report and the complete records of the case to the Regional Manager/EIPD Director.

3.6 Decision or Resolution after Preliminary Investigation.- If a prima facie case is established during the investigation, a Statement of Violation or Charge Sheet shall be issued by the Regional Manager/EIPD Director.

In the absence of a prima facie case, the complaint shall be dismissed within the same period.

4. Statement of Violation

4.1 After a finding of a prima facie case, the Regional Office/EIPD shall formally charge the person complained of. The Statement of Violation prepared and duly signed by the Regional Office/EIPD shall contain the following:

A) Specification of the charge/s, a brief statement of material or relevant facts.

B) Certified true copies of the documentary evidence, if any.

c) Sworn statements covering the testimony of witnesses.

d) A directive to answer the charge/s in writing under oath in not less than three (3) days from receipt thereof.

e) An advice for the respondent to indicate in his answer whether or not he elects a formal investigation of the charge/s, or submit position paper.

f) A notice that he is entitled to be assisted by a counsel of his choice.

4.2 If the respondent has submitted his comment and counter-affidavits during the preliminary investigation, he shall be given the opportunity to submit additional evidence.

4.3 The Statement of Violation shall be forwarded to the designated Hearing Officer of the province/region where the offense was committed or Pool of Hearing Officers (PHO), as the case maybe.

4.4 The Hearing Officer shall not entertain requests for clarification, bills of particulars or motions to dismiss which are obviously designed to delay the administrative proceeding. If any of these pleadings is filed by the respondent, the same shall be considered as part of his answer which he may file within the remaining period for filing the answer.

5. Answer - The answer which must be in writing and under oath, shall be specific and shall contain material facts and applicable laws, if any, including documentary evidence, sworn statements covering testimonies of witnesses, if there be any, in support of respondent's case. It shall also include a statement indicating whether he elects a formal investigation.

5.1 Failure to File An Answer. If the respondent fails or refuses to file his answer to the charge within five (5) days from receipt thereof without justifiable cause, he shall be considered to have waived his right thereto and formal investigation may commence.

5.2 If after the answer, it becomes evident that the facts of the charge do not constitute an offense or that there is legal excuse or justification of the action or inaction of the person charged, the deputized Hearing Officer may, motu proprio recommend for the dismissal of the administrative case to the Regional Manager or the Department Manager of the Department for Legal Affairs.

6. Prohibited Pleadings. - The following pleadings are prohibited:

6.1 Motion to Dismiss

6.2 Motion for Bill of Particulars

6.3 Second Motion for Reconsideration

6.4 Motion for Extension to File Any Pleading

6.5 Motion to Admit Pleading

7. Conduct of Formal Investigation

7.1 The formal investigation shall be conducted for the purpose of ascertaining the truth without necessarily adhering to technical rules applicable in judicial proceedings. It shall be conducted in the most expeditious and inexpensive manner. It shall be free from the rigidity of procedural requirements observed in the court. It shall merely observe fundamental and essential requirements of due process. The respondent and complainant or their respective lawyers shall be prevented from discussing questions of law during the formal investigation and require that such arguments be submitted in written form to be resolved by the Hearing Officer.

7.2 Although the respondent does not request a formal investigation, one shall nevertheless be conducted where the allegations of the complaint and the answer of the respondent, including the supporting documents of both parties, the merits of the case cannot be decided judiciously without conducting such investigation.

7.3 If the respondent does not request for a formal investigation and the merits of the case can be decided judiciously without conducting such

investigation, he may instead be required to submit memorandum, including thereto affidavits which are considered his direct testimonies, other relevant evidence and draft decision to the Hearing Officer for evaluation.

- 7.4 The investigation shall be held not earlier than five (5) working days nor later than ten (10) working days from receipt of the respondent's answer. Said investigation shall be finished within thirty (30) working days from the issuance of the Statement of Violation/charge sheet or the receipt of the answer unless the period is extended by the Administrator in meritorious cases.

8. Pre-hearing Conference

- 8.1 At the commencement of the formal investigation, the Hearing Officer shall conduct a pre-hearing conference for the parties to appear, consider and agree on any of the following:
- a) Stipulation of Facts
 - b) Simplification of issues
 - c) Identification and marking of evidence of the parties
 - d) Waiver of objections to admissibility of evidence
 - e) Limiting the number of witnesses and their names
 - f) Dates of subsequent hearings
 - g) Such other matters as may aid in the prompt and just resolution of the case.
- 8.2 The parties may submit position papers/memoranda and submit the case for resolution based on the result of the pre-hearing conference without any need for further hearing.
- 8.3 The Hearing Officer shall prepare the pre-hearing conference order which shall contain a summary of the agreements of the parties including facts stipulated.

9. Hearings; Postponement of Hearings

- 9.1 Hearings shall be conducted on the dates set by the Hearing Officer or as agreed upon during the pre-hearing conference.
- 9.2 Where no pre-hearing conference is conducted, the parties, their counsel and witnesses, if any, shall be given a notice of at least five (5) working days before the first scheduled hearing specifying the time, date, and place of the said hearing previously set shall be strictly followed without further notice. The scheduled date of hearings are not transferable.
- 9.3 If the respondent fails or refuses to appear during the scheduled hearings despite due notice, the investigation shall proceed ex parte and the

respondent is deemed to have waived his right to be present and to submit evidence in his favor during those hearings.

- 9.4 The formal investigation shall be finished within thirty (30) working days from the filing of the charge unless the period is extended by the Administrator in meritorious cases.

10. Preliminary Matters

- 10.1 At the start of the hearing, the hearing officer shall note the appearance of the parties and shall proceed with the reception of evidence for the complainant.
- 10.2 If the respondent appears without the aid of a counsel, he shall be deemed to have waived his right thereto.
- 10.3 Before taking the testimony of a witness, the hearing officer shall place him under oath and then his name, civil status, age, residence/place of business and other personal circumstances.
- 10.4 A sworn statement of a witness properly identified and affirmed shall constitute his direct testimony, copy furnished the other party.
11. Appearance of Counsel- Any counsel appearing before any hearing or investigation shall manifest orally or in writing, his appearance for either the respondent or the complainant, stating his full name and postal address where he can be served with notices and other pleadings. He shall also state his Integrated Bar of the Philippines (IBP) and Roll numbers. Any pleading or appearance of a counsel without complying with the above stated requirements shall not be recognized.
12. Order of Hearing. - Unless the hearing officer directs otherwise, the order of hearing shall be as follows:
- 12.1 The prosecution shall present evidence, by way of direct examination, subject to the pre-hearing agreement, in support of the charge.
- 12.2 The respondent shall then offer evidence in support of his/her defense.
- 12.3 The prosecution may then offer rebuttal evidence, and the respondent, sub-rebuttal evidence.
- 12.4 Every witness may be examined in the following order:
- 12.4.1 Direct examination by the proponent;
- 12.4.2 Cross-examination by the opponent;
- 12.4.3 Re-direct examination by the proponent;
- 12.4.4 Re-cross examination by the opponent.

- 12.5 A sworn statement of a witness, properly identified and affirmed by the witness before the hearing officer shall constitute his/her direct testimony.
- 12.6 When presentation of evidence has been conducted, the parties shall formally offer their evidence either orally or in writing and thereafter objections thereto may also be made either orally or in writing. Thereafter, both parties may be given time to submit their respective memorandum which in no case shall be beyond five (5) days after the termination of the investigation. Failure to submit the memorandum within the given period shall be considered a waiver thereof.
13. Objections. - All objections raised during the hearing shall be resolved by the hearing officer. However, objections that cannot be ruled upon by the hearing officer shall be noted with the information that the same shall be included in the memorandum of the concerned party to ruled upon by the proper disciplining authority.
- The hearing officer shall accept all evidence deemed material and relevant to the case. In case of doubt, the hearing officer shall allow the admission of evidence subject to the objection interposed against its admission.
14. Markings. - All documentary evidence or exhibits shall be properly marked by letters (A, B, C, etc.) if presented by the complainant and by the numbers (1,2,3, etc.) if presented by the respondent. These shall form part of the complete records of the case.
15. Request for Subpoena.- If a party desires the attendance of a witness or the production of documents or things, he/she shall make a request for the issuance of the necessary subpoena, at least three (3) days before the scheduled hearing.
16. Issuance of Subpoena.- The hearing officer may issue subpoena ad testificandum to compel the attendance of witnesses and subpoena duces tecum for the production of documents or objects.
17. Records of the Proceedings.- The proceedings of the formal investigation must be recorded either through shorthand or stenotype or by any other method.
18. Filing of Motions, Petitions, Appeals, and Other Pleadings.- Any motion, petition, appeal and other pleadings sent by mail shall be deemed filed on the date shown by the postmark on the envelope which shall be attached to the records of the case, and in case of personal delivery, the date stamped thereon by the office of the hearing officer.

19. Formal Investigation Report/Resolution

19.1 Within fifteen (15) days after the conclusion of the formal investigation, a report/resolution containing a narration of the material facts established during the investigation, the findings and the evidence supporting said findings, as well as the recommendations, shall be submitted by the Hearing Officer to the Director for Legal Affairs Department for cases referred to the Pool of Hearing Officers or to the Regional Director where the offense was committed. The complete records of the case shall be attached to the Report of Investigation/Resolution.

19.2 The complete records shall be systematically and chronologically arranged, paged and securely bound to prevent loss. A table of contents shall be prepared. Whoever is in-charge of the transmittal of the complete records shall be responsible for any loss or suppression of pages thereof.

20. The decision must be rendered in a manner that the respondent may know the various issues involved, and the reasons for the decision. All decisions shall be in writing, stating clearly and distinctly the facts and the law on which it is based and shall be signed and promulgated by the authorized representative of the Administrator.

20.1 The decision shall be rendered by the DLA Director/Regional Director within thirty (30) working days upon the filing of the last pleading.

20.2 The required quantum of evidence to support a decision is substantial. Evidence is substantial when a reasonable mind might accept it as adequate to support a conclusion. The decision shall be supported by evidence on record.

Section 7. REMEDIES

1. Filing of Motion for Reconsideration.- The respondent may file a motion for reconsideration within fifteen (15) days from receipt of the copy of the decision/resolution, to the DLA Director/Regional Director who shall rule on the same within fifteen (15) days from receipt thereof.
2. When Deemed Filed.- A motion for reconsideration shall be deemed filed on the date stamped on the official copy by the proper receiving authority, and in case it was sent by mail, on the date shown by the postmark on the envelope which shall be attached to the records of the case.

3. Grounds For Motion for Reconsideration.- The motion for reconsideration shall be based on any of the following:
 - 3.1 New evidence has been discovered which materially affects the decision rendered; or
 - 3.2 The decision is not supported by the evidence on record; or
 - 3.3 Errors of law or irregularities have been committed prejudicial to the interest of the movant.
4. Limitation.- Only one motion for reconsideration shall be entertained.
5. Effect of Filing.- The filing of a motion for reconsideration within the reglementary period of fifteen (15) days shall stay the execution of the decision sought to be reconsidered.
6. Filing of Appeal
 - 6.1 Decision/Resolution of the DLA Director/Regional Director shall be final and executory unless appealed to the Administrator by the appellant within fifteen (15) days from receipt of the decision/resolution.
 - 6.2 A notice of appeal including the appeal memorandum shall be filed with the Office of the Administrator copy furnished the DLA Director/Regional Director who shall submit/forward the records of the case which shall be systematically and chronologically arranged, paged and securely bound to prevent loss with its comment, within fifteen (15) days to the appellate authority (Administrator), with the notice of appeal.
 - 6.3 The Notice of Appeal shall specifically state the date of the decision/resolution appealed from and the date of receipt thereof. Failure to do so may cause the dismissal of such appeal.
7. When Deemed Filed.- An appeal sent by mail shall be deemed filed on the date shown by the postmark on the envelope which shall be attached to the records of the case and in case personal delivery, the date stamped thereon by the proper office.
8. Appeal Fee.- The appellant shall pay an appeal fee of Five Hundred Pesos (P500.00) and a copy of the receipt thereof shall be attached to the appeal.
9. Perfection of an Appeal.- To perfect an appeal, the appellant shall within fifteen (15) days from receipt of the decision/resolution submit the following:
 - 9.1 Notice of Appeal which shall specifically state the date of the decision/resolution appealed from and the date of receipt thereof.

- 9.2 Three (3) copies of appeal memorandum containing the grounds relied upon for the appeal, together with the certified true copy of the decision/resolution/order appealed from, and certified copies of the documents or evidence;
- 9.3 Proof of service of a copy of the appeal memorandum to the DLA Director/Regional Director;
- 9.4 Proof of payment of appeal fee.
- 9.5 A statement or certification of non-forum shopping.

Failure to comply with any of the above requirements within the reglementary period shall be construed as failure to perfect an appeal and shall cause its dismissal. No motion for extension of time to file an appeal shall be allowed.

10. Finality of Decision. The decision of the Administrator shall be final and unappealable.

Section 8. MISCELLANEOUS PROVISIONS

1. Nature of Proceedings- The hearing shall be summary in nature and is not governed by the technical rules of procedure but consistent with the rudiments of administrative due process.
2. Solemnity of Proceedings- The hearing shall be conducted with solemnity. The Hearing Officer shall comfort himself with proper decorum, impartiality and dignity befitting his office. He shall always bear in mind that his duty is to determine the facts of the case as presented by the party litigants, judiciously evaluate the evidence adduced and, thereafter, impose the appropriate penalty.
3. Independence of Administrative from Criminal Action. Its Effect.- A criminal prosecution is distinct and separate from the administrative and that an acquittal or dismissal of a criminal complaint does not apply to the administrative case notwithstanding that the facts which gave rise to both proceedings arose out of the same incident.
4. The respondent may be found culpable of an offense different from that he was charged; provided, that the offense to which he was found liable was alleged or included in the recital of the complaint and, the respondent has been given the opportunity to answer.
5. The principle of res judicata shall apply in administrative cases. For a prior judgment in an administrative case to constitute a bar to a subsequent administrative action, the following requisites must concur:
 - 5.1 Prior judgment
 - 5.2 Judgment is rendered by an official having jurisdiction of the subject matter and the parties
 - 5.3 Judgment must be on the merits

5.4 Identity of the parties, identity of subject matter and identity of cause of action.

Section 9. Execution - In the enforcement or execution of the decision or final order holding the respondent liable for fine, said respondent shall surrender his license to the Authority and shall also desist from engaging in the grains business until the corresponding penalty of fine shall have been paid.

Section 10. Surrender of License - When a license issued is suspended, revoked, or such license shall be surrendered immediately to the Authority.

Section 11. Notation of License - At the expiration of any period of suspension of a license issued, unless in the meantime such license is revoked or canceled, the fact of such suspension including the dates of its beginning and termination shall be noted on the license, and the license shall be returned to the licensee. In case of imposition of fine, the amount of such fine and the date of payment thereof shall be noted on the license.

REGULATION XVIII

FINAL PROVISIONS

Section 1. Separability Clause - The provisions of the rules and regulations are declared to be separable and if any provisions or the application thereof is held invalid or unconstitutional, the validity of the other provisions shall not be affected.

Section 2. Penalty - any violation of these Rules and Regulations shall subject the offender to the penalties imposed under Section 29 of the National Food Authority Act promulgated by Presidential Decree No. 4, as amended, notwithstanding the provisions of any law or rules and regulations to the contrary and the provisions of the Revised Penal Code.

Section 3. Suppletory Clause - All other existing rules, regulations, orders and circulars promulgated to implement Republic Act No. 7607 otherwise known as the Magna Carta for Small Farmers dated February 6, 1992, the Consumer's Act (Republic Act No. 7394), and the Price Act (Republic Act No. 7581), are hereby adopted as suppletory to the provisions of these Rules and Regulations.

Section 4. Repealing Clause - All rules and regulations, circulars, directives, and/or orders or parts thereof, inconsistent with any of the provisions of these rules and regulations are hereby repealed, modified, and/or amended accordingly.

Section 5. Effectivity- These Revised Rules and Regulations shall take effect fifteen (15) days following their publication once in a daily newspaper of general circulation and upon filing with the U.P. Law Center in accordance with the Revised Administrative Code of 1987 (E.O.) 292.

Approved in Quezon City, this 23rd day of November in the year of our Lord, Two Thousand and Six.

(Sgd.) GREGORIO Y. TAN, JR.
Administrator