

[NTA, July 31, 2000]

**RULES AND REGULATIONS GOVERNING THE TRADING OF ALL
TYPES OF LOCALLY GROWN LEAF TOBACCO, AS AMENDED**

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

REGULATION I – GENERAL PROVISIONS

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

- a) *Trading Rules and Regulations* — refers to the rules and regulations governing the trading of all types of locally grown leaf tobacco.
- b) *NTA* — refers to the National Tobacco Administration, a government agency created and existing by virtue of Executive Order No. 245.
- c) *NTA Board* — refers to the NTA Board of Directors, as the policy-making body of the Agency.
- d) *Administrator* — refers to the Chief Executive Officer of the NTA.
- e) *NTA Classifier/Grader* — refers to an NTA official/employee duly assigned or designated by the NTA Administrator as a tobacco classifier/grader to supervise/monitor the classifying/grading of leaf tobacco.
- f) *moa (Memorandum of Agreement)* — refers to the production and marketing agreement between and among the NTA, the farmer-cooperator and the buying firm.
- g) *Leaf Tobacco Buyer* — refers to any person, natural or juridical, duly licensed by the NTA, to buy leaf tobacco from the tobacco farmer-producers.
- h) *Principal Buyer* — refers to a tobacco buyer who, under a purchase commitment, commits to purchase the leaf tobacco bought by the licensed leaf tobacco buyers.
- i) *Buyer Firm (BF)* — refers to a tobacco company, duly licensed by the NTA, to buy leaf tobacco directly from the tobacco farmers, which has

entered into a Tobacco Contract Growing project with the NTA and certain tobacco farmers under a MOA.

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

k) *Purchase Commitment* — refers to a collective written commitment of the tobacco buyers to buy a specific quantity of leaf tobacco from tobacco farmer-producers during a particular crop year.

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

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

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

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

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

q) *PATDA* — refers to the Philippine Aromatic Tobacco Development Association, whose members are the principal buyers of all types of leaf tobacco.

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

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

t) *Tobacco Trading* — refers to the buying and selling, barter or exchange of leaf tobacco from the tobacco farmer-producers to the trading center and/or to the principal buyer.

u) *Roving Teams* — refers to NTA officials/employees, designated by the Administrator to enforce and oversee the proper, effective, and efficient compliance of the herein rules and regulations, at the trading center/s, particularly on the accurate weighing, proper grading, prompt payment and proper documentation.

v) *Field Representative* — refers to a person who is registered with the NTA, as the duly authorized agent of a licensed tobacco bf/tc operator to get, collect and/or deliver leaf tobacco from farmer-producers outside

the trading center, after compliance with certain conditions and requirements, herein set forth.

w) *Tobacco Bale Tag* — refers to an accountable form/document that identifies the tobacco bale or roll, relating to the name of the farmer-seller, the weight and the grade of the leaf tobacco being sold directly by the tobacco farmer-producer at the trading center as the main document to support the corresponding purchase invoice voucher.

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

y) *Certificate of Purchase (COP)* — refers to an accountable form/document that identifies the leaf tobacco gathered/collected by a field representative from the tobacco farmer-producer and delivered to a duly licensed tobacco bf/tc operator.

REGULATION II — Jurisdiction and General Functions

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

RULE 1. The NTA Board of Directors shall:

a) Adopt, prescribe and promulgate the proper and needed tobacco trading policies, rules and regulations in consultation with the management.

b) Approve/ratify the implementing guidelines that are recommended by the Administrator for the effective and efficient enforcement of the tobacco trading rules and regulations governing the trading of all types of locally grown leaf tobacco.

RULE 2. The NTA Administrator shall:

a) Primarily be responsible for the effective and efficient implementation of the trading rules and regulations, particularly, on the rules relating to proper classification and bundling by the tobacco farmer-producer of his tobacco produce and by the tobacco buyer on accurate weighing, proper grading, prompt payment and proper documentation of tobacco acceptances.

b) Grant/issue licenses to tobacco buyers of whatever category/type, to buy leaf tobacco directly from the tobacco farmer-producers only after complying with the requirements as prescribed under these rules and regulations and subject to the conditions provided herein. The same condition/s shall be complied with in the granting/issuance of permit to redry vis-a-vis with the redrying plant operators and permit to purchase leaf tobacco from licensed tobacco traders, vis-a-vis wholesale tobacco buyers/trader/s/redrying plant.

REGULATION III — NTA LICENSE TO ENGAGE IN TOBACCO TRADING

RULE 1. Who May Apply For License To Buy Leaf Tobacco — Any person of legal age and having the legal capacity to enter into contract, a corporation, partnership, company, cooperative, or any other juridical entity, duly licensed to do business in the Philippines, and/or recognized and affiliated with PATDA, as a member of good standing, may apply for a License to Buy leaf tobacco from the tobacco farmer-producer/s thru its trading center/s, subject to the provisions of Rule 2 hereof and after paying to the NTA cashier the corresponding processing and license fees in the amount of:

For Virginia Tobacco	PhP 2,000.00
For Burley Tobacco	2,000.00
For Dark/Native Cigar Filler/Batek Tobacco	700.00

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

- a) Information sheet of the trading center operator (MDRD Form No. 2);
- b) If trading center is a corporation or operates under the corporate name of a principal buyer, designation from the principal buyer/corporation, as duly authorized operator of such trading center (MDRD Form No. 3);
- c) Endorsement/recommendation by the Branch Office where the trading center is located (MDRD Form No. 4);
- d) Clearance from the Branch Office, as to payment of R & R fees and other obligations (MDRD Form No. 5);
- e) Photocopy of Articles of Incorporation/By-Laws, if the applicant is a corporation (For new applicant);
- f) Latest certified copy of audited financial statements and/or latest copy of Income Tax Returns of the trading center operator or the corporation;
- g) Vicinity/location and floor plan of the trading center, indicating its total area, location and dimension of the different service areas (if the applicant is new);
- h) Latest certified copy of the Mayor's Permit from the municipality/city where the trading center is located;
- i) Photocopy of NTA Official Receipt indicating full payment of the processing and license fees.

REGULATION IV — TRADING OF LEAF TOBACCO

RULE 1. The Following Are Qualified To Buy Virginia, Burley And/Or Dark/Native Cigar Leaf/Batek Leaf Tobacco:

- 1.1.a A duly licensed tobacco bf/tc operators;
- 1.1.b A duly licensed tobacco bf/tc operator qualified to buy all the contracted tobacco produce of its farmer-cooperators under a TCGP Memorandum of Agreement and Marketing Agreement.
- 1.1.c A duly licensed wholesale tobacco buyer/trader authorized to buy leaf tobacco from a duly licensed tobacco bf/tc operator/s and/or other Wholesale Tobacco buyer/trader.

RULE 2. Time, Place and Duration of Trading — The buying of leaf tobacco at the trading center shall be from 8:00 AM to 5:00 PM, Monday to Saturday, except if any of the said days is declared as an official holiday. However, the buying at the TC outside of the official working days may be allowed upon written request by the tobacco bf/tc operator and duly approved by the branch manager concerned and with prior notice of at least seven (7) working days, provided, that the overtime pay of the NTA personnel assigned thereat shall be for the account of the tobacco bf/tc operator.

RULE 3. Location And Use Of Trading Center — The trading center shall be located in a place adjacent to a street or thoroughfare, permitting easy access to it by farmer-producer/seller. The use of the trading center/warehouse/building, for purposes other than tobacco trading, may be allowed, provided, that the other business activities are conducted outside the trading center and do not in any way hamper/obstruct the effective and efficient implementation of these rules.

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

- a) Obtain from the NTA a License to buy leaf tobacco, duly approved and signed by the Administrator;
- b) Obtain all the prescribed trading forms (e.g). Purchase Invoice Voucher (PIV), Purchase Books, Tobacco Bale Tags, Tally-Out Sheet/Delivery Receipt, Certificate of Purchase for its authorized field representative/s and register them with the NTA Branch Office;
- c) Submit to the NTA Branch Office, the name/s and facsimile signature/s of the TC Manager and/or his representative, tobacco grader/s, weigher/s and other persons who are authorized to sign for and in behalf of the tobacco bf/tc operator/s;
- d) Set up in front of the trading center, a signboard measuring 3 feet x 6 feet containing, among others, the name and address of the trading center, the corresponding NTA license number, his regular business hours and days of trading (e.g., "Open for business 8:00 am to 5:00 p.m., Monday to Friday, 8:00 am to 12:00 noon, Saturdays and Sundays");
- e) Display conspicuously inside the trading center samples of tobacco leaves that meet the minimum specifications or descriptions of each