

**[ NTA, January 20, 2001 ]**

**RULES AND REGULATIONS GOVERNING THE TRADING OF  
LOCALLY GROWN NATIVE/DARK LEAF TOBACCO**

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 locally grown native/dark 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 locally grown native/dark 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 native/dark leaf tobacco.
- f) **MOA (Memorandum of Agreement)** — refers to the production and marketing agreement by and between the NTA, the farmer-cooperator and the buying firm.
- g) **Native/Dark Leaf Tobacco Buyer** — refers to any person, natural or juridical, duly licensed by the NTA, to buy native/dark leaf tobacco from the tobacco farmer-producers.
- h) **Principal Buyer** — refers to a tobacco buyer who, under a purchase commitment, commits to purchase the native/dark leaf tobacco bought by the licensed native/dark leaf tobacco buyers/trading center operator/s.
- i) **Buyer Firm (BF)** — refers to a tobacco company, duly licensed by the NTA, to buy native/dark leaf tobacco directly from the 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 native/dark leaf tobacco in accordance with the herein rules.

k) **Purchase Commitment** — refers to a written commitment of the principal buyer/s to buy a specific quantity of native/dark leaf tobacco from the bf/tc operator/s during a particular crop year.

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

m) **Virginia Leaf Tobacco** — refers to locally grown virginia 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 native/dark leaf tobacco directly from the tobacco farmer-producers, at designated tobacco trading center/s.

o) **Permit to Purchase/Redry** — refers to a written authority issued by the NTA, to wholesale tobacco buyer/trader/principal buyers/redrying plant operators, to purchase/redry 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/tc agent, of a duly licensed tobacco bf/tc operator, to gather, collect, purchase and/or deliver to the bf/tc operator, the virginia leaf tobacco produce of the tobacco farmer-producers.

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

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

s) **Native/Dark Leaf Tobacco Trading** — refers to the buying and selling, bartering or exchanging of native/dark leaf tobacco from the tobacco farmer-producers to the trading center and/or to the principal buyer.

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

u) **Field Representative** — refers to a person who is duly authorized and registered with the NTA, as an agent/representative of a licensed native/dark leaf tobacco bf/tc operator to gather/collect/purchase the native/dark leaf tobacco produce of the farmer-producers located outside the trading center and deliver the same to the native/dark leaf tobacco bf/tc operator.

v) **Tobacco Bale Tag** — refers to an accountable form that identifies the native/dark leaf tobacco bale or roll, delivered by a virginia leaf tobacco farmer-producer to the trading center, indicating the name of the farmer- seller, the net

weight of the native/dark leaf tobacco being sold to the trading center, which serves as a claim stub of the tobacco farmer to secure payment of his tobacco and as a supporting document to the purchase invoice voucher.

w) **PIV** — refers to the Purchase Invoice Voucher which is an accountable form/document that identifies the native/dark leaf 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 payment of the sales proceeds of the tobacco and the corresponding serial number/s of the tobacco bale tag/s.

x) **COP** — refers to the Certificate of Purchase which is an accountable form/document that identifies the native/dark leaf tobacco gathered/collected/purchased by a field representative from the tobacco farmer-producer and to be attached to the PIV.

## **REGULATION II JURISDICTION AND GENERAL FUNCTIONS**

For the effective enforcement of these Virginia Leaf Tobacco Trading Rules and Regulations:

**RULE 1.** The NTA Board of Directors shall:

- a) Promulgate the appropriate native/dark leaf tobacco trading rules and regulations in consultation with the management.
- b) Promulgate and prescribe native/dark tobacco grade descriptions/classifications and floor prices.

**RULE 2.** The NTA Administrator shall:

- a) Issue Licenses, to tobacco buyers, to buy native/dark leaf tobacco directly from the tobacco farmer-producers or Permit to Purchase/Redry, after compliance with the requirements prescribed under these rules and regulations.
- b) Primarily be responsible for the effective and efficient implementation of the trading rules and regulations, particularly, on the rules relating to the proper classification and grading, accurate weighing, prompt payment and proper documentation of tobacco acceptances.
- c) Impose administrative sanctions and/or fines to erring bf/tc operators, field representatives, wholesale tobacco dealers and redrying plant operators, on violations of the herein trading rules and regulations.

## **REGULATION III - NTA LICENSE TO ENGAGE IN NATIVE/ DARK LEAF TOBACCO TRADING**

**RULE 1.** Who May Apply For License To Buy Virginia 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, and duly licensed to do business in the Philippines, may apply for a License to Buy native/dark leaf tobacco from the tobacco farmer-producer/s, subject to the provisions of Rule 2

hereof and after paying the required processing and license fees, the amount of which shall be computed on the basis of the average volume of tobacco purchases/acceptances for the last three (3) trading seasons.

The amount to be paid for the processing and licensing fees shall be determined in accordance with the following table, to wit:

Number of Kilos Purchased/Accepted	Amount
0 – 30,000 kilograms	P 875. 00
30,001 – 60, 000 kilograms	1,050.00
60,001 – 90, 000kilograms	1,225.00
90,001 kilograms and up	1,400.00

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

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

**Rule 3. Filling of Application/Penalty of late Filing** – All Applications for the issuance of a License To Buy native/dark leaf tobacco shall be filed with the Branch Office concerned, on or before the date, as determined by the NTA. A penalty equivalent to fifty percent (50%) of the processing and license fees shall be imposed

and collected for late filing.

**RULE 4. Validity of License** — The License to Buy native/dark leaf tobacco shall be valid for a period of one tobacco trading season, and unless changed by the NTA Administrator, the duration of which shall be as follows:

#### **REGULATION IV TRADING OF VIRGINIA LEAF TOBACCO**

##### **RULE 1. The Following Are Qualified To Buy Virginia Leaf Tobacco:**

1.1.a A duly licensed native/dark leaf tobacco tc operator;

1.1.b A duly licensed native/dark leaf tobacco bf who is qualified to buy all the contracted native/dark leaf tobacco produce of its farmer-cooperators under a Memorandum of Agreement.

1.1.c A duly licensed wholesale tobacco dealer/buyer authorized to buy leaf tobacco from a duly licensed native/dark leaf tobacco bf/tc operator and/or other wholesale tobacco dealer/buyer.

**RULE 2. Time, Place and Duration of Trading** — The buying of native/dark leaf tobacco at the trading center shall be from 8:00 a.m. to 5:00 p.m., Monday to Friday, except, if any of the said days is declared as an official holiday. However, the buying at the trading center outside of the official working days may be allowed upon written request by the native/dark leaf tobacco bf/tc operator and duly approved by the Branch Manager concerned, seven (7) days prior to the conduct of such operations, provided, that the overtime pay of the NTA personnel assigned thereat, shall be for the account of the native/dark leaf tobacco bf/tc operator.

**RULE 3. Location And Use of the Trading Center** — The trading center shall be located in a place adjacent to a street or thoroughfare, permitting easy access to it by the farmer-producer/seller. The trading center/warehouse/building shall be used solely for native/dark leaf tobacco trading. Buying of other type/s of leaf tobacco at the trading center may be allowed, provided, that, the leaf tobacco bf/tc operator shall secure the requirements for such activity. Other business activities may be conducted within the premises of the trading center, provided, such activities will not, in any way, hamper/obstruct the effective and efficient implementation of these rules.

**RULE 4. Requirements Before Buying** – Before buying native/dark leaf tobacco, a native/dark leaf tobacco bf/tc operator shall:

- a) Obtain from the NTA a “License to Buy” native/dark leaf tobacco, duly approved and signed by the NTA Administrator;
- b) Secure all the NTA prescribed trading forms, such as, Purchase Invoice Voucher (PIV), duly registered with the BIR, Purchase Books, Tobacco Bale Tags, Delivery Receipt and Certificate of Purchase for its authorized field representative/s, which forms shall be inspected and validated by the NTA Branch Office Manager concerned;
- c) Submit to the NTA Branch Office, the name/s and facsimile signature/s