Asia Pacific Guide to Lending and Taking Security - Philippines

Working digitally

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# 1. Is it possible for documents to be executed electronically (whether by the manual insertion of a digital signature or the use of an e-signing platform) under the laws of this jurisdiction? If so, is this limited to only particular types of finance documents?

Yes, Philippine law permits the use of e-signatures on electronic documents without any limitation as to the type of finance document involved. An electronic signature on the electronic document will be equivalent to the signature of a person on a written document, if that signature is proved by showing that a prescribed procedure, not alterable by the parties interested in the electronic document, existed when the following occurs:

A method is used to identify the party sought to be bound and to indicate that party's access to the electronic document necessary for its consent or approval through the electronic signature.

The method is reliable and appropriate for the purpose for which the electronic document was generated or communicated, considering all circumstances, including any relevant agreement.

It is necessary for the party sought to be bound, in order to proceed further with the transaction, to have executed or provided the electronic signature.

The other party that is authorized and enabled to verify the electronic signature and to make the decision to proceed with the transaction is authenticated by the same.

# 2. Where the witnessing of a signing is contemplated, is it possible for the witness to verify the signature over a live video call?

It is possible for the witness to verify the signing over a live video call. However, if the document is to be notarized, witnessing over video call is not permitted. Under the 2020 Interim Rules on Remote Notarization of Paper Documents, when there is a witness to the instrument, the principal should provide the notary public with a video showing proof that the witness actually saw the principal sign and each witness should declare that they personally witnessed the signing of the instrument or document.

# 3. Is it possible to register/perfect security electronically without wet ink signatures?

Yes, under the Electronic Commerce Act, all offices and agencies of the government that accept the filing of documents and/or issue permits, licenses or certificates of registration will accept the creation, filing or retention of documents in the form of electronic data messages or electronic documents. Thus, government agencies are bound to accept electronic documents with electronic signatures.

However, where notarized documents are required, then the wet ink signature of the notary is required. The Rules on Remote Notarization do not permit Philippine notaries public to notarize a document using their e-signature. Instead, the document is to be couriered to them for them to sign the document.

# 4. Are there any other legal restrictions that may prevent the parties from executing a finance transaction electronically?

Yes. As stated in the answer to question 3 of this section, in the case of documents required to be notarized, the notarization may not be done electronically.

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