



Philippine
Overseas
Employment
Administration

Republic of the Philippines
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PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION	
Administrative Branch	
Central Records Division	
ISO 9001:2008 CIP/4676/12/08/811	Accreditation No: MSA-001
JUL 30 2018	
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MEMORANDUM CIRCULAR NO. 10-A
Series of 2018

TO : ALL FOREIGN PLACEMENT AGENCIES AND PHILIPPINE RECRUITMENT AGENCIES HIRING AND DEPLOYING DOMESTIC WORKERS TO KUWAIT

SUBJECT : ESCROW DEPOSIT FOR KUWAITI FOREIGN PLACEMENT AGENCIES HIRING DOMESTIC WORKERS

DATE : 26 JULY 2018

Pursuant to Section 96 (B.5) of the *Revised POEA Rules and Regulations Governing the Recruitment and Employment of Landbased Overseas Filipino Workers of 2016*, and Governing Board Resolution No 10, Series of 2016, all Foreign Placement Agencies hiring domestic workers to Kuwait are required to put up an escrow deposit with a bank authorized by the *Bangko Sentral ng Pilipinas* to handle trust accounts.

A. Coverage and Purpose

All Foreign Placement Agencies (FPA) hiring domestic workers to Kuwait requesting for accreditation with a Philippine Recruitment Agency (PRA) including those renewing their accreditation shall comply with the escrow requirement. If the FPA is accredited or to be accredited to more than one (1) PRA, it needs to put up only one (1) escrow deposit.

The escrow deposit shall answer for all valid and legal claims arising from the violation of the employment contracts with the workers. The escrow deposit of FPA and the escrow of the PRA shall be equally applied to answer for the awards to the workers.

B. Amount of Escrow

1. Upon application for accreditation or renewal thereof, FPAs hiring domestic workers shall put up and maintain an escrow account with a bank authorized by the *Bangko Sentral ng Pilipinas* to handle trust account with a minimum deposit in the amount of Ten Thousand United States Dollars (US\$10,000).
2. If the FPA has a pending Disciplinary Action against Employer (DAE) case during the renewal of its accreditation, the FPA shall be required to put up an additional escrow deposit which shall not exceed Fifty Thousand United States Dollars (US\$50,000) and which shall be subject to the following schedule of payment:

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NO. OF PENDING CASE/S	AMOUNT OF ESCROW DEPOSIT REQUIRED
1 to 5	US \$ 3,000.00 per case
6 to 10	US \$ 4,000.00 per case
11 or more	US \$ 5,000.00 per case

If in the succeeding renewal of accreditation, the FPA has no pending DAE case, the Administration shall allow the withdrawal of the additional escrow deposit required that is in excess of the Ten Thousands United States Dollars (US\$10,000).

C. The Escrow Agreement

The prescribed Escrow Agreement to be used by the Parties is hereto attached as Annex "1" and is made an integral part of these guidelines.

D. Procedures in the Filing of Escrow Agreement

1. Parties to the escrow agreement shall be the Foreign Placement Agency (FPA) owner or legal representative, the designated Philippine bank and the POEA.
2. The Escrow Agreement form issued by the Landbased Center (LBC), Pre-Employment Services Office shall be submitted by the FPA/legal representative to the LBC, duly accomplished and signed by the FPA owner/legal representative and the designated bank together with the certification from the bank reflecting the amount of the required escrow deposit.
3. The POEA Administrator or designated representative shall sign the Escrow Agreement for the POEA after evaluation of the accreditation and review of the Escrow Agreement by the LBC.
4. The fully accomplished form and signed agreement shall be returned to the FPA/legal representative for notarization upon which the agreement shall be filed with the LBC of the POEA.
5. Copies of the Agreement shall be made available to the employer and the bank.

E. Maintenance of Escrow Deposit

The FPA shall maintain at all times its escrow deposit in the minimum amount of Ten Thousand United States Dollars (US\$10,000). In case the FPA is required an additional escrow because of pending case/s, it shall maintain the escrow deposit of Ten Thousand United States Dollars (US\$10,000) plus the additional escrow.

In case the escrow deposit has been garnished, the FPA shall replenish the escrow deposit within fifteen (15) days from the receipt of Notice to Replenish Escrow Deposit. Failure to comply with such notice will result in suspension of the documentary processing of the FPA until its compliance.

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F. Withdrawal of the Escrow Deposit

Consistent with the principles underlying Section 19 Revised POEA Rules and Regulations Governing the Recruitment and Employment of Landbased Overseas Filipino Workers of 2016, on the release of escrow deposits of Philippine Recruitment Agencies, the following guidelines shall be observed for the release of escrow deposits posted by Foreign Placement Agencies (FPA) pursuant to this Circular:

- I.** Escrow deposits of FPAs whose registration or accreditation has been cancelled or had expired may apply for its release after the lapse of four (4) years from the date of cancellation or expiration by submitting the following documents:
 - a. Letter request verified by the POLO;
 - b. Copy of the escrow agreement;
 - c. Bank certification on the status of the escrow deposit;
 - d. Notarized board resolution/partnership resolution in case of corporation or partnership or Special Power of Attorney for single proprietorship, on the decision to withdraw escrow deposit indicating the name of the person to process and receive the check representing the escrow deposit together with the copy of the passport, if foreigner, or any valid government issued ID with picture, if Filipino.
 - e. Clearances from the following offices:
 1. Office of the Labor Attaché;
 2. Supreme Court of the Philippines;
 3. DOLE Legal Services, Office of the Secretary;
 4. POEA Adjudication Office; and
 5. All divisions of the National Labor Relations Commission.

- II.** Prior to the lapse of the four (4) year period from the date of cancellation or expiration, the escrow deposit of FPAs may be released upon the submission of the following documents:
 - a. Letter Request verified by the POLO;
 - b. Copy of the escrow agreement;
 - c. Bank certification on the status of the escrow deposit;
 - d. Letter of No Objection from the Philippine Recruitment Agency;
 - e. Surety bond issued by a surety company, duly accredited by the Insurance Commission, equivalent to the amount of the escrow deposit and valid for the remaining period;
 - f. Notarized board resolution/partnership resolution in case of corporation or partnership or Special Power of Attorney for single proprietorship, on the decision to withdraw escrow deposit indicating the name of the person to process and receive the check representing the escrow deposit together with the copy of the passport, if foreigner, or any valid government issued ID with picture, if Filipino.

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- g. Clearances from the following offices:
 - 1. Office of the Labor Attaché;
 - 2. Supreme Court of the Philippines;
 - 3. DOLE Legal Service, Office of the Secretary;
 - 4. POEA Adjudication Office; and
 - 5. All divisions of the National Labor Relations Commission.

III. FPAs with valid registration or accreditation but has or intends to cease its operations may also apply for the release of escrow deposit upon submission of the following documents:

- a. Letter request for the cancellation of accreditation or registration and release of the escrow deposit verified by the POLO;
- b. Copy of the escrow agreement;
- c. Bank certification on the status of the escrow deposit;
- d. Revocation of the Recruitment Agreement issued to its PRA verified by the POLO;
- e. Letter of no objection from the PRA;
- f. Surety bond issued by a surety company duly accredited by the Insurance Commission, equivalent to the amount of the escrow deposit and valid for a period of four (4) years;
- g. Notarized board resolution/partnership resolution in case of corporation or partnership or Special Power of Attorney for single proprietorship, on the decision to withdraw escrow deposit and indicating the name of the person to process and receive the check representing the escrow deposit together with the copy of the passport, if foreigner, or any valid government issued ID with picture, if Filipino.
- h. Clearances from the following offices:
 - 1. Office of the Labor Attaché;
 - 2. Supreme Court of the Philippines;
 - 3. DOLE Legal Service, Office of the Secretary;
 - 4. POEA Adjudication Office; and
 - 5. All divisions of the National Labor Relations Commission.

For strict compliance.

This Circular takes effect after fifteen (15) days from the date of publication in a newspaper of general circulation.


BERNARD P. OLALIA
Administrator

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ANNEX "1"

ESCROW AGREEMENT
(FOREIGN PLACEMENT AGENCY)

KNOW ALL MEN BY THESE PRESENTS:

This escrow agreement, made and entered into this ___ day of _____ 20__ in _____, Philippines, by and among:

PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION (POEA), a government entity and an attached agency of the Department of Labor and Employment (DOLE), with principal office at Blas F. Ople Bldg., EDSA cor Ortigas Avenue, Mandaluyong City, represented by _____, hereinafter referred to as the FIRST PARTY:

- and -

(Name of Foreign Placement Agency) _____, a Foreign Placement Agency duly accredited by the Philippine Overseas Employment Administration with the registered principal office at _____, represented by its _____, hereinafter referred to as the SECOND PARTY:

- and -

(Name of the Bank) _____, a banking corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and licensed to do trust business, with principal office at _____, represented by _____, hereinafter referred to as the THIRD PARTY:

WITNESSETH:

WHEREAS, the FIRST PARTY is mandated by law to regulate private sector participation in the recruitment and overseas placement of workers by setting up a licensing and registration system;

WHEREAS, Section 96 (B.5) of the *Revised POEA Rules and Regulations Governing the Recruitment and Employment of Landbased Overseas Filipino Workers of 2016*, and Governing Board Resolution No 10, Series of 2016, require all Foreign

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Placement Agencies hiring domestic workers to put up an escrow deposit with a bank authorized by the *Bangko Sentral ng Pilipinas* to handle trust accounts;

WHEREAS, the SECOND PARTY is applying for accreditation or renewal of accreditation and is required to deposit in escrow with the THIRD PARTY the amount of TEN THOUSAND UNITED STATES DOLLARS (US\$10,000) to answer for all valid and legal claims arising from violations of the employment contract of the workers;

WHEREAS, the THIRD PARTY is authorized by the *Bangko Sentral ng Pilipinas* to conduct trust operation and designated as trustee to hold and administer the Escrow account;

NOW, THEREFORE, for and in consideration of the foregoing premises the parties have voluntarily agreed as follows:

1. The SECOND PARTY has deposited in escrow with the THIRD PARTY the sum of TEN THOUSAND UNITED STATES DOLLARS (US\$10,000) designated as ESCROW ACCOUNT NO. _____. The escrow deposit shall remain intact during the validity of accreditation and an additional of four (4) years if not renewed upon its expiration or revocation for whatever legal grounds;
2. The escrow deposit may be subject to spot verification by duly authorized representative of the FIRST PARTY;
3. The THIRD PARTY shall hold the escrow deposit and make it available anytime on demand or upon proper authorization/clearance by the FIRST PARTY to answer for all valid and legal claims of an overseas Filipino worker arising from violation of the employment contract as adjudicated by the National Labor Relations Commission (NLRC);
4. As soon as an Order or Notice of Garnishment is served upon the THIRD PARTY, and the same is correspondingly earmarked, the escrow deposit of the SECOND PARTY shall no longer be considered sufficient;
 - a. The THIRD PARTY shall at all times inform the FIRST PARTY whenever the escrow deposit is reduced or same is no longer intact;
 - b. The SECOND PARTY shall replenish the garnished amount within fifteen (15) calendar days from notice by the FIRST PARTY. Upon failure of the SECOND PARTY to replenish the same within fifteen (15) calendar days from receipt of notice, the accreditation of the SECOND PARTY shall be immediately suspended without further notice. Only a recall order issued by the National Labor Relations Commission (NLRC) or by any court of competent jurisdiction shall prevent the FIRST PARTY from implementing the sanctions provided under this Agreement and/or the POEA rules and regulations;
5. The THIRD PARTY shall disburse from the escrow deposit the amount indicated in the writ of execution issued by the NLRC with an original, duplicate original or

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certified true copy of the final order/resolution upholding the claims of an overseas Filipino worker, provided that the writ of execution by the NLRC should be accompanied by an authorization/clearance from the FIRST PARTY.

6. The THIRD PARTY shall pay the claims on a "first come-first served" basis and the notice of garnishment that is first served upon the THIRD PARTY shall be satisfied, irrespective of the date of the issuance of the writ of execution. Where several claims are simultaneously presented on the same day, and the escrow deposit is not sufficient to pay the claims, the THIRD PARTY shall pay the claims on a pro-rata basis;
7. The deposit in escrow shall not be withdrawn or released to the SECOND PARTY, except upon proper authorization/clearance by the FIRST PARTY. Violation of this provision shall be sufficient cause for automatic revocation of accreditation of the SECOND PARTY. In case the accreditation of the SECOND PARTY has expired, the SECOND PARTY shall be allowed to release the escrow deposit after posting a surety bond of equivalent amount from an acceptable bonding company valid for four (4) years from expiration of accreditation;
8. This Agreement shall in no case be pre-terminated or transferred or re-designated to another bank without prior notice to and clearance by the FIRST PARTY. It is understood that the transfer undertaken by the THIRD PARTY shall be on a bank to bank transaction provided that there is no pending notice(s) of garnishment against the funds, there is no gap in the validity period of the escrow account and the liability of the new escrow agreement shall cover claims which may have been filed before and after the transfer of escrow deposit to the newly designated bank;
9. The service fee to be due and payable to the THIRD PARTY shall be set out in a separate document and shall be, in any event, for the account of the SECOND PARTY;
10. The SECOND PARTY may invest the escrow deposit in government securities provided that said escrow deposit shall be available at any time on demand the THIRD PARTY;
11. Any and all earnings from the investment or re-investment of the deposit in escrow hereof shall be for the account of the SECOND PARTY. The SECOND PARTY may withdraw periodically the earnings of the deposit in escrow;
12. The THIRD PARTY shall exercise due diligence in determining the veracity of the written authorization to release all or any portion of the escrow deposit or any document it may receive pursuant to the provisions of this Agreement;
13. The responsibilities of the THIRD PARTY as Escrow Agent shall be terminated upon the release and delivery of the entire escrow deposit to the party/ies entitled thereto provided that the FIRST PARTY shall give consent to the termination;
14. The THIRD PARTY is directed to disregard in its sole discretion any and all notices, directives or warnings that may be given to it by other parties which are not in accordance with the terms of this Agreement. It shall, however, upon

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proper authorization by the FIRST PARTY, obey the order, judgment or decree of any court, DOLE Secretary in the exercise of its appellate jurisdiction arising from the enforcement of final judgment/resolution of subject cases. In case of such compliance, it shall not be liable by reason thereof to the parties hereto or to any other person, firm association or corporation even if, any such order, judgment or decree be reversed, modified, annulled, set aside or vacated thereafter;

15. The THIRD PARTY assumes no obligation or responsibility hereunder other than to hold the escrow deposit and to release the same as herein provided. The THIRD PARTY shall not be bound by any agreement or contract between the SECOND PARTY and other parties, whether it has knowledge thereof or not, that will contravene its responsibilities;
16. This Agreement shall not be altered or amended in any manner without the written consent of all the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands at the place first above written on this ____ day of _____ 20__.

FIRST PARTY

SECOND PARTY

THIRD PARTY/ESCROW AGENT

SIGNED IN THE PRESENCE OF:

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