

**SIXTEENTH CONGRESS OF THE REPUBLIC )**  
**OF THE PHILIPPINES )**  
*First Regular Session*

'14 APR 30 P5:47

**SENATE**  
**S.B. 2194**

APR 30 2014  
*js*

---

Introduced by Senator Sonny M. Angara

---

**AN ACT AMENDING BATAS PAMBANSA BLG. 68  
OR THE CORPORATION CODE OF THE PHILIPPINES**

**EXPLANATORY NOTE**

Enacted in 1980, the Corporation Code, while still good law for the most part, is dated and fails to keep up with the changing times. While other countries reap the benefits of a more long-term focus and the acceptance of new business models, the Philippines lags behind, remaining bound by express limitations in the Code on the life of corporations, who may incorporate, and the form and manner of incorporation. Traditional procedures and processes embedded in the Code, which were expedient and effective thirty years ago, have been reduced to stumbling blocks for businesses struggling to thrive in an increasingly fast-paced environment where communication and information exchange steadily accelerate. The constant evolution and escalating prevalence of abuses and fraudulent practices in the corporate scene, and the more technologically advanced ways of propagating the same, have rendered once-effective safeguards in the Code grossly inadequate.

In addition, the Philippines' performance in international evaluations indicates a need for reform. While garnering the distinction of "most improved" in the Ease of Doing Business ranking for 2013 (after jumping 30 places to 108<sup>th</sup> of 189 countries), the Philippines is still in the bottom half of the list, trailing far behind several of its Southeast Asian counterparts. In the 2012-2013 ASEAN corporate governance scorecard report and assessment of its top 100 publicly listed companies, the Philippine PLCs merely scored an average of 48.9%. Additionally, in the 2012 Civil Society Report by Transparency and Accountability Network (presented to the Conference of the States Parties to the United Nations Convention against Corruption in 2012), the Philippines was found as having only partially complied with the standards and principles of the UN Convention Against Corruption, indicating a vulnerability to "Napoles-like" scams.

Under this light, the proposed amendments incorporate international best standards and practices, specifically tailored to address the needs and realities of the

Philippine corporate setting, and introduce new concepts and mechanisms to help the Philippines keep up with the changing times. In the same manner, the amendments are geared towards enabling the Philippines to move towards full compliance with the requirements of international bodies and, in the process, make it more attractive to investors. Thus, amendments have been introduced to, among others, encourage new businesses, contribute to the ease of doing business, strengthen corporate governance, better protect the rights of stockholders, minimize/deter corporate abuses and fraud, strengthen anti-corruption measures, and fortify the regulatory authority of the Commission.

To encourage new businesses, the amendments include shifting to perpetuity, removing the minimum number of incorporators, and allowing the formation of one person corporations. Thus, corporations in general will have perpetual existence, enabling a more long-term mindset that will foster sustainability; smaller businesses may reap the advantages of the corporate vehicle with as few as two incorporators; and single proprietors may protect their personal properties by setting up one person corporations.

To improve on the ease of doing business, the name verification process will be simplified with the use of only "distinguishability" as a criterion, electronic submissions and notices will be accepted, and the Commission will have the authority to develop new systems such as online registration. Additionally, the amendments clarify the procedures for dissolution, as well as give non-compliant corporations a grace period for compliance. In lieu of immediate revocation, action on matters brought by delinquent corporations to the Commission shall be withheld until full compliance is made.

A good number of the amendments are proposed to strengthen corporate governance, which will also better protect the rights of stockholders, and deter corporate abuses and fraud as well as graft and corrupt practices. These amendments incorporate into the Code most of the standards for good corporate governance found in the ASEAN corporate governance scorecard. The Philippines would be the first to apply these standards not only to publicly listed companies but to all corporations. Thus, provisions have been introduced for increased disclosure and transparency, increased director disqualifications, independent directors, allowing attendance at meetings by remote communication, and allowing voting *in absentia*, among others. The concept of an emergency board is also introduced to enable the board to act in an emergency even when there is a failure of quorum.

In addition, the amendments to improve corporate governance also protect stockholders. Other amendments have likewise been introduced for this particular purpose, including expressly extending the right of inspection to a stockholder's counsel or representative and providing a solution to the problem of perpetual holdovers. With respect to the latter, the Commission will have the authority to direct the holding of a meeting upon notice of a failure to hold the same, and will have access to corporate

records necessary for this purpose. The meeting called by the Commission will have a special measure of quorum, *i.e.* whoever is in attendance, in order to compel attendance at the meeting and to reduce instances of deliberate non-attendance to avoid quorum.

The proposed amendments for corporate governance are also intended to curb corporate abuses and fraud, as well as strengthen anti-corruption measures. In the fight against corporate abuses and fraud, and graft and corrupt practices, whistleblower provisions have been included and a code of ethics/standards of conduct will be required in the by-laws. These are in addition to the proposal to include criminal liability for the usage of the corporate vehicle for fraud, and graft and corrupt practices whether done directly or through an intermediary (including the dissolution of the corporation and the forfeiture of its assets) and for retaliation against whistleblowers. In these instances, corporate criminal liability shall be separate and distinct from the criminal liability of responsible officers and directors.

The other amendments are intended to fortify the regulatory authority of the Commission. Thus, provisions on the following, among others, have been included: the harmonization of its powers with those in the Securities and Regulation Code, greater visitorial powers, powers to remove signages of deregistered names, issuance of *ex parte* cease and desist orders to prevent fraud or injury to the public, forfeiture of assets when the corporate vehicle is used for fraud or graft and corrupt practices, and fiscal autonomy.

With the foregoing backdrop and objectives in mind, the urgency of the amendments becomes apparent. It is hoped that these amendments will be given priority status so that the vision of a globally competitive Philippines may be achieved.

In view of the foregoing, immediate approval of this bill is earnestly sought.



**SONNY M. ANGARA**

'14 APR 30 P5:47

SENATE  
S.B. **2194**

RECEIVED BY *Jr*

---

Introduced by Senator Sonny M. Angara

---

**AN ACT AMENDING BATAS PAMBANSA BLG. 68  
OR THE CORPORATION CODE OF THE PHILIPPINES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1           **SECTION 1.**     Section 6 of Batas Pambansa Blg. 68 or The Corporation Code of the  
2 Philippines (hereinafter, Code), is hereby amended to read as follows:

3           "Sec. 6. *Classification of shares.* – The shares of stock of stock  
4 corporations may be divided into classes or series of shares, or both, any of  
5 which classes or series of shares may have such rights, privileges or  
6 restrictions as may be stated in the articles of incorporation: *Provided,* That no  
7 share may be deprived of voting rights except those classified and issued as  
8 "preferred" or "redeemable" shares, unless otherwise provided in this Code:  
9 *Provided further,* That there shall always be a class or series of shares [which  
10 have] **WITH** complete voting rights. Any or all of the shares or series of  
11 shares may have a par value or have no par value as may be provided for in  
12 the articles of incorporation: *Provided, however,* That banks, trust companies,  
13 insurance companies, **PRE-NEED COMPANIES**, public utilities, and building  
14 and loan associations shall not be permitted to issue no-par value shares of  
15 stock.

16           Preferred shares of stock issued by any corporation may be given  
17 preference in the distribution of the assets of the corporation in case of  
18 liquidation and in the distribution of dividends, or such other preferences as  
19 may be stated in the articles of incorporation which are not violative of the  
20 provisions of this Code: *Provided,* That preferred shares of stock may be issued  
21 only with a stated par value. The board of directors, where authorized in the  
22 articles of incorporation, may fix the terms and conditions of preferred shares  
23 of stock or any series thereof: *Provided,* That such terms and conditions shall

1 be effective upon [filing of a certificate thereof with the Securities and  
2 Exchange Commission] **THE ISSUANCE BY THE SECURITIES AND  
3 EXCHANGE COMMISSION, HEREINAFTER REFERRED TO AS THE  
4 "COMMISSION", OF A CERTIFICATE THAT THE TERMS AND  
5 CONDITIONS OF THE PREFERRED SHARES ARE NOT INCONSISTENT  
6 WITH THE PROVISIONS OF THIS CODE, THE CONSTITUTION OF THE  
7 PHILIPPINES, AND OTHER EXISTING LAWS, RULES AND  
8 REGULATIONS.**

9 xxx xxx xxx"

10 **SECTION 2.** Section 7 of the Code is hereby amended to read as follows:

11 "Sec. 7. *Founders' shares.* - Founders' shares classified as such in the  
12 articles of incorporation may be given certain rights and privileges not enjoyed  
13 by the owners of other stocks, provided that where the exclusive right to vote  
14 and be voted for in the election of directors is granted, it must be for a limited  
15 period not to exceed five (5) years subject to the approval of the [Securities  
16 and Exchange] Commission. The five-year period shall commence from the  
17 date of the aforesaid approval by the [Securities and Exchange] Commission:  
18 **PROVIDED, THAT THE EXCLUSIVE RIGHT TO VOTE OR BE VOTED FOR  
19 SHALL NOT BE ALLOWED IF ITS EXERCISE WILL VIOLATE THE RULES  
20 AND REGULATIONS OF THE COMMISSION, COMMONWEALTH ACT NO.  
21 108, AND REPUBLIC ACT 7042; PROVIDED, FURTHER, THAT THE SAID  
22 RIGHT SHALL BE GRANTED ONLY ONCE.**

23 **AFTER THE LAPSE OF THE FIVE-YEAR PERIOD, THE SHARES  
24 SHALL AUTOMATICALLY HAVE THE SAME VOTING RIGHTS AND  
25 PRIVILEGES AS COMMON SHARES."**

26 **SECTION 3.** Section 8 of the Code is hereby amended to read as follows:

27 "Sec. 8. *Redeemable shares.* --Redeemable shares may be issued by the  
28 corporation when expressly so provided in the articles of incorporation. [They  
29 may be purchased or taken up by the corporation upon the expiration of a  
30 fixed period, regardless of the existence of unrestricted retained earnings in  
31 the books of the corporation, and upon such other terms and conditions as  
32 may be stated in the articles of incorporation, which terms and conditions must  
33 also be stated in the certificate of stock representing said shares.] **THE  
34 CORPORATION MAY REDEEM THE SAID SHARES ONLY IF, AFTER  
35 SUCH REDEMPTION, IT SHALL STILL HAVE SUFFICIENT ASSETS IN  
36 ITS BOOKS TO COVER LIABILITIES INCLUSIVE OF THE SUBSCRIBED**

1 CAPITAL STOCK, AND SUCH REDEMPTION IS IN ACCORDANCE WITH  
2 THE TERMS AND CONDITIONS STATED IN THE ARTICLES OF  
3 INCORPORATION AND/OR THE CERTIFICATE OF STOCK  
4 REPRESENTING SAID SHARES.

5 EXCEPT AS PROVIDED IN THE IMMEDIATELY PRECEDING  
6 PARAGRAPH, NO CORPORATION SHALL REDEEM, REPURCHASE OR  
7 REACQUIRE ITS OWN SHARES OF WHATEVER CLASS, UNLESS IT HAS  
8 SUFFICIENT UNRESTRICTED RETAINED EARNINGS TO FUND THE  
9 COST OF SUCH REDEMPTION, REPURCHASE OR  
10 REACQUISITION; *PROVIDED*, THAT SUCH REQUIREMENT SHALL NOT  
11 APPLY IF THE REDEMPTION, REPURCHASE OR REACQUISITION IS  
12 MADE UNDER ANY OF THE FOLLOWING CIRCUMSTANCES:

13 a) PURSUANT TO A CONVERSION RIGHT PROVIDED FOR IN  
14 THE ARTICLES OF INCORPORATION;

15 b) TO EFFECT A DECREASE IN THE AUTHORIZED CAPITAL  
16 STOCK OF THE CORPORATION AS APPROVED BY THE COMMISSION;  
17 AND

18 c) UPON INSTRUCTION TO A CLOSE CORPORATION BY THE  
19 COMMISSION TO RESOLVE A DEADLOCK."

20 **SECTION 4.** Section 10 of the Code is hereby amended to read as follows:

21 "Sec. 10. *Number and qualifications of incorporators.* - Any number of  
22 **PERSONS**, natural **OR JURIDICAL**, [persons not less than five (5)] but not  
23 more than fifteen (15), [all of legal age] and a majority of whom are residents  
24 of the Philippines], may form a private corporation for any lawful purpose or  
25 purposes. Each of the incorporators of a stock corporation must own or be a  
26 subscriber to at least one (1) share of the capital stock of the corporation."

27 **SECTION 5.** Section 11 of the Code is hereby amended to read as follows:

28 "Sec. 11. *Corporate term.* - **UNLESS SOONER DISSOLVED**, a  
29 corporation shall exist [for a period] **PERPETUALLY, OR AS OTHERWISE**  
30 **STATED IN THE ARTICLES OF INCORPORATION. A TERM LESS THAN**  
31 **PERPETUAL** [not exceeding fifty (50) years from the date of incorporation  
32 unless sooner dissolved or unless said period is] **MAY BE** extended[. The  
33 corporate term as originally stated in the articles of incorporation may be  
34 extended for periods not exceeding fifty (50) years in any single instance] by an

1 amendment of the articles of incorporation, in accordance with this Code;  
2 Provided, That no extension can be made earlier than [five (5)]**THREE (3)**  
3 years prior to the original or subsequent expiry date(s) unless there are  
4 justifiable reasons for an earlier extension as may be determined by the  
5 [Securities and Exchange] Commission; **PROVIDED, FURTHER, THAT SUCH**  
6 **EXTENSION OF THE CORPORATE TERM SHALL TAKE EFFECT ONLY ON**  
7 **THE DAY FOLLOWING THE ORIGINAL OR SUBSEQUENT EXPIRY**  
8 **DATE(S).**

9 **THE CORPORATE TERM MAY BE SHORTENED BY AN**  
10 **AMENDMENT OF THE ARTICLES OF INCORPORATION IN**  
11 **ACCORDANCE WITH THIS CODE.**

12 **REGARDLESS OF THE TERM, ALL CORPORATIONS SHALL**  
13 **REMAIN UNDER THE SUPERVISION AND REVIEW OF THE**  
14 **COMMISSION. A CORPORATION WITH A PERPETUAL TERM OR A**  
15 **TERM EXCEEDING TWENTY-FIVE YEARS SHALL COMPLY WITH THE**  
16 **RENEWAL REQUIREMENTS THE COMMISSION MAY PRESCRIBE**  
17 **THEREFOR ON THE TWENTY-FIFTH YEAR AND EVERY TWENTY-FIVE**  
18 **YEARS THEREAFTER, OR AT SUCH INTERVALS AS THE COMMISSION**  
19 **MAY LATER DETERMINE. THE COMMISSION SHALL CHARGE SUCH**  
20 **PENALTIES AS IT MAY DEEM APPROPRIATE AND WITHHOLD ACTION**  
21 **ON ANY MATTER BROUGHT BY A RENEWING CORPORATION,**  
22 **INCLUDING BUT NOT LIMITED TO APPLICATIONS FOR THE**  
23 **AMENDMENT OF THE ARTICLES OF INCORPORATION AND/OR BY-**  
24 **LAWS AND THE ISSUANCE OF CERTIFICATIONS OF GOOD STANDING**  
25 **OR THOSE REQUIRED FOR TRANSACTIONS WITH OTHER**  
26 **GOVERNMENT AGENCIES, UNTIL FULL COMPLIANCE WITH THE**  
27 **COMMISSION'S RENEWAL REQUIREMENTS IS MADE.**

28 **A CORPORATION WHOSE TERM EXPIRED OR LAPSED WITHIN**  
29 **TEN YEARS PRIOR TO THE EFFECTIVITY OF THIS CODE,AND WHICH**  
30 **HAS NOT REINCORPORATED,MAY APPLY WITH THE COMMISSION**  
31 **FOR THE REVIVAL OF ITS CERTIFICATE OF INCORPORATION IF IT**  
32 **CAN SHOW THAT REINCORPORATION WOULD BE DIFFICULT OR**  
33 **DELETERIOUS TO IT AND THAT IT CONTINUES TO BE A GOING**  
34 **CONCERN OR CAN READILY REVIVE ITS OPERATIONS. UPON**  
35 **APPROVAL BY THE COMMISSION AND SUBJECT TO THE**  
36 **CORPORATION'S COMPLIANCE WITH THE COMMISSION'S**  
37 **REQUIREMENTS OR CONDITIONS FOR REVIVAL AND THE PAYMENT**  
38 **OF THE PRESCRIBED FEES, THE COMMISSION SHALL REVIVE THE**  
39 **CORPORATION'S CERTIFICATE OF INCORPORATION AND THE**

1 CORPORATION SHALL THENCEFORTH EXIST IN ACCORDANCE WITH  
2 THIS SECTION."

3 **SECTION 6.** Section 12 of the Code is hereby amended to read as follows:

4 "Sec. 12. *Minimum capital stock required of stock corporations.* –Stock  
5 corporations incorporated under this Code shall [not be required to have  
6 any] **HAVE A** minimum authorized capital stock **OF ONE MILLION**  
7 **(P1,000,000.00) PESOS** [except as] **OR SUCH AMOUNT AS MAY BE**  
8 **DETERMINED BY THE COMMISSION AFTER DUE NOTICE TO THE**  
9 **PUBLIC, UNLESS A DIFFERENT AMOUNT IS REQUIRED BY ANY**  
10 **LAW**[otherwise specifically provided for by special law], and subject to the  
11 provisions of the following section[.]; **PROVIDED, HOWEVER, THAT FOR**  
12 **CORPORATIONS ISSUING NO PAR VALUE SHARES, THE MINIMUM**  
13 **AUTHORIZED CAPITAL STOCK SHALL BE 200,000 SHARES; AND**  
14 **PROVIDED, FURTHER, THAT WHERE CAPITAL CONSISTS OF BOTH**  
15 **PAR AND NO-PAR VALUE SHARES, THE MINIMUM AUTHORIZED**  
16 **CAPITAL STOCK SHALL BE ONE MILLION (P1,000,000.00) PESOS."**

17 **SECTION 7.** Section 13 of the Code is hereby amended to read as follows:

18 "Sec. 13. *Amount of capital stock to be subscribed and paid for*  
19 *purposes of incorporation.* –**EXCEPT WITH RESPECT TO ONE PERSON**  
20 **CORPORATIONS AND SMALL CORPORATIONS WHOSE CAPITAL**  
21 **STOCK SHALL BE PAID IN FULL UPON SUBSCRIPTION,** at least twenty-  
22 five (25%) percent of the **NUMBER OF SHARES OF THE** authorized capital  
23 stock as stated in the articles of incorporation must be subscribed at the time  
24 of incorporation, and at least twenty-five (25%) percent of the **VALUE OF**  
25 **THE** total subscription must be paid upon subscription, the balance to be  
26 payable on a date or dates fixed in the contract of subscription without need of  
27 call, or in the absence of a fixed date or dates, upon call for payment by the  
28 board of directors: *Provided, however,* That in no case shall the paid-up capital  
29 be less than [five thousand (P5,000.00) pesos.] **SIXTY TWO THOUSAND**  
30 **FIVE HUNDRED (P62,500.00) PESOS, OR SUCH AMOUNT AS MAY BE**  
31 **DETERMINED BY THE COMMISSION OR REQUIRED IN OTHER LAWS;**  
32 **PROVIDED, HOWEVER, THAT WITH RESPECT TO NO PAR VALUE**  
33 **SHARES, AT LEAST TWENTY-FIVE PERCENT (25%) OF SAID SHARES**  
34 **OF THE AUTHORIZED CAPITAL STOCK MUST BE SUBSCRIBED AND**  
35 **FULLY PAID UPON SUBSCRIPTION."**

36 **SECTION 8.** Section 14 of the Code is hereby amended to read as follows:



1 "Sec. 14. *Contents of articles of incorporation.* - All corporations  
2 organized under this Code shall file with the [Securities and Exchange]  
3 Commission articles of incorporation in any of the official languages, duly  
4 signed and acknowledged by all of the incorporators, containing substantially  
5 the following matters, except as otherwise prescribed by this Code or by  
6 special law:

7 1. The name of the corporation;

8 xxx xxx xxx

9 3. [The place where the principal office of the corporation is to be  
10 located, which must be within the Philippines] **THE SPECIFIC ADDRESS,  
11 WHICH SHALL INCLUDE, WHERE APPLICABLE, THE STREET NUMBER,  
12 STREET NAME, BARANGAY, CITY OR MUNICIPALITY, AND PROVINCE  
13 OF THE PRINCIPAL OFFICE OF THE CORPORATION, WHICH MUST BE  
14 WITHIN THE PHILIPPINES;**

15 4. [The term for which the corporation is to exist] **A PROVISION  
16 LIMITING THE DURATION OF THE CORPORATION'S EXISTENCE TO A  
17 SPECIFIED DATE; OTHERWISE, THE CORPORATION SHALL HAVE  
18 PERPETUAL EXISTENCE;**

19 xxx xxx xxx

20 9. If it be a non-stock corporation, [the amount of its capital,] the  
21 names, nationalities and residences of the contributors and [the amount  
22 contributed by each] **THE TOTAL AMOUNT OF CONTRIBUTED CAPITAL  
23 BY THE INCORPORATORS AND MEMBERS THEREOF; [and]**

24 **10. IF IT BE A STOCK CORPORATION, A STATEMENT OF THE  
25 TREASURER, WHO SHALL BE AN INCORPORATOR, THAT AT LEAST  
26 TWENTY-FIVE PERCENT (25%) OF THE NUMBER OF SHARES IN THE  
27 AUTHORIZED CAPITAL STOCK OF THE CORPORATION HAS BEEN  
28 SUBSCRIBED AND AT LEAST TWENTY-FIVE PERCENT (25%) OF THE  
29 TOTAL SUBSCRIPTION HAS BEEN FULLY PAID TO HIM IN ACTUAL  
30 CASH AND/OR IN PROPERTY THE FAIR VALUATION OF WHICH IS  
31 EQUAL TO AT LEAST TWENTY-FIVE (25%) PERCENT OF THE SAID  
32 SUBSCRIPTION, SUCH PAID-UP CAPITAL BEING NOT LESS THAN  
33 SIXTY TWO THOUSAND FIVE HUNDRED PESOS (P62,500.00);"AND**

34 xxx xxx xxx





1 [No articles of incorporation or amendment to articles of incorporation of  
2 banks, banking and quasi-banking institutions, building and loan associations,  
3 trust companies and other financial intermediaries, insurance companies, public  
4 utilities, educational institutions, and other corporations governed by special  
5 laws shall be accepted or approved by the Commission unless accompanied by  
6 a favorable recommendation of the appropriate government agency to the  
7 effect that such articles or amendment is in accordance with law.]

8 **THE COMMISSION MAY REQUIRE AN ENDORSEMENT OR**  
9 **FAVORABLE RECOMMENDATION FROM ANOTHER APPROPRIATE**  
10 **GOVERNMENT AGENCY.**

11 **SECTION 12.** Section 18 of the Code is hereby amended to read as follows:

12 "Sec. 18. *Corporate name.* - No corporate name may be allowed by the  
13 [Securities and Exchange] Commission if the proposed name is [identical or  
14 deceptively or confusingly similar] **NOT DISTINGUISHABLE**[to that of]  
15 **FROM THAT ALREADY RESERVED OR REGISTERED IN FAVOR OF** any  
16 existing corporation or to any other name already protected by law, or **WHEN**  
17 **THE SAME** is [patently deceptive, confusing or] contrary to existing laws.

18 **THE COMMISSION SHALL DETERMINE WHETHER A NAME IS**  
19 **DISTINGUISHABLE FROM ANOTHER NAME FOR PURPOSES OF THIS**  
20 **CODE. WITHOUT EXCLUDING OTHER NAMES WHICH MAY NOT**  
21 **CONSTITUTE DISTINGUISHABLE NAMES AS DETERMINED BY THE**  
22 **COMMISSION, AND SUBJECT TO THE RULES OR GUIDELINES THE**  
23 **COMMISSION MAY SET WITH RESPECT THERETO, A NAME IS NOT**  
24 **CONSIDERED DISTINGUISHABLE FOR PURPOSES OF THIS CODE**  
25 **SOLELY BECAUSE IT CONTAINS ONE OR MORE OF THE FOLLOWING:**

26 1. THE WORD "CORPORATION", "COMPANY",  
27 "INCORPORATED", OR "LIMITED", "LIMITED LIABILITY" OR  
28 AN ABBREVIATION OF ONE OF SUCH WORDS;

29 2. PUNCTUATIONS, ARTICLES, CONJUNCTIONS,  
30 CONTRACTIONS, ABBREVIATIONS, DIFFERENT TENSES,  
31 SPACING OR NUMBER OF THE SAME WORD OR PHRASE.  
32

33 **THE FACT THAT A CORPORATE NAME COMPLIES WITH THIS**  
34 **SECTION DOES NOT CREATE SUBSTANTIVE RIGHTS TO THE USE OF**  
35 **THAT CORPORATE NAME. THE COMMISSION SHALL HAVE THE**  
36 **AUTHORITY TO SUMMARILY REMOVE FROM REGISTRATION OR**

1 RESERVATION ANY NAME WHICH IT LATER DETERMINES TO BE NOT  
2 DISTINGUISHABLE AS STATED ABOVE.

3 WHEN A CORPORATE NAME IS REMOVED FROM  
4 REGISTRATION, THE CORPORATION SHALL IMMEDIATELY CEASE  
5 FROM USING THE SAME AND APPLY FOR THE REGISTRATION OF A  
6 NEW CORPORATE NAME. SIMILARLY, A CORPORATION DIRECTED BY  
7 FINAL JUDGMENT TO CHANGE ITS CORPORATE NAME SHALL NOT  
8 USE THE SAME IN ITS OPERATIONS OR IN ANY OTHER WAY, EVEN  
9 AFTER ITS DISSOLUTION OR REVOCATION AS A CORPORATION.

10 When a change in the corporate name is approved, the Commission  
11 shall issue an amended certificate of incorporation under the amended name.

12 IF A CORPORATION USES OR CONTINUES TO USE A  
13 CORPORATE NAME ALREADY REMOVED FROM REGISTRATION OR  
14 RESERVATION, OR WHICH HAS BEEN DIRECTED TO BE CHANGED BY  
15 FINAL JUDGMENT, THE COMMISSION SHALL DULY NOTIFY SAID  
16 CORPORATION AND REQUIRE IT TO CEASE AND DESIST FROM THE  
17 CONTINUED USE OF SUCH CORPORATE NAME WITHIN A PERIOD OF  
18 FIVE (5) DAYS. IF THE CORPORATION FAILS TO COMPLY WITH THE  
19 COMMISSION'S ORDER WITHIN THE FIVE-DAY PERIOD, THE  
20 COMMISSION MAY HOLD THE CORPORATION AND/OR ITS  
21 RESPONSIBLE DIRECTORS OR OFFICERS IN CONTEMPT, AND/OR  
22 CAUSE THE REMOVAL OF ALL VISIBLE SIGNAGES, MARKS,  
23 ADVERTISEMENTS, LABELS, PRINTS AND OTHER EFFECTS BEARING  
24 SUCH CORPORATE NAME IN THEIR POSSESSION. LIABILITY UNDER  
25 THIS SECTION SHALL BE WITHOUT PREJUDICE TO THE  
26 CORPORATION'S AND/OR ITS RESPONSIBLE DIRECTORS' OR  
27 OFFICERS' LIABILITY FOR OTHER ADMINISTRATIVE, CIVIL, OR  
28 CRIMINAL SANCTIONS UNDER THIS CODE AND OTHER LAWS."

29 **SECTION 13.** Section 19 of the Code is hereby amended to read as follows:

30 "Sec. 19. *REGISTRATION, INCORPORATION AND commencement*  
31 *of corporate existence.*—A PERSON OR GROUP OF PERSONS DESIRING  
32 TO INCORPORATE SHALL SUBMIT THE INTENDED CORPORATE NAME  
33 TO THE COMMISSION FOR VERIFICATION. IF THE COMMISSION  
34 FINDS THAT THE NAME IS DISTINGUISHABLE, THE NAME SHALL BE  
35 RESERVED IN FAVOR OF THE INCORPORATORS. THE  
36 INCORPORATORS SHALL THEN: (A) SUBMIT, AS MAY BE APPLICABLE,  
37 THEIR ARTICLES OF INCORPORATION, THEIR BY-LAWS, AND SUCH

1 OTHER DOCUMENTS AND/OR INFORMATION AS MAY BE REQUIRED  
2 BY THE COMMISSION; AND (B) PAY THE PRESCRIBED FEES.

3 INCORPORATORS SHALL HAVE THE OPTION OF RESERVING A  
4 CORPORATE NAME, SUBMITTING THE REQUIREMENTS FOR  
5 INCORPORATION AND PAYING THE PRESCRIBED FEES EITHER  
6 THROUGH THE MANUAL PROCESS AT THE OFFICE OF THE  
7 COMMISSION OR THROUGH ANY OTHER SYSTEM OF REGISTRATION  
8 AND INCORPORATION WHICH THE COMMISSION MAY ESTABLISH,  
9 SUBJECT TO THE CORRESPONDING RULES AND PROCEDURES THE  
10 COMMISSION SHALL PRESCRIBE THEREFOR.

11 IF THE COMMISSION FINDS THAT THE SUBMITTED  
12 DOCUMENTS, INFORMATION AND PAYMENT ARE COMPLETE AND IN  
13 FULL COMPLIANCE OF THE REQUIREMENTS UNDER THIS CODE AND  
14 THE RULES OF THE COMMISSION, AND THERE IS NO OTHER GROUND  
15 TO REJECT OR DISAPPROVE ANY OF THE SUBMISSIONS, THE  
16 COMMISSION SHALL ISSUE THE CORRESPONDING CERTIFICATE OF  
17 INCORPORATION AND REGISTER THE CORPORATE NAME EARLIER  
18 RESERVED.

19 A private corporation formed or organized under this Code commences  
20 to have corporate existence and juridical personality and is deemed  
21 incorporated from the date the [Securities and Exchange] Commission issues  
22 [a] ~~THE~~ certificate of incorporation under its official seal; **PROVIDED, THAT**  
23 **THE COMMISSION MAY ISSUE THE CERTIFICATE OF**  
24 **INCORPORATION IN THE FORM OF AN ELECTRONIC DOCUMENT, IN**  
25 **ACCORDANCE WITH THE RULES AND REGULATIONS OF THE**  
26 **COMMISSION ON THE USE OF ELECTRONIC DATA MESSAGES;** and  
27 thereupon the incorporators, stockholders/members and their successors shall  
28 constitute a body politic and corporate under the name stated in the articles of  
29 incorporation for the period of time mentioned therein, unless said period is  
30 extended or the corporation is sooner dissolved in accordance with law.

31 **SECTION 14.** Section 22 of the Code is hereby amended to read as follows:

32 "Sec. 22. *Effects of non-use of corporate charter and continuous*  
33 *inoperation of a corporation; DELINQUENCY AND REVOCATION.* – If a  
34 corporation does not formally organize and commence [the transaction of] its  
35 business or the construction of its works within [two (2)] **FIVE (5)** years from  
36 the date of its incorporation, its [corporate powers cease and the corporation]  
37 **CERTIFICATE OF INCORPORATION** shall be deemed [dissolved]

1       **REVOKED AS OF THE DAY FOLLOWING THE END OF SAID FIVE-YEAR**  
2       **PERIOD, WITHOUT NEED OF FURTHER ACTION BY THE**  
3       **COMMISSION.**

4           However,if a corporation [has] commenced [the transaction of] its  
5       business but subsequently [becomes]**BECAME** [continuously] inoperative for  
6       a period of at least five (5) **CONSECUTIVE** years, [the same shall be a ground  
7       for the suspension or revocation of its corporate franchise or certificate of  
8       incorporation] **THE COMMISSION MAY, AFTER DUE NOTICE AND**  
9       **HEARING, EITHER REVOKE THE CORPORATION'S CERTIFICATE OF**  
10       **INCORPORATION OR PLACE THE CORPORATION UNDER**  
11       **DELINQUENCY STATUS.THE CORPORATION'S FAILURE TO COMPLY**  
12       **WITH THE REPORTORIAL REQUIREMENTS UNDER SECTION 180**  
13       **SHALL RENDER IT INOPERATIVE FOR PURPOSES OF THIS CODE.**

14           **THE COMMISSION SHALL GIVE A DELINQUENT CORPORATION**  
15       **A PERIOD OF TWO YEARS WITHIN WHICH IT MUST RESUME**  
16       **OPERATIONS, COMPLY WITH ALL REQUIREMENTS, AND PAY ALL**  
17       **FINES THE COMMISSION SHALL PRESCRIBE. THE COMMISSION**  
18       **SHALL CHARGE SUCH PENALTIES AS IT MAY DEEM APPROPRIATE**  
19       **AND WITHHOLD ACTION ON ANY MATTER BROUGHT BY A**  
20       **DELINQUENT CORPORATION, INCLUDING BUT NOT LIMITED TO**  
21       **APPLICATIONS FOR THE AMENDMENT OF THE ARTICLES OF**  
22       **INCORPORATION AND/OR BY-LAWS AND THE ISSUANCE OF**  
23       **CERTIFICATIONS OF GOOD STANDING OR THOSE REQUIRED FOR**  
24       **TRANSACTIONS WITH OTHER GOVERNMENT AGENCIES, UNTIL FULL**  
25       **COMPLIANCE WITH THE COMMISSION'S REQUIREMENTS AND**  
26       **PAYMENT OF ALL FINES AND PENALTIES ARE MADE.**

27           **ONCE COMPLIANCE WITH THE COMMISSION'S REQUIREMENTS**  
28       **AND PAYMENT OF FINES AND PENALTIES ARE COMPLETED, THE**  
29       **COMMISSION SHALL ISSUE AN ORDER LIFTING THE DELINQUENCY**  
30       **STATUS. FAILURE TO RESUME OPERATIONS, COMPLY WITH THE**  
31       **COMMISSION'S REQUIREMENTS, AND PAY THE PENALTIES**  
32       **PRESCRIBED WITHIN THE PERIOD GIVEN BY THE COMMISSION OR**  
33       **ANY EXTENSION GRANTED BY IT, HOWEVER, SHALL RENDER THE**  
34       **CORPORATION'S CERTIFICATE OF INCORPORATION REVOKED AS OF**  
35       **THE LAPSE OF SAID PERIOD WITHOUT NEED OF FURTHER ACTION**  
36       **BY THE COMMISSION.**

37           **THE COMMISSION SHALL REVOKE THE CERTIFICATE OF**  
38       **INCORPORATION OF A CORPORATION WHEN DIRECTED BY FINAL**

1 JUDGMENT OF A COMPETENT COURT OR WHEN, AFTER DUE NOTICE  
2 AND HEARING, THE COMMISSION DETERMINES THAT THE  
3 CORPORATION COMMITTED VIOLATIONS OF THIS CODE OR ITS  
4 RULES WHICH WARRANT THE REVOCATION OF ITS CERTIFICATE OF  
5 INCORPORATION.

6 ONCE THE REVOCATION BECOMES FINAL, I.E. AFTER THE LAPSE  
7 OF FIFTEEN DAYS FROM THE DATE OF REVOCATION, THE  
8 CORPORATION SHALL BE BANNED FROM ANY FURTHER USE OF THE  
9 CORPORATE NAME AND SHALL BE DISSOLVED IN ACCORDANCE  
10 WITH THE PROVISIONS ON DISSOLUTION UNDER TITLE XIV OF THIS  
11 CODE.

12 [The provision shall not apply if the failure to organize, commence the  
13 transaction of its business or the construction of its works, or to continuously  
14 operate is due to causes beyond the control of the corporation as may be  
15 determined by the Securities and Exchange Commission]."

16 **SECTION 15.** Section 23 of the Code is hereby amended to read as follows:

17 "Sec. 23. *The board of directors or trustees.* - Unless otherwise provided  
18 in this Code, the corporate powers of all corporations formed under this Code  
19 shall be exercised, all business conducted and all property of such corporations  
20 controlled and held by the board of directors or trustees [to be elected from  
21 among the holders of stocks, or where there is no stock, from among the  
22 members of the corporation,] who shall hold office for one (1) year until their  
23 successors are elected and qualified.

24 **ONE PERSON CORPORATIONS SHALL HAVE ONLY ONE (1)**  
25 **DIRECTOR OR TRUSTEE. SMALL CORPORATIONS SHALL HAVE AS**  
26 **MANY DIRECTORS AS THERE ARE INCORPORATORS, NOT**  
27 **EXCEEDING THREE (3). A CORPORATION SHALL BE DEEMED TO BE A**  
28 **SMALL CORPORATION WHEN IT HAS ONLY TWO (2)OR THREE (3)**  
29 **INCORPORATORS AND ITS TOTAL ASSETS DO NOT EXCEED FIVE**  
30 **MILLION PESOS (PHP5,000,000.00)**

31 **CORPORATIONS WITH TEN (10) OR MORE MEMBERS, AS WELL**  
32 **AS THOSE WITH TEN (10) OR MORE STOCKHOLDERS AND WITH**  
33 **TOTAL ASSETS OF AT LEAST ONE HUNDRED MILLION PESOS**  
34 **(P100,000,000.00), OR SUCH NUMBER AND AMOUNT AS MAY BE**  
35 **LATER SET BY THE COMMISSION, SHALL HAVE AT LEAST ONE (1)**  
36 **INDEPENDENT DIRECTOR OR TRUSTEE, OR SUCH OTHER MINIMUM**



1 NUMBER WHICH THE COMMISSION MAY DETERMINE AS NECESSARY  
2 FOR GOOD CORPORATE GOVERNANCE. THE COMMISSION SHALL  
3 PRESCRIBE THE MINIMUM STANDARDS OR CRITERIA IN  
4 DETERMINING THE INDEPENDENCE OF A DIRECTOR.

5 EXCEPT WITH RESPECT TO INDEPENDENT DIRECTORS,  
6 DIRECTORS SHALL BE ELECTED FROM AMONG THE HOLDERS OF  
7 STOCKS[Every director]AND must EACH own at least one (1) share of the  
8 capital stock of the corporation of which he is a director, which share shall  
9 stand in his name [on] IN the books of the corporation. [Any] IF ANY SUCH  
10 director [who] ceases to be the owner of at least one (1) share of the capital  
11 stock of the corporation,[of which he is a director]HE shall thereby cease to be  
12 a director.

13 Trustees of non-stock corporations [must be members thereof],  
14 OTHER THAN INDEPENDENT TRUSTEES,SHALL BE ELECTED FROM  
15 AMONG THE MEMBERS OF THE CORPORATION. IF ANY SUCH  
16 TRUSTEE CEASES TO BE A MEMBER OF THE CORPORATION, HE SHALL  
17 THEREBY CEASE TO BE A TRUSTEE.

18 A majority of the directors or trustees of all corporations organized  
19 under this Code, INCLUSIVE OF INDEPENDENT DIRECTORS OR  
20 TRUSTEES, must be residents of the Philippines.

21 IT SHALL BE THE DUTY OF ALL DIRECTORS OR TRUSTEES TO  
22 ATTEND ALL MEETINGS OF THE BOARD AND OF THE STOCKHOLDERS  
23 OR MEMBERS AND THEIR ABSENCE MAY BE EXCUSED ONLY FOR  
24 JUSTIFIABLE REASONS. WHEN RELATED PARTY TRANSACTIONS OR  
25 SELF-DEALINGS OF A DIRECTOR ARE TAKEN UP, THE CONCERNED  
26 DIRECTOR SHALL ABSENT HIMSELF FROM THE MEETING AND HIS  
27 ABSENCE SHALL NOT BE COUNTED AGAINST HIM. DIRECTORS AND  
28 TRUSTEES SHALL HAVE SUCH OTHER DUTIES AND  
29 RESPONSIBILITIES PROVIDED IN THE CORPORATION'S BY-LAWS  
30 AND AS MAY BE PRESCRIBED BY THE COMMISSION FOR GOOD  
31 CORPORATE GOVERNANCE.

32 SECTION 16. Section 24 of the Code is hereby amended to read as follows:

33 "Sec. 24. *Election of directors or trustees.* – OTHER THAN IN  
34 INSTANCES WHEN THE EXCLUSIVE RIGHT IS WITHHELD FOR  
35 HOLDERS OF FOUNDERS' SHARES UNDER SECTION 7,EACH  
36 STOCKHOLDER OR MEMBER SHALL HAVE THE RIGHT TO NOMINATE

1 ANY DIRECTOR OR TRUSTEE WHO POSSESSES ALL OF THE  
2 QUALIFICATIONS AND NONE OF THE DISQUALIFICATIONS SET  
3 FORTH IN THIS CODE OR IN THE RULES OF THE COMMISSION.

4 EXCEPT AS PROVIDED IN SECTION 26 OF THIS CODE, at all  
5 elections of directors or trustees, there must be present, either in person, **BY**  
6 **REMOTE COMMUNICATION**, or by representative authorized to act by  
7 written proxy, the owners of a majority of the outstanding capital stock, or if  
8 there be no capital stock, a majority of the members entitled to vote;  
9 **PROVIDED THAT WHEN A VOTE IS CAST *IN ABSENTIA*, THE**  
10 **STOCKHOLDER OR MEMBER WHO CAST THE VOTE SHALL BE DEEMED**  
11 **PRESENT FOR PURPOSES OF QUORUM.**

12 EACH STOCKHOLDER OR MEMBER SHALL HAVE THE RIGHT TO  
13 VOTE IN PERSON, BY REMOTE COMMUNICATION, BY PROXY, AND/OR  
14 *IN ABSENTIA*; PROVIDED THAT VOTING BY REMOTE  
15 COMMUNICATION OR *IN ABSENTIA* MAY BE RESORTED TO ONLY  
16 WHEN ALLOWED EITHER BY THE BY-LAWS OF THE CORPORATION  
17 OR BY A MAJORITY OF THE BOARD OF DIRECTORS AND WHEN THE  
18 CORPORATION HAS INSTITUTED REASONABLE MEASURES TO VERIFY  
19 THAT THE PERSON PERMITTED TO PARTICIPATE OR VOTE BY  
20 REMOTE COMMUNICATION OR *IN ABSENTIA* IS A STOCKHOLDER OR  
21 MEMBER, OR A HOLDER OF A PROXY FROM A STOCKHOLDER OR  
22 MEMBER, AND TO RECORD ALL VOTES AND OTHER ACTIONS TAKEN  
23 AT THE MEETING. WHEN ATTENDANCE AT THE MEETING IS BY  
24 REMOTE COMMUNICATION, THE CORPORATION SHALL PROVIDE THE  
25 STOCKHOLDER OR MEMBER, OR PROXY-HOLDER, A REASONABLE  
26 OPPORTUNITY TO PARTICIPATE IN THE MEETING, HEAR OR SEE THE  
27 PROCEEDINGS AS WELL AS BE HEARD OR SEEN BY OTHER  
28 STOCKHOLDERS OR MEMBERS, AND TO CAST THEIR VOTE  
29 SUBSTANTIALLY CONCURRENTLY WITH SUCH PROCEEDINGS. WHEN  
30 VOTING *IN ABSENTIA*, IS ALLOWED, THE CORPORATION SHALL  
31 INSTITUTE REASONABLE MEASURES TO TIMELY PROVIDE THE  
32 STOCKHOLDER OR MEMBER WITH INFORMATION ON THE NOMINEES  
33 AND GIVE THEM A REASONABLE OPPORTUNITY TO ASK QUESTIONS  
34 BEFORE CASTING THEIR VOTES. THE COMMISSION SHALL  
35 PRESCRIBE THE MINIMUM STANDARDS OR GUIDELINES TO MAKE  
36 ATTENDANCE BY REMOTE COMMUNICATION AND VOTING *IN*  
37 *ABSENTIA* EFFICIENT AND ACCESSIBLE FOR A FOR STOCKHOLDERS  
38 OR MEMBERS.

1           The election must be by ballot if requested by any voting stockholder or  
2 member.

3           In stock corporations, every stockholder entitled to vote shall have the  
4 right to vote [in person or by proxy] the number of shares of stock standing, at  
5 the time fixed in the by-laws, in his own name [on] **IN** the stock books of the  
6 corporation, or where the by-laws are silent, at the time of the election; and  
7 said stockholder may vote such number of shares for as many persons as there  
8 are directors to be elected or he may cumulate said shares and give one  
9 candidate as many votes as the number of directors to be elected multiplied by  
10 the number of his shares shall equal, or he may distribute them on the same  
11 principle among as many candidates as he shall see fit: Provided, That the  
12 total number of votes cast by him shall not exceed the number of shares  
13 owned by him as shown in the books of the corporation multiplied by the  
14 whole number of directors to be elected: Provided, however, That no  
15 delinquent stock shall be voted. Unless otherwise provided in the articles of  
16 incorporation or in the by-laws, members of corporations which have no capital  
17 stock may cast as many votes as there are trustees to be elected but may not  
18 cast more than one vote for one candidate. Candidates receiving the highest  
19 number of votes shall be declared elected.

20           [Any meeting of the stockholders or members called for an election may  
21 adjourn from day to day or from time to time but not sine die or indefinitely]  
22 If, for any reason, no election is held, or if there are not present or  
23 represented by proxy, at the meeting, the owners of a majority of the  
24 outstanding capital stock, or if there be no capital stock, a majority of the  
25 members entitled to vote, **THE MEETING MAY BE ADJOURNED AND THE**  
26 **CORPORATION SHALL PROCEED IN ACCORDANCE WITH SECTION 26**  
27 **OF THIS CODE."**

28 **SECTION 17.** Section 25 of the Code is hereby amended to read as follows:

29           "Sec. 25. *Corporate officers; quorum.* - Immediately after their election,  
30 the directors of a corporation must formally organize by the election of a  
31 president **OR CHIEF EXECUTIVE OFFICER**, who shall be a director, a  
32 treasurer **OR CHIEF FINANCIAL OFFICER**, who may or may not be a  
33 director, a secretary who shall be a resident and citizen of the Philippines, **A**  
34 **COMPLIANCE OFFICER WHO SHALL REPORT DIRECTLY TO THE**  
35 **CHAIRMAN OF THE BOARD**, and such other officers as may be provided for  
36 in the by-laws. Any two (2) or more positions **OTHER THAN THAT OF THE**  
37 **COMPLIANCE OFFICER** may be held concurrently by the same person,

1 except that no one shall act as president and secretary or as president and  
2 treasurer at the same time.

3 [The directors or trustees and officers to be elected shall perform the  
4 duties enjoined on them by law and by the by-laws of the corporation.]Unless  
5 the articles of incorporation or the by-laws provide for a greater majority, a  
6 majority of the number of directors or trustees as fixed in the articles of  
7 incorporation shall constitute a quorum for the transaction of corporate  
8 business, and every decision of at least a majority of the directors or trustees  
9 present at a meeting at which there is a quorum shall be valid as a corporate  
10 act, except for the election of officers which shall require the vote of a majority  
11 of all the members of the board.

12 [Directors or trustees cannot attend or vote by proxy at board  
13 meetings];**HOWEVER, WHEN ALLOWED BY THE BY-LAWS, THEY CAN**  
14 **ATTEND BOARD MEETINGS THROUGH REMOTE COMMUNICATION**  
15 **SUCH AS VIDEOCONFERENCING,TELECONFERENCING OR OTHER**  
16 **TECHNOLOGY THAT ALLOWS THEM A REASONABLE OPPORTUNITY**  
17 **TO PARTICIPATE."**

18 **SECTION 18.** Section 26 of the Code is hereby amended to read as follows:

19 "Sec. 26. *Report of election of directors, trustees and officers*], **NON-**  
20 **HOLDING OF ELECTION AND CESSATION FROM OFFICE.** - Within thirty  
21 (30) days after the election of the directors, trustees and officers of the  
22 corporation, the secretary, or any other officer of the corporation, shall submit  
23 to the [Securities and Exchange] Commission, the names, nationalities,  
24 **SHAREHOLDINGS** and residences of the directors, trustees, and officers  
25 elected.

26 **THE NON-HOLDING OF ANY ELECTIONAND THE REASONS**  
27 **THEREFOR, SHALL BE REPORTED TO THE COMMISSION WITHIN**  
28 **THREE (3) DAYS FROM THE DATE OF THE SCHEDULED ELECTION;**  
29 **PROVIDED THAT, THE NOTICE OF NON-HOLDING MAY BE**  
30 **SUBMITTED IN THE FORM OF AN ELECTRONIC DOCUMENT, IN**  
31 **ACCORDANCE WITH THE RULES AND REGULATIONS OF THE**  
32 **COMMISSION ON THE USE OF ELECTRONIC DATA MESSAGES.**

33 **WHEN PERTAINING TO THE ORIGINAL SCHEDULE, THE**  
34 **REPORT OF NON-HOLDING SHALL FURTHER SPECIFYA NEW DATE**  
35 **FOR THE ELECTION, WHICH SHALL NOT BE LATER THAN THIRTY**  
36 **DAYS FROM THE ORIGINAL DATE.**

1 IF NO NEW DATE HAS BEEN DESIGNATED, OR IF THE NEWLY-  
2 SCHEDULED ELECTION BE LIKEWISE NOT HELD, THE COMMISSION  
3 MAY, *MOTU PROPRIO* OR UPON THE APPLICATION OF ANY  
4 STOCKHOLDER, MEMBER, DIRECTOROR TRUSTEE AND AFTER  
5 VERIFICATION OF THE NON-HOLDING OF THE ELECTION OF  
6 DIRECTORS OR TRUSTEES, REQUIRE THE CORPORATE SECRETARY  
7 ON RECORD TO IMMEDIATELY ISSUE A LIST OF STOCKHOLDERS OR  
8 MEMBERS, THEIR ADDRESSES AND CONTACT NUMBERS AND  
9 SIMILAR INFORMATION, AND SUMMARILY ORDER THAT THE  
10 ELECTION BE HELD. IN THIS REGARD, THE COMMISSION SHALL  
11 HAVE THE POWER TO ISSUE SUCH ORDERS AS MAY BE  
12 APPROPRIATE, INCLUDING, WITHOUT LIMITATION, ORDERS  
13 DESIGNATING THE TIME AND PLACE OF THE ELECTION, THE RECORD  
14 DATE OR DATES FOR DETERMINATION OF STOCKHOLDERS OR  
15 MEMBERS ENTITLED TO NOTICE OF THE ELECTION AND TO VOTE  
16 THEREAT, AND THE FORM OF NOTICE OF SUCH ELECTION.

17 THE SHARES OF STOCK OR MEMBERSHIP REPRESENTED AT  
18 SUCH MEETING AND ENTITLED TO VOTE THEREAT, EITHER IN  
19 PERSON, BY REMOTE COMMUNICATION, *IN ABSENTIA*, OR BY PROXY,  
20 SHALL CONSTITUTE A QUORUM FOR THE PURPOSE OF SUCH  
21 MEETING, NOTWITHSTANDING ANY PROVISION OF THE ARTICLES  
22 OF INCORPORATION OR BY-LAWS TO THE CONTRARY. THE MEETING  
23 SCHEDULED BY THE COMMISSION AND THE ELECTION HELD  
24 THEREAT SHALL HAVE THE SAME EFFECT OF A VALID MEETING AND  
25 ELECTION OF THE CORPORATION.

26 Should a director, trustee or officer die, resign or in any manner cease  
27 to hold office, his heirs in case of his death, the secretary, or any other officer  
28 of the corporation, or the director, trustee or officer himself, shall  
29 [immediately] report such fact to the [Securities and Exchange] Commission  
30 **IN WRITING WITHIN THREE (3) DAYS FROM CESSATION FROM**  
31 **OFFICE, PROVIDED THAT SUCH NOTICE MAY GIVEN IN THE FORM OF**  
32 **AN ELECTRONIC DOCUMENT, IN ACCORDANCE WITH THE RULES AND**  
33 **REGULATIONS OF THE COMMISSION ON THE USE OF ELECTRONIC**  
34 **DATA MESSAGES.**

35 **IN ELECTING DIRECTORS OR TRUSTEES TO FILL VACANCIES,**  
36 **THE PROCEDURE SET FORTH IN SECTION 24 AND IN THIS SECTION**  
37 **SHALL APPLY."**

38 **SECTION 19.** Section 27 of the Code is hereby amended to read as follows:

1           "Sec. 27. *Disqualification of directors, trustees or officers.* – **THE**  
2 **FOLLOWING PERSONS SHALL BE DISQUALIFIED FROM BEING**  
3 **ELECTED AS DIRECTOR, TRUSTEE OR OFFICER OF ANY**  
4 **CORPORATION:**

5           **1. [No person] THOSE WHO HAVE BEEN** convicted by final judgment  
6 of an offense punishable by imprisonment for a period exceeding six (6) years,  
7 or a violation of this Code **OR REPUBLIC ACT 8799** [, committed] within five  
8 (5) years prior to the date of his election or appointment[, shall qualify as a  
9 director, trustee or officer of any corporation];

10           **2. THOSE WHO, BY FINAL JUDGMENT, ARE CONVICTED OF, OR**  
11 **FOUND ADMINISTRATIVELY LIABLE FOR, ANY OFFENSE INVOLVING**  
12 **MORAL TURPITUDE, FRAUD, EMBEZZLEMENT, THEFT, ESTAFA,**  
13 **COUNTERFEITING, MISAPPROPRIATION, FORGERY, BRIBERY, FALSE**  
14 **OATH, PERJURY AND OTHER FRAUDULENT ACTS;**

15           **3. THOSE CONVICTED BY FINAL JUDGMENT OF A FOREIGN**  
16 **COURT OR EQUIVALENT REGULATORY AUTHORITY OF ACTS,**  
17 **VIOLATIONS OR MISCONDUCT THE SAME AS OR SIMILAR TO THOSE**  
18 **ENUMERATED IN PARAGRAPHS 1 AND 2 ABOVE; AND**

19           **4. THOSE WHO HAVE BEEN CONVICTED BY FINAL**  
20 **JUDGMENT OF ANY THREE OF THE OFFENSES AND/OR VIOLATIONS**  
21 **IN PARAGRAPHS 1 TO 3 ABOVE, REGARDLESS OF WHEN THE**  
22 **JUDGMENTS BECAME FINAL.**

23           **THE MAXIMUM NUMBER OF BOARD REPRESENTATIONS ANY**  
24 **INDEPENDENT DIRECTOR OR TRUSTEE SHALL HAVE IN OTHER**  
25 **CORPORATIONS SHALL BE FIVE (5), OR SUCH LOWER NUMBER AS**  
26 **MAY BE PROVIDED IN THE BY-LAWS OF THE CORPORATION OR AS**  
27 **THE COMMISSION MAY LATER PRESCRIBE.**

28           **THE FOREGOING IS WITHOUT PREJUDICE TO**  
29 **QUALIFICATIONS OR OTHER DISQUALIFICATIONS WHICH THE**  
30 **COMMISSION MAY IMPOSE IN ITS PROMOTION OF, AMONG OTHERS,**  
31 **GOOD CORPORATE GOVERNANCE."**

32           **SECTION 20.** Section 28 of the Code is hereby amended to read as follows:

33           "Sec. 28. *Removal of directors or trustees.* - Any director or trustee of a  
34 corporation may be removed from office by a vote of the stockholders holding

1 or representing at least two-thirds (2/3) of the outstanding capital stock, or if  
2 the corporation be a non-stock corporation, by a vote of at least two-thirds  
3 (2/3) of the members entitled to vote: Provided, That such removal shall take  
4 place either at a regular meeting of the corporation or at a special meeting  
5 called for the purpose, and in either case, after previous notice to stockholders  
6 or members of the corporation of the intention to propose such removal at the  
7 meeting. A special meeting of the stockholders or members of a corporation  
8 for the purpose of removal of directors or trustees, or any of them, must be  
9 called by the secretary on order of the president or on the written demand of  
10 the stockholders representing or holding at least a majority of the outstanding  
11 capital stock, or, if it be a non-stock corporation, on the written demand of a  
12 majority of the members entitled to vote. Should the secretary fail or refuse to  
13 call the special meeting upon such demand or fail or refuse to give the notice,  
14 or if there is no secretary, the call for the meeting may be addressed directly  
15 to the stockholders or members by any stockholder or member of the  
16 corporation signing the demand. Notice of the time and place of such meeting,  
17 as well as of the intention to propose such removal, must be given by  
18 publication or by written notice prescribed in this Code. Removal may be with  
19 or without cause: Provided, That removal without cause may not be used to  
20 deprive minority stockholders or members of the right of representation to  
21 which they may be entitled under Section 24 of this Code.

22 **THE COMMISSION SHALL, *MOTU PROPRIO* OR UPON VERIFIED**  
23 **COMPLAINT AND AFTER DUE NOTICE AND HEARING, ORDER THE**  
24 **REMOVAL OF ANY DISQUALIFIED DIRECTOR OR TRUSTEE ELECTED**  
25 **DESPITE THE DISQUALIFICATION, OR WHOSE DISQUALIFICATION**  
26 **IS DISCOVERED OR AROSE SUBSEQUENT TO ELECTION. THE**  
27 **REMOVAL OF ANY DISQUALIFIED DIRECTOR SHALL BE WITHOUT**  
28 **PREJUDICE TO OTHER SANCTIONS THE COMMISSION MAY IMPOSE**  
29 **IN ACCORDANCE WITH THIS CODE, UPON SHOWING OF A WILLFUL**  
30 **OR DELIBERATE CONCEALMENT OF THE DISQUALIFICATION. "**

31 **SECTION 21.** Section 29 of the Code is hereby amended to read as follows:

32 "Sec. 29. *Vacancies in the office of director or trustee.* - Any vacancy  
33 occurring in the board of directors or trustees [other than by removal by the  
34 stockholders or members or by expiration of term, may be filled by the vote of  
35 at least a majority of the remaining directors or trustees, if still constituting a  
36 quorum; otherwise, said vacancies] must be filled by the stockholders in a  
37 regular or special meeting called for that purpose.

1           WHEN THE VACANCY IS DUE TO EXPIRATION OF TERM, THE  
2 ELECTION SHALL BE HELD NO LATER THAN THE DAY OF SUCH  
3 EXPIRATION OF TERM AT A MEETING CALLED FOR THAT PURPOSE.  
4 WHEN THE VACANCY ARISES AS A RESULT OF REMOVAL BY THE  
5 STOCKHOLDERS OR MEMBERS, THE ELECTION MUST BE HELD ON  
6 THE SAME DAY OF THE MEETING AUTHORIZING THE REMOVAL AND  
7 THIS FACT MUST BE SO STATED IN THE AGENDA AND NOTICE OF  
8 SAID MEETING. IN ALL OTHER CASES, THE ELECTION MUST BE HELD  
9 NO LATER THAN FORTY-FIVE (45) DAYS FROM WHEN THE VACANCY  
10 ARISES. A director or trustee so elected to fill a vacancy shall be elected only  
11 for the unexpired term of his predecessor in office.

12           HOWEVER, WHEN THE VACANCY PREVENTS THE REMAINING  
13 DIRECTORS FROM CONSTITUTING A QUORUM AND EMERGENCY  
14 ACTION IS REQUIRED TO PREVENT GRAVE, SUBSTANTIAL AND  
15 IRREPARABLE LOSS OR DAMAGE TO THE CORPORATION, THE  
16 VACANCY MAY BE TEMPORARILY FILLED BY UNANIMOUS VOTE OF  
17 THE REMAINING DIRECTORS OR TRUSTEES FROM AMONG THE  
18 OFFICERS OF THE CORPORATION, PROVIDED THAT ACTION BY THE  
19 APPOINTED DIRECTOR OR TRUSTEE SHALL BE LIMITED TO THE  
20 EMERGENCY ACTION NECESSARY TO PREVENT GRAVE, SUBSTANTIAL  
21 OR IRREPARABLE LOSS TO THE COMPANY AND HIS TERM SHALL NOT  
22 CONTINUE FOR LONGER THAN REASONABLY NECESSARY AFTER THE  
23 TERMINATION OF THE EMERGENCY.

24           Any directorship or trusteeship to be filled by reason of an increase in  
25 the number of directors or trustees shall be filled only by an election at a  
26 regular or at a special meeting of stockholders or members duly called for the  
27 purpose, or in the same meeting authorizing the increase of directors or  
28 trustees if so stated in the notice of the meeting.

29           **IN ALL ELECTIONS TO FILL VACANCIES UNDER THIS SECTION,**  
30 **THE PROCEDURE SET FORTH IN SECTIONS 24 AND 26 SHALL APPLY."**

31           **SECTION 22.** Section 30 of the Code is hereby amended to read as follows:

32           "Sec. 30. *Compensation of directors.* --In the absence of any provision in  
33 the by-laws fixing **THE PARAMETERS OF** their compensation, the directors **OR**  
34 **TRUSTEES** shall not receive any compensation[, ] as such directors **OR**  
35 **TRUSTEES**, except for reasonable per diems: *Provided, however,* That any  
36 such compensation other than per diems may be granted to directors **OR**  
37 **TRUSTEES** by the vote of the stockholders representing at least a majority of



1 the outstanding capital stock **OR BY MAJORITY OF THE MEMBERS** at a  
2 regular or special meeting.

3 **NO DIRECTOR OR TRUSTEE SHALL PARTICIPATE IN THE**  
4 **DETERMINATION OF HIS OWN PER DIEMS OR COMPENSATION. PER**  
5 **DIEMS OR COMPENSATION GRANTED TO DIRECTORS OR TRUSTEES**  
6 **SHALL LIKEWISE BE APPROVED BY THE VOTE OF THE**  
7 **STOCKHOLDERS REPRESENTING AT LEAST A MAJORITY OF THE**  
8 **OUTSTANDING CAPITAL STOCK OR BY MAJORITY OF THE MEMBERS**  
9 **AT A REGULAR OR SPECIAL MEETING.**

10 In no case shall the total yearly compensation of directors**OR**  
11 **TRUSTEES**, as such directors**OR TRUSTEES**, exceed ten (10%) percent of  
12 the net income before income tax of the corporation during the preceding  
13 year.

14 **THE CORPORATION SHALL SUBMIT AN ANNUAL REPORT ON**  
15 **THE COMPENSATION OF DIRECTORS OR TRUSTEES AS PRESCRIBED**  
16 **UNDER THIS CODE."**

17 **SECTION 23.** Section 35 of the Code is hereby amended to read as follows:

18 "*Sec. 35. Executive committee **AND OTHER SPECIAL COMMITTEES.***  
19 - The by-laws of a corporation may create an executive committee, composed  
20 of not less than three members of the board, to be appointed by the board.  
21 Said committee may act, by majority vote of all its members, on such specific  
22 matters within the competence of the board, as may be delegated to it in the  
23 by-laws or on a majority vote of the board, except with respect to: (1)  
24 approval of any action for which shareholders' approval is also required; (2)  
25 the filling of vacancies in the board; (3) the amendment or repeal of by-laws or  
26 the adoption of new by-laws; (4) the amendment or repeal of any resolution of  
27 the board which by its express terms is not so amendable or repealable; and  
28 (5) a distribution of cash dividends to the shareholders.

29 **FOR MERITORIOUS REASONS, THE BOARD MAY, UPON DUE**  
30 **AMENDMENT OF THE BY-LAWS, ORDER THE FORMATION OF OTHER**  
31 **SPECIAL COMMITTEES AND DETERMINE THE MEMBERS' TERM,**  
32 **COMPENSATION, POWERS AND RESPONSIBILITIES.**

33 **WHEN NECESSARY TO ENSURE GOOD CORPORATE**  
34 **GOVERNANCE AND/OR COMBAT GRAFT AND CORRUPT PRACTICES,**  
35 **OR WHEN THE PARAMOUNT INTEREST OF THE PUBLIC OTHERWISE**



1 **STOCKHOLDER, NOTICE UNDER THIS SECTION MAY BE GIVEN IN**  
2 **THE FORM OF AN ELECTRONIC DOCUMENT, IN ACCORDANCE WITH**  
3 **THE RULES AND REGULATIONS OF THE COMMISSION ON THE USE OF**  
4 **ELECTRONIC DATA MESSAGES:** Provided, That in case of extension of  
5 corporate term, any dissenting stockholder may exercise his appraisal right  
6 under the conditions provided in this code."

7 **SECTION 26.** Section 38 of the Code is hereby amended to read as follows:

8 "Sec. 38. *Power to increase or decrease capital stock; incur, create or*  
9 *increase bonded indebtedness.* – xxx xxx xxx

10 [(5) The actual indebtedness of the corporation on the day of the  
11 meeting;]

12 xxx xxx xxx

13 Any increase or decrease in the capital stock or the incurring, creating  
14 or increasing of any bonded indebtedness shall require prior approval of the  
15 [Securities and Exchange] Commission. **THE FILING OF THE APPLICATION**  
16 **WITH THE COMMISSION SHALL BE MADE WITHIN THREE (3)**  
17 **MONTHS FROM THE DATE OF APPROVAL BY THE BOARD OF**  
18 **DIRECTORS AND STOCKHOLDERS. PRIOR TO THE COMMISSION'S**  
19 **APPROVAL, THE RECOGNITION OF THE SUBSCRIPTION TO MEET THE**  
20 **REQUIRED PAID-UP CAPITAL SHALL BE IN ACCORDANCE WITH**  
21 **REQUIREMENTS SET BY THE COMMISSION. NON-PAYMENT OF THE**  
22 **ADDITIONAL PAID-UP CAPITAL WITHIN ONE (1) YEAR FROM THE**  
23 **DATE OF THE BOARD OF DIRECTORS AND STOCKHOLDERS'**  
24 **APPROVAL SHALL RENDER THE PROPOSAL ABANDONED AND**  
25 **INEFFECTIVE.**

26 One of the duplicate certificates shall be kept on file in the office of the  
27 corporation and the other shall be filed with the [Securities and Exchange]  
28 Commission and attached to the original articles of incorporation. From and  
29 after approval by the [Securities and Exchange] Commission and the issuance  
30 by the Commission of its certificate of filing, the capital stock shall stand  
31 increased or decreased and the incurring, creating or increasing of any bonded  
32 indebtedness authorized, as the certificate of filing may declare: Provided, That  
33 the [Securities and Exchange] Commission shall not accept for filing any  
34 certificate of increase of capital stock unless accompanied by the sworn  
35 statement of the treasurer of the corporation lawfully holding office at the time  
36 of the filing of the certificate, showing that at least twenty-five (25%) percent

1 of [such increased] **THE INCREASE IN** capital stock has been subscribed and  
2 that at least twenty-five (25%) percent of the amount subscribed has been  
3 paid either in actual cash to the corporation or that there has been transferred  
4 to the corporation property the valuation of which is equal to twenty-five  
5 (25%) percent of the subscription: Provided, further, That no decrease of the  
6 capital stock shall be approved by the Commission if its effect shall prejudice  
7 the rights of corporate creditors.

8 xxx xxx xxx

9 Bonds issued by a corporation shall be registered with the [Securities  
10 and Exchange] Commission, which shall have the authority to determine the  
11 sufficiency of the terms thereof."

12 **SECTION 27.** Section 40 of the Code is hereby amended to read as follows:

13 "Sec. 40. *Sale or other disposition of assets.* - Subject to the provisions  
14 of existing laws on illegal combinations and monopolies **AND SUBJECT,**  
15 **FURTHER, TO SEC. 81 OF THIS CODE ON DE FACTO MERGERS,** a  
16 corporation may, by a majority vote of its board of directors or trustees, sell,  
17 lease, exchange, mortgage, pledge or otherwise dispose of [all or substantially  
18 all of] its property and assets, including its goodwill, upon such terms and  
19 conditions and for such consideration, which may be money, stocks, bonds or  
20 other instruments for the payment of money or other property or  
21 consideration, as its board of directors or trustees may deem expedient.

22 **WHEN THE SALE IS OF ALL OR SUBSTANTIALLY ALL OF THE**  
23 **CORPORATION'S PROPERTY AND ASSETS, IT MUST BE** [when]  
24 authorized by the vote of the stockholders representing at least two-thirds  
25 (2/3) of the outstanding capital stock, or in case of non-stock corporation, by  
26 the vote of at least to two-thirds (2/3) of the members, in a stockholder's or  
27 member's meeting duly called for the purpose[.]; **WHEN THE SALE IS OF**  
28 **LESS THAN ALL OR SUBSTANTIALLY ALL OF THE CORPORATION'S**  
29 **PROPERTY AND ASSETS, A MAJORITY VOTE SHALL BE REQUIRED.** In  
30 non-stock corporations where there are no members with voting rights, the  
31 vote of at least a majority of the trustees in office will be sufficient  
32 authorization for the corporation to enter into any transaction authorized by  
33 this section.

34 Written notice of the proposed action and of the time and place of the  
35 meeting shall be addressed to each stockholder or member at his place of  
36 residence as shown on the books of the corporation and deposited to the

1 addressee in the post office with postage prepaid, or served personally:  
2 Provided, That any dissenting stockholder may exercise his appraisal right  
3 under the conditions provided in this Code.

4 [A sale or other disposition shall be deemed to cover substantially all  
5 the corporate property and assets if thereby the corporation would be  
6 rendered incapable of continuing the business or accomplishing the purpose  
7 for which it was incorporated.]

8 After such authorization or approval by the stockholders or members,  
9 the board of directors or trustees may, nevertheless, in its discretion, abandon  
10 such sale, lease, exchange, mortgage, pledge or other disposition of property  
11 and assets, subject to the rights of third parties under any contract relating  
12 thereto, without further action or approval by the stockholders or members.

13 Nothing in this section is intended to restrict the power of any  
14 corporation, without the authorization by the stockholders or members, to sell,  
15 lease, exchange, mortgage, pledge or otherwise dispose of any of its property  
16 and assets if the same is necessary in the usual and regular course of business  
17 of said corporation or if the proceeds of the sale or other disposition of such  
18 property and assets be appropriated for the conduct of its remaining business.

19 [In non-stock corporations where there are no members with voting  
20 rights, the vote of at least a majority of the trustees in office will be sufficient  
21 authorization for the corporation to enter into any transaction authorized by  
22 this section.]”

23  
24 **SECTION 28.** Section 43 of the Code is hereby amended to read as follows:

25 “Sec. 43. *Power to declare dividends.* - The board of directors of a stock  
26 corporation may declare dividends out of the unrestricted retained earnings  
27 which **SHALL BE DETERMINED IN ACCORDANCE WITH THE**  
28 **GUIDELINES SET BY THE COMMISSION ON UNREALIZED EARNINGS**  
29 **AND LOSSES. SUCH DIVIDENDS** shall be payable in cash, in property, or in  
30 stock to all stockholders on the basis of outstanding stock held by them:  
31 Provided, That any cash dividends due on delinquent stock shall first be  
32 applied to the unpaid balance on the subscription plus costs and expenses,  
33 while stock dividends shall be withheld from the delinquent stockholder until  
34 his unpaid subscription is fully paid: Provided, further, That no stock dividend  
35 shall be issued without the approval of stockholders representing not less than

1 two-thirds (2/3) of the outstanding capital stock at a regular or special meeting  
2 duly called for the purpose.

3 Stock corporations are prohibited from retaining surplus profits in excess  
4 of one hundred (100%) percent of their paid-in capital stock, except: (1) when  
5 justified by definite corporate expansion projects or programs approved by the  
6 board of directors; or (2) when the corporation is prohibited under any loan  
7 agreement with any financial institution or creditor, whether local or foreign,  
8 from declaring dividends without its/his consent, and such consent has not yet  
9 been secured; or (3) when it can be clearly shown that such retention is  
10 necessary under special circumstances obtaining in the corporation, such as  
11 when there is need for special reserve for probable contingencies.”

12 **SECTION 29.** Section 46 of the Code is hereby amended to read as follows:

13 “Sec. 46. *Adoption of by-laws.* - Every corporation formed under this  
14 Code must, within one (1) month after receipt of official notice of the issuance  
15 of its certificate of incorporation by the [Securities and Exchange] Commission,  
16 adopt a code of by-laws for its government not inconsistent with this Code. For  
17 the adoption of by-laws by the corporation the affirmative vote of the  
18 stockholders representing at least a majority of the outstanding capital stock,  
19 or of at least a majority of the members in case of non-stock corporations,  
20 shall be necessary. The by-laws shall be signed by the stockholders or  
21 members voting for them and shall be kept in the principal office of the  
22 corporation, subject to the inspection of the stockholders or members during  
23 office hours. A copy thereof, duly certified to by a majority of the directors or  
24 trustees countersigned by the secretary of the corporation, shall be filed with  
25 the [Securities and Exchange] Commission which shall be attached to the  
26 original articles of incorporation.

27 Notwithstanding the provisions of the preceding paragraph, by-laws  
28 may be adopted and filed prior to incorporation; in such case, such by-laws  
29 shall be approved and signed by all the incorporators and submitted to the  
30 [Securities and Exchange] Commission, together with the articles of  
31 incorporation.

32 **BY-LAWS OR AMENDMENTS THERETO MAY BE FILED IN THE**  
33 **FORM OF AN ELECTRONIC DOCUMENT, IN ACCORDANCE WITH THE**  
34 **RULES AND REGULATIONS OF THE COMMISSION ON THE USE OF**  
35 **ELECTRONIC DATA MESSAGES.**

1 In all cases, by-laws shall be effective only upon the issuance by the  
2 [Securities and Exchange] Commission of a certification that the by-laws are  
3 not inconsistent with this Code.

4 The [Securities and Exchange] Commission shall not accept for filing  
5 the by-laws or any amendment thereto of any bank, banking institution,  
6 building and loan association, trust company, insurance company, public utility,  
7 educational institution or other special corporations governed by special laws,  
8 unless accompanied by a certificate of the appropriate government agency to  
9 the effect that such by-laws or amendments are in accordance with law."

10 **SECTION 30.** Section 47 of the Code is hereby amended to read as follows:

11 "Sec. 47. *Contents of by-laws.* - Subject to the provisions of the  
12 Constitution, this Code, other special laws, and the articles of incorporation, a  
13 private corporation [may] **SHALL** provide in its by-laws for:

14 1. The time, place and manner of calling and conducting regular or  
15 special meetings of the directors or trustees;

16 2. The time and manner of calling and conducting regular or special  
17 meetings of the stockholders or members, **PROVIDED THAT THE BY-LAWS**  
18 **SHALL CONTAIN NO PROVISION SUPPRESSING OR OTHERWISE**  
19 **LIMITING IN ANY MANNER THE RIGHT OF ANY MEMBER OR**  
20 **STOCKHOLDER TO PROPOSE THE HOLDING OF MEETINGS AND THE**  
21 **ITEMS FOR DISCUSSION IN THE AGENDA;**

22 xxx xxx xxx

23 5. The qualifications, duties **AND RESPONSIBILITIES**, and **THE**  
24 **PARAMETERS OR GUIDELINES TO CONSIDER IN SETTING THE**  
25 compensation, of directors or trustees **AND[,]** officers [and employees], **AS**  
26 **WELL AS THE MAXIMUM NUMBER OF OTHER BOARD**  
27 **REPRESENTATIONS AN INDEPENDENT DIRECTOR OR TRUSTEE MAY**  
28 **HAVE WHICH SHALL, IN NO CASE, BE MORE THAN FIVE (5) OR SUCH**  
29 **OTHER NUMBER THE COMMISSION MAY LATER PRESCRIBE;**

30 xxx xxx xxx

31 9. In the case of stock corporations, the manner of issuing stock  
32 certificates; [and]

1           **10. THE TIME AND MANNER BY WHICH ACCURATE AND TIMELY**  
2 **INFORMATION SHALL BE GIVEN TO STOCKHOLDERS OR MEMBERS**  
3 **ON MATTERS AFFECTING THE CORPORATION, WHICH MAY INCLUDE**  
4 **BUT SHALL NOT BE LIMITED TO THE PUBLICATION OF SUCH**  
5 **INFORMATION ON THE CORPORATION'S WEBSITE;**

6           **11. A CODE OF ETHICS OR STANDARDS OF CONDUCT FOR THE**  
7 **CORRECT, HONORABLE AND PROPER PERFORMANCE OF A**  
8 **CORPORATION'S BUSINESS AND ITS DEALINGS, DIRECT OR**  
9 **INDIRECT, WITH THE GOVERNMENT AND ITS AGENCIES, AS WELL AS**  
10 **MECHANISMS TO ENFORCE SUCH CODE OF ETHICS OR STANDARDS**  
11 **OF CONDUCT, WHICH SHALL CONTAIN THE MINIMUM**  
12 **REQUIREMENTS THE COMMISSION MAY PROVIDE;**

13           **12. INTERNAL PROCEDURES TO PROVIDE AVENUES OF**  
14 **COMMUNICATION BY, TO PROTECT THE IDENTITY AND SECURITY OF**  
15 **TENURE/COMPENSATION OF, AND TO PROVIDE PROTECTION FROM**  
16 **RETALIATION BEFORE AND AFTER EMPLOYMENT OF: (A) THOSE**  
17 **WHO REPORT VIOLATIONS OF THE CORPORATION'S CODE OF**  
18 **ETHICS OR STANDARDS OF CONDUCT, GRAFT AND CORRUPT**  
19 **PRACTICES, IMPROPRIETIES IN MATTERS OF FINANCIAL**  
20 **REPORTING,OR OTHER UNLAWFUL OR ILLEGAL CONDUCT**  
21 **COMMITTED BY THE CORPORATION OR ANY OF ITS DIRECTORS,**  
22 **TRUSTEES, OFFICERS, EMPLOYEES OR AGENTS; (B) THOSE**  
23 **WHOREPORT INSTRUCTIONS OR PRESSURE FROM HIERARCHICAL**  
24 **SUPERIORS TO COMMIT ANY OF THE ACTS IN (A); AND/OR (C)**  
25 **THOSE WHO RAISE CONCERNS ABOUT THREATS OF OR POSSIBLE**  
26 **ACTS CONSTITUTING ANY OF THE ACTS IN (A) ABOVE;**

27           **13.A SYSTEM, INCLUDING THE APPOINTMENT OF A**  
28 **COMPLIANCE OFFICER, THAT WILL MONITOR COMPLIANCE WITH**  
29 **THE RULES AND REGULATIONS ON GOOD CORPORATE**  
30 **GOVERNANCE; AND**

31           **[10] 14. Such other matters as may be necessary for the proper or**  
32 **convenient transaction of its corporate business and affairs****OR AS MAY BE**  
33 **DEEMED NECESSARY BY THE COMMISSION FOR THE PROMOTION OF**  
34 **GOOD GOVERNANCE AND/OR ITS POLICY AGAINST GRAFT AND**  
35 **CORRUPTION.**

36           **THE COMMISSION SHALL FORMULATE AND MAKE AVAILABLE**  
37 **SAMPLE BY-LAWS WITH THE FOREGOING REQUIREMENTS."**



1       **SECTION 31.** Section 48 of the Code is hereby amended to read as follows:

2           Section 48. Amendment to by-laws. – The board of directors or  
3 trustees, by a majority vote thereof, and the owners of at least [a  
4 majority]**TWO-THIRDS (2/3)** of the outstanding capital stock, or at least [a  
5 majority] **TWO-THIRDS (2/3)** of the members of a non-stock corporation, at  
6 a regular or special meeting duly called for the purpose, may amend or repeal  
7 any by-laws or adopt new by-laws. The owners of two-thirds (2/3) of the  
8 outstanding capital stock or two-thirds (2/3) of the members in a non-stock  
9 corporation may delegate to the board of directors or trustees the power to  
10 amend or repeal any by-laws or adopt new by-laws: Provided, That any power  
11 delegated to the board of directors or trustees to amend or repeal any by-laws  
12 or adopt new by-laws shall be considered as revoked whenever stockholders  
13 owning or representing a majority of the outstanding capital stock or a  
14 majority of the members in non-stock corporations, shall so vote at a regular  
15 or special meeting.

16           Whenever any amendment or new by-laws are adopted, such  
17 amendment or new by-laws shall be attached to the original by-laws in the  
18 office of the corporation, and a copy thereof, duly certified under oath by the  
19 corporate secretary and a majority of the directors or trustees, **INCLUDING**  
20 **THE STOCKHOLDERS' OR MEMBERS' RESOLUTION ON THE**  
21 **DELEGATION OF THE POWER TO AMEND OR ADOPT NEW BY-LAWS**  
22 **OR ON THE REVOCATION OF SUCH DELEGATION, IF ANY,** shall be filed  
23 with the [Securities and Exchange] Commission the same to be attached to  
24 the original articles of incorporation and original by-laws.

25           The amended or new by-laws shall only be effective upon the issuance  
26 by the [Securities and Exchange] Commission of a certification that the same  
27 are not inconsistent with this Code."

28       **SECTION 32.** Section 50 of the Code is hereby amended to read as follows:

29           "Sec. 50. *Regular and special meetings of stockholders or members.* -  
30 Regular meetings of stockholders or members shall be held annually on a date  
31 fixed in the by-laws, or if not so fixed, on any date in April of every year as  
32 determined by the board of directors or trustees.: *Provided,* That written notice  
33 of regular meetings shall be sent to all stockholders or members of record at  
34 least [two (2)] **THREE(3)** weeks prior to the meeting, unless a [different]  
35 **LONGER** period is required by the by-laws**OR BY ANY RELEVANT LAW OR**  
36 **REGULATION, AND IN SUCH A MANNER AS TO BE RECEIVED AT**  
37 **LEAST FIVE DAYS BEFORE THE SCHEDULED MEETING.**

1           **AT EACH REGULAR MEETING OF STOCKHOLDERS OR MEMBERS,**  
2 **THE BOARD OF DIRECTORS OR TRUSTEES SHALL, AMONG OTHERS,**  
3 **PRESENT TO SUCH STOCKHOLDERS OR MEMBERS THE FOLLOWING:**

4           **a. THE MINUTES OF THE MOST RECENT REGULAR**  
5 **MEETING WHICH SHALL INCLUDE, AMONG OTHERS:**

6                   **(i) A DESCRIPTION OF THE VOTING AND VOTE**  
7 **TABULATION PROCEDURES USED AND TO BE USED IN**  
8 **THE CURRENT MEETING,**

9                   **(ii) THE OPPORTUNITY GIVEN TO**  
10 **STOCKHOLDERS OR MEMBERS TO ASK QUESTIONS, AS**  
11 **WELL AS A RECORD OF THE QUESTIONS THEY ASKED**  
12 **AND THE ANSWERS RECEIVED,**

13                   **(iii) THE MATTERS DISCUSSED AND**  
14 **RESOLUTIONS REACHED,**

15                   **(iv) A RECORD OF THE VOTING RESULTS FOR**  
16 **EACH AGENDA ITEM, AND**

17                   **(v) A LIST OF THE DIRECTORS OR TRUSTEES,**  
18 **OFFICERS AND STOCKHOLDERS OR MEMBERS WHO**  
19 **ATTENDED THE MEETING;**

20           **b. A MEMBERS' LIST FOR NON-STOCK**  
21 **CORPORATIONS AND, FOR STOCK CORPORATIONS, MATERIAL**  
22 **INFORMATION ON THE CURRENT STOCK**  
23 **OWNERSHIP STRUCTURE AND VOTING RIGHTS, INCLUDING**  
24 **GROUP STRUCTURES, INTRA-GROUP RELATIONS, OWNERSHIP**  
25 **DATA, AND BENEFICIAL OWNERSHIP WITH SPECIFIC**  
26 **DISCLOSURES ON THE DIRECT AND INDIRECT**  
27 **STOCKHOLDINGS OF DIRECTORS AND OFFICERS;**

28           **c. A DETAILED, DESCRIPTIVE, BALANCED AND**  
29 **COMPREHENSIBLE ASSESSMENT OF THE CORPORATION'S**  
30 **PERFORMANCE WHICH SHALL INCLUDE INFORMATION ON THE**  
31 **CHANGES IN THE CORPORATION OR ITS BUSINESS AND ITS**  
32 **STRATEGY;**

1           d.    A FINANCIAL REPORT OF THE OPERATIONS OF THE  
2 CORPORATION FOR THE PRECEDING YEAR, WHICH SHALL  
3 INCLUDE FINANCIAL STATEMENTS DULY SIGNED AND  
4 CERTIFIED IN ACCORDANCE WITH THIS CODE AND THE RULES  
5 THE COMMISSION MAY PRESCRIBE, A STATEMENT ON THE  
6 ADEQUACY OF THE CORPORATION'S INTERNAL CONTROLS OR  
7 RISK MANAGEMENT SYSTEMS, AND A STATEMENT OF ALL  
8 EXTERNAL AUDIT AND NON-AUDIT FEES;

9           e.    AN EXPLANATION OF THE DIVIDEND POLICY AND  
10 THE FACT OF PAYMENT OF DIVIDENDS OR THE REASONS FOR  
11 NON-PAYMENT THEREOF;

12           f.    DIRECTOR OR TRUSTEE PROFILES WHICH SHALL  
13 INCLUDE, AMONG OTHERS, THEIR QUALIFICATIONS AND  
14 RELEVANT EXPERIENCE, LENGTH OF SERVICE IN THE  
15 CORPORATION, THE TRAININGS AND CONTINUING  
16 EDUCATION THEY ATTENDED, AND THE NUMBER OF THEIR  
17 BOARD REPRESENTATIONS IN OTHER CORPORATIONS;

18           g.    A DIRECTOR OR TRUSTEE ATTENDANCE REPORT,  
19 INDICATING THE ATTENDANCE OF EACH DIRECTOR OR  
20 TRUSTEE AT EACH OF THE MEETINGS OF THE BOARD AND ITS  
21 COMMITTEES AND IN REGULAR OR SPECIAL STOCKHOLDER  
22 MEETINGS;

23           h.    A BOARD APPRAISAL OR PERFORMANCE REPORT  
24 AND THE STANDARDS OR CRITERIA AND PROCEDURE USED TO  
25 ASSESS THE BOARD;

26           i.    A DIRECTOR OR TRUSTEE APPRAISAL OR  
27 PERFORMANCE REPORT AND THE STANDARDS OR CRITERIA  
28 AND PROCEDURE USED TO ASSESS EACH DIRECTOR OR  
29 TRUSTEE;

30           j.    A DIRECTOR OR TRUSTEE COMPENSATION REPORT  
31 PREPARED IN ACCORDANCE WITH THIS CODE AND THE RULES  
32 THE COMMISSION MAY PRESCRIBE;

33           k.    DIRECTOR DISCLOSURES ON SELF-DEALINGS AND  
34 RELATED PARTY TRANSACTIONS;

1 I. THE PROFILES OF DIRECTORS NOMINATED OR  
2 SEEKING ELECTION OR RE-ELECTION;

3 m. THE COMPENSATION/BENEFITS OF EMPLOYEES  
4 WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR  
5 TRUSTEE OR ANY OFFICER OF THE CORPORATION OR WHOSE  
6 EMPLOYMENT WAS MADE WITH THEIR ENDORSEMENT; AND

7 n. DETAILS OF THE ORIENTATION PROGRAM FOR  
8 NEW DIRECTORS.

9 ANY DIRECTOR, TRUSTEE, STOCKHOLDER OR MEMBER MAY  
10 PROPOSE ANY OTHER MATTER FOR DISCUSSION OR INCLUSION IN  
11 THE AGENDA AT ANY REGULAR MEETING OF STOCKHOLDERS OR  
12 MEMBERS.

13 SUBJECT TO THE RIGHT OF ANY MEMBER OR STOCKHOLDER  
14 TO PROPOSE THE HOLDING OF SPECIAL MEETINGS AND THE ITEMS  
15 FOR DISCUSSION IN THE AGENDA THEREOF, special meetings of  
16 stockholders or members shall be held at any time deemed necessary or as  
17 provided in the by-laws: Provided, however, That at least [one (1)week]  
18 written notice shall be sent to all stockholders or members**AT LEAST THREE**  
19 **(3) WEEKS PRIOR TO THE MEETING**, unless [otherwise] **A LONGER**  
20 **PERIOD IS** provided in the by-laws**OR BY ANY RELEVANT LAW OR**  
21 **REGULATION, AND IN SUCH A MANNER AS TO BE RECEIVED AT**  
22 **LEAST FIVE DAYS BEFORE THE SCHEDULED MEETING.**

23 Notice of any meeting may be waived, expressly or impliedly, by any  
24 stockholder or member[.]; **PROVIDED THAT GENERAL WAIVERS OF**  
25 **NOTICE IN THE ARTICLES OF INCORPORATION OR THE BY-LAWS**  
26 **SHALL NOT BE ALLOWED; PROVIDED, FURTHER, THAT ATTENDANCE**  
27 **AT A MEETING SHALL CONSTITUTE A WAIVER OF NOTICE OF SUCH**  
28 **MEETING, EXCEPT WHEN THE PERSON ATTENDS A MEETING FOR THE**  
29 **EXPRESS PURPOSE OF OBJECTING AT THE BEGINNING OF THE**  
30 **MEETING, TO THE TRANSACTION OF ANY BUSINESS BECAUSE THE**  
31 **MEETING IS NOT LAWFULLY CALLED OR CONVENED.**

32 Whenever, for any cause, there is no person authorized to call a  
33 meeting, the [Securities and Exchange] Commission, upon petition of a  
34 stockholder or member on a showing of good cause therefor, may issue an  
35 order to the petitioning stockholder or member directing him to call a meeting  
36 of the corporation by giving proper notice required by this Code or by the by-

1 laws. The petitioning stockholder or member shall preside thereat until at least  
2 a majority of the stockholders or members present have chosen one of their  
3 number as presiding officer.

4 **UNLESS THE BY-LAWS PROVIDE FOR A LONGER PERIOD, THE**  
5 **STOCK AND TRANSFER BOOK/MEMBERSHIP BOOK SHALL BE CLOSED**  
6 **AT LEAST TWENTY (20) DAYS BEFORE THE SCHEDULED DATE OF THE**  
7 **MEETING.**

8 **IN CASE OF POSTPONEMENT OF STOCKHOLDERS' OR**  
9 **MEMBERS' MEETINGS, WRITTEN NOTICE THEREOF AND THE REASON**  
10 **THEREFOR SHALL BE SENT TO ALL STOCKHOLDERS OR MEMBERS OF**  
11 **RECORD AT LEAST TWO (2) WEEKS PRIOR TO THE DATE OF THE**  
12 **MEETING, UNLESS A DIFFERENT PERIOD IS REQUIRED BY THE BY-**  
13 **LAWS OR BY ANY RELEVANT LAW OR REGULATION, AND IN SUCH A**  
14 **MANNER AS TO BE RECEIVED AT LEAST FIVE DAYS BEFORE THE DATE**  
15 **OF THE MEETING."**

16 **SECTION 33.** Section 51 of the Code is hereby amended to read as follows:

17 *Sec. 51. Place and time of meetings of stockholders of members. -*  
18 *Stockholder's or member's meetings, whether regular or special, shall be held*  
19 *in the **PRINCIPAL OFFICE OF THE CORPORATION AS SET FORTH IN***  
20 ***THE ARTICLES OF INCORPORATION, OR, IF NOT PRACTICABLE, IN***  
21 ***THE** city or municipality where the principal office of the corporation is located*  
22 *[, and if practicable in the principal office of the corporation]: Provided, That*  
23 *Metro Manila shall, for purposes of this section, be considered a city or*  
24 *municipality.*

25 **WHEN ALLOWED BY THE BY-LAWS OR BY A MAJORITY OF THE**  
26 **BOARD OF DIRECTORS OR TRUSTEES, ATTENDANCE AT REGULAR OR**  
27 **SPECIAL MEETINGS MAY BE BY REMOTE COMMUNICATION AND**  
28 **VOTING MAY BE MADE *IN ABSENTIA*. WHEN ATTENDANCE BY**  
29 **REMOTE COMMUNICATION IS ALLOWED, THE CORPORATION SHALL**  
30 **PROVIDE THE STOCKHOLDER OR MEMBER, OR PROXY-HOLDER, A**  
31 **REASONABLE OPPORTUNITY TO PARTICIPATE IN THE MEETING, TO**  
32 **HEAR OR SEE THE PROCEEDINGS AS WELL AS BE HEARD OR SEEN BY**  
33 **OTHER STOCKHOLDERS OR MEMBERS, AND TO CAST THEIR VOTE**  
34 **SUBSTANTIALLY CONCURRENTLY WITH SUCH PROCEEDINGS. WHEN**  
35 **VOTING *IN ABSENTIA*, IS ALLOWED, THE CORPORATION SHALL**  
36 **INSTITUTE REASONABLE MEASURES TO TIMELY PROVIDE THE**  
37 **STOCKHOLDER OR MEMBER WITH INFORMATION ON THE MATTERS**

1 TO BE TAKEN UP AT THE MEETING AND GIVE THEM A REASONABLE  
2 OPPORTUNITY TO ASK QUESTIONS BEFORE CASTING THEIR VOTES.  
3 THE COMMISSION SHALL PRESCRIBE THE MINIMUM STANDARDS OR  
4 GUIDELINES TO MAKE ATTENDANCE BY REMOTE COMMUNICATION  
5 AND VOTING *IN ABSENTIA* EFFICIENT AND ACCESSIBLE FORA FOR  
6 STOCKHOLDERS OR MEMBERS.

7 Notice of meetings shall be in writing, and the time and place thereof  
8 stated therein. **EACH NOTICE OF MEETING SHALL FURTHER STATE OR**  
9 **BE ACCOMPANIED BY THE FOLLOWING:**

10 (A) THE AGENDA FOR THE MEETING;

11 (B) A PROXY FORM;

12 (C) WHEN ATTENDANCE IS ALLOWED BY REMOTE  
13 COMMUNICATION, THE FACT THEREOF AND THE  
14 REQUIREMENTS AND PROCEDURES TO BE FOLLOWED  
15 WHEN A STOCKHOLDER OR MEMBER ELECTS SUCH  
16 OPTION;

17 (D) WHEN VOTING IS ALLOWED *IN ABSENTIA*, THE FACT  
18 THEREOF AND THE REQUIREMENTS AND PROCEDURES  
19 TO BE FOLLOWED WHEN A STOCKHOLDER OR MEMBER  
20 ELECTS SUCH OPTION;

21 (E) WHEN THE MEETING IS FOR THE ELECTION OF  
22 DIRECTORS OR TRUSTEES, THE REQUIREMENTS AND  
23 PROCEDURE FOR NOMINATING AND THE CURRICULUM  
24 VITAE OR OTHER RELEVANT INFORMATION OF THOSE  
25 ALREADY NOMINATED INCLUDING, BUT NOT LIMITED  
26 TO, SUCH NOMINEES' OTHER EXECUTIVE FUNCTIONS OR  
27 MEMBERSHIP IN OTHER BOARDS;

28 (F) OTHER EXPLANATORY MATERIALS OR A STATEMENT  
29 THAT SUCH EXPLANATORY MATERIALS ARE AVAILABLE  
30 FOR INSPECTION DURING OFFICE HOURS AT THE  
31 CORPORATION'S PRINCIPAL OFFICE AND/OR ONLINE  
32 AT THE CORPORATION'S WEBSITE, OR THAT SOFT  
33 COPIES THEREOF MAY BE SENT TO A STOCKHOLDER OR  
34 MEMBER UPON HIS REQUEST; AND

1           **(G) THE PROCEDURE FOR MAKING INQUIRIES OR**  
2           **SOLICITING ADDITIONAL INFORMATION ABOUT THE**  
3           **AGENDA ITEMS BEFORE THE MEETING.**

4           **WHEN ALLOWED BY THE BY-LAWS OF THE CORPORATION,**  
5           **NOTICES OF MEETING MAY BE SENT ELECTRONICALLY, PROVIDED**  
6           **THAT THE SAME IS DONE IN ACCORDANCE WITH THE RULES OF THE**  
7           **COMMISSION AND, PROVIDED FURTHER, THAT ANY STOCKHOLDER**  
8           **OR MEMBER MAY, AT ANY TIME, OPT OUT OF RECEIVING NOTICE BY**  
9           **ELECTRONIC COMMUNICATION AND REQUEST THAT WRITTEN**  
10           **NOTICE BE SENT IN A TRADITIONAL MANNER, I.E. BY PERSONAL**  
11           **SERVICE, BY POST OR BY COURIER.**

12           All proceedings had and any business transacted at any meeting of the  
13           stockholders or members, if within the powers or authority of the corporation,  
14           shall be valid even if the meeting be improperly held or called, provided all the  
15           stockholders or members of the corporation are present or duly represented at  
16           the meeting **AND NONE OF THEM EXPRESSLY STATE AT THE**  
17           **BEGINNING OF THE MEETING THAT THE PURPOSE OF THEIR**  
18           **ATTENDANCE IS TO OBJECT TO THE TRANSACTION OF ANY**  
19           **BUSINESS BECAUSE THE MEETING IS NOT LAWFULLY CALLED OR**  
20           **CONVENED."**

21           **SECTION 34.** Section 53 of the Code is hereby amended to read as follows:

22           "Sec. 53. *Regular and special meetings of directors or trustees.* -  
23           Regular meetings of the board of directors or trustees of every corporation  
24           shall be held monthly, unless the by-laws provide otherwise.

25           Special meetings of the board of directors or trustees may be held at  
26           any time upon the call of the president or as provided in the by-laws.

27           Meetings of directors or trustees of corporations may be held anywhere  
28           in or outside of the Philippines, unless the by-laws provide otherwise. Notice of  
29           regular or special meetings stating the date, time and place of the meeting  
30           must be sent to every director or trustee at least [one (1) day]**FIVE (5) DAYS**  
31           prior to the scheduled meeting, unless [otherwise] **A LONGER TIME IS**  
32           provided by the by-laws. A director or trustee may waive this requirement,  
33           either expressly or impliedly.

34           **DIRECTORS OR TRUSTEES CANNOT ATTEND OR VOTE BY**  
35           **PROXY AT BOARD MEETINGS; HOWEVER, WHEN ALLOWED BY THE**

1 **BY-LAWS, THEY CAN ATTEND BOARD MEETINGS THROUGH REMOTE**  
2 **COMMUNICATION SUCH AS VIDEOCONFERENCING,**  
3 **TELECONFERENCING OR OTHER TECHNOLOGY THAT ALLOWS THEM A**  
4 **REASONABLE OPPORTUNITY TO PARTICIPATE.**

5 **SECTION 35.** Section 58 of the Code is hereby amended to read as follows:

6 Sec. 58. ***MANNER OF VOTING; Proxies.*** - Stockholders and members  
7 may vote in person, ***IN ABSENTIA*** or by proxy in all meetings of stockholders  
8 or members. **VOTING DONE WHEN ATTENDANCE IS BY REMOTE**  
9 **COMMUNICATION SHALL BE EQUIVALENT TO VOTING IN PERSON. A**  
10 **STOCKHOLDER OR MEMBER MAY VOTE WITHOUT ATTENDING THE**  
11 **MEETING FOR AS LONG AS THE VOTE IS CAST AND RECEIVED ON OR**  
12 **BEFORE THE TALLY OF VOTES IS COMPLETED AT THE MEETING, AND**  
13 **THE VOTE IS MADE IN ACCORDANCE WITH THE CORPORATION'S**  
14 **REQUIREMENTS AND PROCEDURES FOR VOTING *IN ABSENTIA*. THE**  
15 **COMMISSION SHALL PRESCRIBE THE MINIMUM STANDARDS AND**  
16 **GUIDELINES FOR VOTING WHEN ATTENDANCE IS DONE BY REMOTE**  
17 **COMMUNICATION OR WHEN VOTING IS *IN ABSENTIA*.**

18 Proxies shall be in writing, signed by the stockholder or member and  
19 filed before the scheduled meeting with the corporate secretary. Unless  
20 otherwise provided in the proxy, it shall be valid only for the meeting for which  
21 it is intended. No proxy shall be valid and effective for a period longer than five  
22 (5) years at any one time."

23 **SECTION 36.** Section 59 of the Code is hereby amended to read as follows:

24 Section 59. ***Voting Trusts.*** -One or more stockholders of a stock  
25 corporation may create a voting trust for the purpose of conferring upon a  
26 trustee or trustees the right to vote and other rights pertaining to the shares  
27 for a period not exceeding five (5) years at any time: Provided, That in the  
28 case of a voting trust specifically required as a condition in a loan agreement,  
29 said voting trust may be for a period exceeding five (5) years but shall  
30 automatically expire upon full payment of the loan. A voting trust agreement  
31 must be in writing and notarized, and shall specify the terms and conditions  
32 thereof. A certified copy of such agreement shall be filed with the corporation  
33 and with the [Securities and Exchange] Commission [; otherwise, said  
34 agreement is ineffective and unenforceable] **AND SHALL BE EFFECTIVE**  
35 **AND ENFORCEABLE ONLY UPON APPROVAL THEREOF BY THE**  
36 **COMMISSION.** The certificate or certificates of stock covered by the voting  
37 trust agreement shall be cancelled and new ones shall be issued in the name



1 of the trustee or trustees stating that they are issued pursuant to said  
2 agreement. In the books of the corporation, it shall be noted that the transfer  
3 in the name of the trustee or trustees is made pursuant to said voting trust  
4 agreement.

5 **SECTION 37.** Section 61 of the Code is hereby amended to delete "Securities and  
6 Exchange" from "Securities and Exchange Commission".

7 **SECTION 38.** Section 62 of the Code is hereby amended to read as follows:

8 "Sec.62. *Consideration for stocks.* - Stocks shall not be issued for a  
9 consideration less than the par or issued price thereof. Consideration for the  
10 issuance of stock may be any or a combination of any two or more of the  
11 following:

12 1. Actual cash paid to the corporation;

13 2. Property, tangible or intangible, actually received by the  
14 corporation and necessary or convenient for its use and lawful purposes at a  
15 fair valuation equal to the par or issued value of the stock issued;

16 3. Labor performed for or services actually rendered to the  
17 corporation;

18 4. Previously incurred indebtedness of the corporation;

19 5. Amounts transferred from unrestricted retained earnings to  
20 stated capital; [and]

21 6. Outstanding shares exchanged for stocks in the event of  
22 reclassification or conversion[.];

23 **7. SHARES OF STOCK OF ANOTHER CORPORATION; AND**

24 **8. SUCH OTHER FORM OF CONSIDERATION THAT THE**  
25 **COMMISSION MAY DETERMINE TO BE ACCEPTABLE SUBJECT TO THE**  
26 **PROVISIONS OF THE CODE.**

27 Where the consideration is other than actual cash, or consists of  
28 intangible property such as patents or copyrights, the valuation thereof shall  
29 initially be determined by the incorporators or the board of directors, **WHO**  
30 **SHALL THEN SUBMIT SUCH DETERMINATION, WITH SUPPORTING**

1 **DOCUMENTS AS THE COMMISSION MAY PRESCRIBE, FOR THE**  
2 **[subject to] approval[by] OF the [Securities and Exchange] Commission.**

3 xxx xxx xxx"

4 **SECTION 39.** Section 63 of the Code is hereby amended to read as follows:

5 "Sec. 63. *Certificate of stock and transfer of shares.* - The capital stock  
6 of stock corporations shall be divided into shares for which certificates signed  
7 by the president or vice president, countersigned by the secretary or assistant  
8 secretary, and sealed with the seal of the corporation shall be issued in  
9 accordance with the by-laws. Shares of stock so issued are personal property  
10 and may be transferred by delivery of the certificate or certificates indorsed by  
11 the owner or his attorney-in-fact or other person legally authorized to make  
12 the transfer. No transfer, however, shall be valid, except as between the  
13 parties, until the transfer is recorded in the books of the corporation so as to  
14 show the names of the parties to the transaction, the date of the transfer, the  
15 number of the certificate or certificates and the number of shares transferred;  
16 **THE COMMISSION MAY REQUIRE CORPORATIONS WHOSE**  
17 **SECURITIES ARE TRADED IN AN EXCHANGE OR OTHER AUTHORIZED**  
18 **TRADING MARKETS TO ISSUE ITS SECURITIES OR SHARES OF**  
19 **STOCKS IN UNCERTIFICATED OR SCRIPLESS FORM BY VIRTUE OF,**  
20 **AND IN ACCORDANCE WITH, THE RULES OF THE COMMISSION.**

21 xxx xxx xxx"

22 **SECTION 40.** Section 74 of the Code is hereby amended to read as follows:

23 "Sec. 74. *Books to be kept; stock transfer agent.* - Every corporation  
24 shall keep and carefully preserve at its principal office **ALL INFORMATION**  
25 **RELATIVE TO THE CORPORATION INCLUDING, BUT NOT LIMITED TO:**  
26 **(a) THE ARTICLES OF INCORPORATION AND BY-LAWS OF THE**  
27 **CORPORATION AND ALL THEIR AMENDMENTS, (b) THE CURRENT**  
28 **OWNERSHIP STRUCTURE AND VOTING RIGHTS OF THE**  
29 **CORPORATION, INCLUDING LISTS OF STOCKHOLDERS OR MEMBERS,**  
30 **GROUP STRUCTURES, INTRA-GROUP RELATIONS, OWNERSHIP**  
31 **DATA, AND BENEFICIAL OWNERSHIP, (c) THE NAMES AND**  
32 **ADDRESSES OF ALL THE MEMBERS OF THE BOARD OF DIRECTORS OR**  
33 **TRUSTEES AND OF THE EXECUTIVE OFFICERS, (d) a record of all**  
34 **business transactions, (e) A RECORD OF THE RESOLUTIONS OF THE**  
35 **BOARD OF DIRECTORS OR TRUSTEES AND OF THE**  
36 **STOCKHOLDERS OR MEMBERS, (f) COPIES OF THE LATEST**

1       **REPORTORIAL REQUIREMENTS SUBMITTED TO THE COMMISSION,**  
2       and **(g) THE** minutes of all meetings of stockholders or members, or of the  
3       board of directors or trustees[,]. **SUCH MINUTES** [in which] shall [be] set  
4       forth in detail, **AMONG OTHERS:**the time and place of holding the meeting,  
5       how authorized, the notice given, **THE AGENDA THEREFOR,** whether the  
6       meeting was regular or special, if special its object, those present and absent,  
7       **THE VOTING AND VOTE TABULATION PROCEDURES USED AND THE**  
8       **RESULTS OF ALL VOTING DONE, THE OPPORTUNITY GIVEN TO**  
9       **STOCKHOLDERS OR MEMBERS TO ASK QUESTIONS, AS WELL AS A**  
10       **RECORD OF THE QUESTIONS THEY ASKED AND THE ANSWERS**  
11       **RECEIVED,**and every act done or ordered done at the meeting. Upon the  
12       demand of any director, trustee, stockholder or member, the time when any  
13       director, trustee, stockholder or member entered or left the meeting must be  
14       noted in the minutes; and on a similar demand, the yeas and nays must be  
15       taken on any motion or proposition, and a record thereof carefully made. The  
16       protest of any director, trustee, stockholder or member on any action or  
17       proposed action must be recorded in full on his demand.

18       The**FOREGOING** records**SHALL BE RETAINED FOR SUCH**  
19       **PERIODS AS THE COMMISSION MAY PRESCRIBE BY RULE AND,**[of all  
20       business transactions of the corporation and the minutes of any  
21       meetings]**REGARDLESS OF THE FORM IN WHICH THEY**  
22       **ARE STORED,**shall be open to inspection by any director, trustee, stockholder  
23       or member of the corporation, **IN PERSON OR BY COUNSEL OR OTHER**  
24       **REPRESENTATIVE POSSESSING AND EXHIBITING DUE AUTHORITY,**  
25       at reasonable hours on business days and he may demand, in writing, for [a  
26       copy of] **COPIES** of **SUCH RECORDS OR** excerpts from said records [or  
27       minutes,] at his expense.**THE INSPECTING OR REPRODUCING PARTY**  
28       **UNDER THIS SECTION SHALL REMAIN BOUND BY CONFIDENTIALITY**  
29       **UNDER PREVAILING LAWS.**

30       **IF A REQUEST FOR INSPECTION AND/OR REPRODUCTION IS**  
31       **DENIED, THE AGGRIEVED PARTY MAY REPORT THE DENIAL TO THE**  
32       **COMMISSION. WITHIN FIVE (5) DAYS FROM RECEIPT OF SUCH**  
33       **REPORT, THE COMMISSION SHALL CONDUCT A SUMMARY**  
34       **INVESTIGATION AND ISSUE AN ORDER EITHER DIRECTING THE**  
35       **INSPECTION/REPRODUCTION REQUESTED OR FINDING THAT THE**  
36       **REQUESTING PARTY, NOT BEING A STOCKHOLDER OR MEMBER OF**  
37       **RECORD, IS NOT ENTITLED TO THE RIGHT.**

38       Any officer or agent of the corporation who shall refuse to allow [any  
39       director, trustee, stockholder or member of the corporation]to examine and/**OR**

1 copy excerpts from its records or minutes,] **THE INSPECTION AND/OR**  
2 **REPRODUCTION OF RECORDS** in accordance with the provisions of this  
3 Code, shall be liable to such director, trustee, stockholder or member for  
4 damages, and in addition, shall be guilty of an offense which shall be  
5 punishable under Section 163 of this Code: Provided, That if such refusal is  
6 made pursuant to a resolution or order of the board of directors or trustees,  
7 the liability under this section for such action shall be imposed upon the  
8 directors or trustees who voted for such refusal: and [Provided, further, That it  
9 shall be a defense to any action under this section that the person demanding  
10 to examine and copy excerpts from the corporation's records and minutes has  
11 improperly used any information secured through any prior examination of the  
12 records or minutes of such corporation or of any other corporation, or was not  
13 acting in good faith or for a legitimate purpose in making his demand.]

14 **THE DIRECTOR, TRUSTEE, STOCKHOLDER OR MEMBER WHOSE**  
15 **RIGHT TO INSPECTION AND/OR REPRODUCTION OF RECORDS WAS**  
16 **DENIED MAY FILE, BEFORE A COURT OF COMPETENT JURISDICTION,**  
17 **AN ACTION TO COMPEL INSPECTION OF CORPORATE RECORDS**  
18 **SHOWING THAT, DESPITE THE LAPSE OF FIVE (5) DAYS FROM**  
19 **RECEIPT OF HIS WRITTEN REQUEST OR DEMAND AND DESPITE**  
20 **HAVING BEEN ORDERED BY THE COMMISSION TO DO SO, THE**  
21 **CORPORATION, OR AN OFFICER OR AGENT THEREOF, REFUSED TO**  
22 **ALLOW THE INSPECTION AND/OR REPRODUCTION OR FAILED TO**  
23 **REPLY TO THE WRITTEN REQUEST OR DEMAND OR THE ORDER OF**  
24 **THE COMMISSION. THE COURT MAY, AFTER SUMMARY**  
25 **PROCEEDINGS, ORDER THE CORPORATION TO PERMIT THE**  
26 **INSPECTION AND/OR REPRODUCTION OR ISSUE ANY SUCH OTHER**  
27 **OR FURTHER RELIEF AS IT MAY DEEM JUST AND PROPER.**

28 Stock corporations must also keep a book to be known as the "stock  
29 and transfer book", in which must be kept a record of all stocks in the names  
30 of the stockholders alphabetically arranged; the installments paid and unpaid  
31 on all stock for which subscription has been made, and the date of payment of  
32 any installment; a statement of every alienation, sale or transfer of stock  
33 made, the date thereof, and by and to whom made; and such other entries as  
34 the by-laws may prescribe. The stock and transfer book shall be kept in the  
35 principal office of the corporation or in the office of its stock transfer agent and  
36 shall be open for inspection by any director or stockholder of the corporation at  
37 reasonable hours on business days.

38 No stock transfer agent or one engaged principally in the business of  
39 registering transfers of stocks in behalf of a stock corporation shall be allowed

1 to operate in the Philippines unless he secures a license from the [Securities  
2 and Exchange] Commission and pays a fee as may be fixed by the  
3 Commission, which shall be renewable annually: Provided, That a stock  
4 corporation is not precluded from performing or making transfers of its own  
5 stocks, in which case all the rules and regulations imposed on stock transfer  
6 agents, except the payment of a license fee herein provided, shall be  
7 applicable[.]; **PROVIDED, FURTHER, THAT THE COMMISSION MAY**  
8 **REQUIRE AN INDEPENDENT TRANSFER AGENT IN THE CASE OF**  
9 **STOCK CORPORATIONS WHICH TRANSFER AND/OR TRADE STOCKS**  
10 **IN SECONDARY MARKETS."**

11 **SECTION 41.** Section 75 of the Code is hereby amended to read as follows:

12 "Sec. 75. *Right to financial statements.* - Within ten (10) days from  
13 receipt of a written request of any stockholder or member, the corporation  
14 shall furnish to him its most recent financial statement, **IN THE FORM AND**  
15 **SUBSTANCE OF THE FINANCIAL REPORTING REQUIRED BY THE**  
16 **COMMISSION**, [which shall include a balance sheet as of the end of the last  
17 taxable year and a profit or loss statement for said taxable year, showing in  
18 reasonable detail its assets and liabilities and the result of its operations.]

19 At the regular meeting of stockholders or members, the board of  
20 directors or trustees shall present to such stockholders or members a financial  
21 report of the operations of the corporation for the preceding year, which shall  
22 include financial statements, duly signed and certified [by an independent  
23 certified public accountant] **IN ACCORDANCE WITH THIS CODE AND THE**  
24 **RULES THE COMMISSION MAY PRESCRIBE.**

25 However, if the [paid-up capital] **TOTAL ASSETS OR TOTAL**  
26 **LIABILITIES** of the corporation [is] **ARE** less than [P50,000.00]  
27 **P500,000.00 OR SUCH HIGHER AMOUNT AS MAY BE LATER SET BY**  
28 **THE COMMISSION**, the financial statements may be certified under oath by  
29 the **CORPORATION'S INTERNAL AUDITOR** [treasurer or any responsible  
30 officer of the corporation], **AND SHALL BE ACCOMPANIED BY THE**  
31 **FURTHER CERTIFICATION BY THE CORPORATION'S OFFICERS AS**  
32 **REQUIRED UNDER SECTION 180 OF THIS CODE.**

33 **SECTION 42.** Section 77 of the Code is hereby amended to read as follows:

34 *Sec. 77. Stockholder's or member's approval.* - Upon approval by  
35 majority vote of each of the board of directors or trustees of the constituent  
36 corporations of the plan of merger or consolidation, the same shall be

1 submitted for approval by the stockholders or members of each of such  
2 corporations at separate corporate meetings duly called for the purpose. Notice  
3 of such meetings shall be given to all stockholders or members of the  
4 respective corporations **IN THE SAME MANNER AS NOTICE OF REGULAR  
5 OR SPECIAL MEETINGS UNDER SECTION 51.** [, at least two (2) weeks  
6 prior to the date of the meeting, either personally or by registered mail.] Said  
7 notice shall state, **IN ADDITION TO THE REQUIREMENTS FOR NOTICE  
8 OF REGULAR OR SPECIAL MEETINGS UNDER SECTION 51,** the purpose  
9 of the meeting and shall include a copy or a summary of the plan of merger or  
10 consolidation.

11 xxx xxx xxx"

12 **SECTION 43.** Section 78 of the Code is hereby amended to read as follows:

13 "Sec. 78. *Articles of merger or consolidation.* - After the approval by the  
14 stockholders or members as required by the preceding section, articles of  
15 merger or articles of consolidation shall be executed by each of the constituent  
16 corporations, to be signed by the president or vice-president and certified by  
17 the secretary or assistant secretary of each corporation setting forth:

- 18 1. The plan of the merger or the plan of consolidation;
- 19 2. As to stock corporations, the number of shares  
20 outstanding, or in the case of non-stock corporations, the number of  
21 members; [and]
- 22 3. As to each corporation, the number of shares or members  
23 voting for and against such plan, respectively[.];
- 24 **4. THE CARRYING AMOUNTS AND FAIR VALUES OF  
25 THE ASSETS AND LIABILITIES OF THE RESPECTIVE  
26 COMPANIES AS OF CUT-OFF DATE AGREED BY THE PARTIES;**
- 27 **5. THE METHOD THAT WILL BE USED IN THE MERGER  
28 OR CONSOLIDATION OF ACCOUNTS OF THE COMPANIES;**
- 29 **6. THE PROVISIONAL OR PRO-FORMA VALUES, AS  
30 MERGED OR CONSOLIDATED, USING THE ACCOUNTING  
31 METHOD; AND**

1                   **7. SUCH OTHER INFORMATION AS MAY BE**  
2                   **PRESCRIBED BY THE COMMISSION.**

3           **SECTION 44.** Section 79 of the Code is hereby amended to read as follows:

4                   "Sec. 79. *Effectivity of merger or consolidation.* - The articles of merger  
5                   or of consolidation, signed and certified as herein above required, shall be  
6                   submitted to the [Securities and Exchange] Commission in quadruplicate for its  
7                   approval: Provided, That in the case of merger or consolidation of banks or  
8                   banking institutions, building and loan associations, trust companies, insurance  
9                   companies, public utilities, educational institutions and other special  
10                  corporations governed by special laws, the favorable recommendation of the  
11                  appropriate government agency shall first be obtained[.]; **PROVIDED,**  
12                  **FURTHER, THAT THE SUBMISSION OF ARTICLES OF MERGER OR**  
13                  **CONSOLIDATION, IN THE FORM OF AN ELECTRONIC DOCUMENT,**  
14                  **SHALL BE IN ACCORDANCE WITH THE RULES AND REGULATIONS OF**  
15                  **THE COMMISSION ON THE USE OF ELECTRONIC DATA MESSAGES.** If  
16                  the Commission is satisfied that the merger or consolidation of the  
17                  corporations concerned is not inconsistent with the provisions of this Code and  
18                  existing laws, it shall issue a certificate of merger or of consolidation, at which  
19                  time the merger or consolidation shall be effective.

20                  If, upon investigation, the [Securities and Exchange] Commission has  
21                  reason to believe that the proposed merger or consolidation is contrary to or  
22                  inconsistent with the provisions of this Code or existing laws, it shall set a  
23                  hearing to give the corporations concerned the opportunity to be heard.  
24                  Written notice of the date, time and place of hearing shall be given to each  
25                  constituent corporation at least two (2) weeks before said hearing. The  
26                  Commission shall thereafter proceed as provided in this Code."

27           **SECTION 45.** A new provision is inserted in the Code as Section 81 as follows:

28                   **SEC. 81. DE FACTO MERGERS. – A SALE OF THE ASSETS OF A**  
29                   **CORPORATION, WHETHER EFFECTUATED THROUGH A SINGLE OR A**  
30                   **SERIES OF TRANSACTIONS, SHALL BE DEEMED A DE FACTO MERGER**  
31                   **AND TREATED AS A MERGER OR CONSOLIDATION UNDER THIS CODE**  
32                   **WHEN THE BUYER AND SELLER CORPORATIONS ENGAGE IN THE**  
33                   **SAME OR SIMILAR BUSINESS, WHETHER WHOLE OR IN PART, AND**  
34                   **THE TRANSACTION IS COUPLED WITH OR RESULTS IN ANY, SOME,**  
35                   **OR ALL OF THE FOLLOWING OR OTHER SIMILAR CIRCUMSTANCES:**

1           **1. THE SALE IS OF ALL OR SUBSTANTIALLY ALL OF THE**  
2 **ASSETS OF THE CORPORATION. A SALE SHALL BE DEEMED TO BE OF**  
3 **ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE CORPORATION**  
4 **WHEN:**

5           a.     **AT LEAST EIGHTY PERCENT (80%) OF THE SELLER**  
6 **CORPORATION'S ASSETS ARE INCLUDED IN THE SALE,**

7           b.     **THE SELLER CORPORATION IS LEFT WITH ONLY**  
8 **BAD OR TOXIC ASSETS OR MASSIVE LIABILITIES,**

9           c.     **THE REMAINING ASSETS ARE NOT SUFFICIENT FOR**  
10 **THE CONTINUATION OF THE SELLER CORPORATION'S**  
11 **ORDINARY OPERATIONS, OR**

12           d.     **UNDER CIRCUMSTANCES CONGRUOUS TO THE**  
13 **FOREGOING.**

14           **2. THE TRANSACTION RESULTS IN THE CESSATION OF THE**  
15 **ORDINARY BUSINESS OF THE SELLER CORPORATION. SUCH**  
16 **CESSATION SHALL BE DEEMED TO EXIST DESPITE THE NON-**  
17 **DISSOLUTION OF THE SELLER CORPORATION WHEN:**

18           a.     **THE SELLER CORPORATION BECOMES MERELY A**  
19 **SHELL CORPORATION,**

20           b.     **THE SELLER CORPORATION HAS NO OPERATIONS**  
21 **WHICH ARE BY THEMSELVES ECONOMICALLY VIABLE,**

22           c.     **THE SELLER CORPORATION IS RENDERED**  
23 **INCAPABLE OF DOING BUSINESS EXCEPT THROUGH THE**  
24 **BUYER CORPORATION, OR**

25           d.     **UNDER CIRCUMSTANCES CONGRUOUS TO THE**  
26 **FOREGOING.**

27           **3. THERE IS AN INTEGRATION OF THE SELLER**  
28 **CORPORATION'S PRODUCTIVE ASSETS AND OPERATIONS INTO THE**  
29 **BUYER CORPORATION'S OWN BUSINESS OR A CONTINUITY OF THE**  
30 **SELLER CORPORATION'S BUSINESS IN THE BUSINESS OF THE BUYER**  
31 **CORPORATION. SUCH INTEGRATION OR CONTINUITY SHALL BE**  
32 **DEEMED TO EXIST WHEN THE BUYER CORPORATION, WHETHER**  
33 **WHOLLY OR IN PART, CONTINUES THE SELLER CORPORATION'S**  
34 **BUSINESS IN TERMS OF MANAGEMENT, PERSONNEL, PHYSICAL**  
35 **LOCATION, ASSETS, PROCESS, TECHNOLOGY ACTIVITIES, OR**  
36 **GENERAL BUSINESS OPERATIONS, OR INTEGRATES AND COMBINES**  
37 **THESE ASPECTS WITH ITS OWN BUSINESS MODEL, WHETHER OR**  
38 **NOT THERE IS A COMPLETE IDENTITY OR UNIFORMITY IN EVERY**  
39 **MATERIAL CHARACTERISTIC.**



1           4.    **THERE IS AN ASSUMPTION BY THE BUYER**  
2           **CORPORATION OF THE SELLER CORPORATION'S LIABILITIES WHICH**  
3           **WOULD ORDINARILY BE NECESSARY TO CONTINUE THE SELLER**  
4           **CORPORATION'S BUSINESS OPERATIONS WITHOUT INTERRUPTION.**

5           5.    **THE BUYER CORPORATION PAYS FOR THE SELLER**  
6           **CORPORATION'S ASSETS WITH SHARES OF ITS OWN STOCK.**

7           6.    **UNDER THE TERMS OF THE SALE OF THE ASSETS, THE**  
8           **SELLER CORPORATION IS PROHIBITED BY THE BUYER**  
9           **CORPORATION FROM CONTINUING OR ENGAGING IN THE SAME OR**  
10          **SIMILAR BUSINESS.**

11          **THIS PROVISION SHALL APPLY WHETHER THE BUYER**  
12          **CORPORATION CARRIES OUT THE WHOLE OR A PART OF THE**  
13          **TRANSACTION OR SERIES OF TRANSACTIONS IN ITS OWN NAME OR**  
14          **THROUGH ANY OF ITS WHOLLY OWNED AND CONTROLLED**  
15          **SUBSIDIARIES OR OTHER RELATED PARTIES.**

16          **SECTION 46.** Section 81 of the Code is hereby Section 82 and amended to read as  
17 follows:

18                Sec.[81]**82.** *Instances of appraisal right; **REMEDY AGAINST***  
19                **OPPRESSIVE ACTS.** - Any stockholder of a corporation shall have the right to  
20                dissent and demand payment of the fair value of his shares in the following  
21                instances:

22                    1.    In case any amendment to the articles of incorporation  
23                    has the effect of changing or restricting the rights of any stockholder or  
24                    class of shares, or of authorizing preferences in any respect superior to  
25                    those of outstanding shares of any class, or of extending or shortening  
26                    the term of corporate existence;

27                    2.    In case of sale, lease, exchange, transfer, mortgage,  
28                    pledge or other disposition of all or substantially all of the corporate  
29                    property and assets as provided in the Code; [and]

30                    3.    In case of merger or consolidation **WHETHER DE JURE**  
31                    **OR DE FACTO[.];**

32                    4.    **WHEN THE CORPORATION SUBMITS FALSE OR**  
33                    **INACCURATE FINANCIAL STATEMENTS AND/OR REPORTORIAL**  
34                    **REQUIREMENTS OR WHEN THEY CONTAIN MISSTATEMENTS**  
35                    **OR MISREPRESENTATIONS;**

1                   5.     **WHEN THE CORPORATION REFUSES TO HOLD THE**  
2                   **REGULAR MEETINGS OF STOCKHOLDERS OR UNDULY**  
3                   **PREVENTS ANY STOCKHOLDER FROM PARTICIPATING IN**  
4                   **MEETINGS HELD;**

5                   6.     **WHEN STOCKHOLDERS REPRESENTING A**  
6                   **MAJORITY APPOINT THEIR NOMINEES AS DIRECTORS,**  
7                   **WITHOUT HOLDING ELECTIONS;**

8                   7.     **WHEN DIRECTORS AUTHORIZE PAYMENTS TO**  
9                   **ENTITIES RELATED TO THEM OR OTHERWISE ENGAGE IN**  
10                  **RELATED PARTY TRANSACTIONS; AND**

11                  8.     **IN INSTANCES WHEN THE CORPORATION IS**  
12                  **VIOLATING THE PROVISIONS OF THIS CODE, ITS RULES, OR**  
13                  **OTHER LAWS."**

14                  **SECTION 47.** Sections 82 and 83 of the Code are hereby renumbered as Sections  
15 83 and 84, respectively.

16                  **SECTION 48.** Section 84 of the Code is hereby renumbered as Section 85 and  
17 amended to delete "Securities and Exchange" from "Securities and Exchange Commission" in  
18 each instance.

19                  **SECTION 49.** Sections 85 to 88 of the Code are hereby renumbered as Sections 86  
20 to 89 accordingly.

21                  **SECTION 50.** Section 89 of the Code is hereby renumbered as Section 90 and  
22 amended to read as follows:

23                   "Sec. [89]**90. Right to vote. –EXCEPT AS OTHERWISE PROVIDED**  
24                   **IN THIS CODE,** the right of the members of any class or classes to vote may  
25 be limited, broadened or denied to the extent specified in the articles of  
26 incorporation or the by-laws. Unless so limited, broadened or denied, each  
27 member, regardless of class, shall be entitled to one vote.

28                   [Unless otherwise provided in the articles of incorporation or the by-  
29 laws,] **A** member may vote **IN PERSON, IN ABSENTIA, OR** by proxy in  
30 accordance with the provisions of this Code.

31                   [**Voting by mail or other similar means by members of non-stock**  
32 **corporations may be authorized by the by-laws of non-stock corporations with**

1 the approval of, and under such conditions which may be prescribed by, the  
2 Securities and Exchange Commission.]”

3 **SECTION 51.** Sections 90 and 91 of the Code are hereby renumbered as Sections  
4 91 and 92, respectively.

5 **SECTION 52.** Section 92 of the Code is hereby renumbered as Section 93 and  
6 amended to read as follows:

7 “Sec. [92]**93.** *Election and term of trustees.*—[Unless otherwise provided  
8 in the articles of incorporation or the by-laws,]The board of trustees of non-  
9 stock corporations**SHALL BE IN SUCH NUMBER AS MAY BE FIXED IN**  
10 **THE ARTICLES OF INCORPORATION OR BY-LAWS** [, which may be more  
11 than]**NOT EXCEEDING** fifteen (15) [in number as may be fixed in their  
12 articles of incorporation or by-laws, shall]. **THEY SHALL HOLD OFFICE FOR**  
13 **ONE YEARUNTIL THEIR SUCCESSORS ARE ELECTED AND**  
14 **QUALIFIED.**[as soon as organized, so classify themselves that the term of  
15 officeof one-third (1/3) of their number shall expire everyyear; and subsequent  
16 elections of trustees comprising one-third (1/3) of the board of trustees shall  
17 be held annually and trustees so elected shall have a term of three (3) years.]  
18 Trustees [thereafter] elected to fill vacancies occurring before the expiration of  
19 a particular term shall hold office only for the unexpired period.

20 **EXCEPT WITH RESPECT TO INDEPENDENT TRUSTEES UNDER**  
21 **SECTION 23,** no person shall be elected as trustee unless he is a member of  
22 the corporation.

23 Unless otherwise provided in the articles of incorporation or the by-laws,  
24 officers of a non-stock corporation may be directly elected by the members.”

25 **SECTION 53.** Section 93 of the Code is hereby renumbered as Section 94 and  
26 amended to read as follows:

27 “Sec. [93]**94.** [*Place of meetings*]**LIST OF MEMBERS AND PROXIES.**  
28 – **THE CORPORATION SHALL, AT ALL TIMES, KEEP A LIST OF ITS**  
29 **MEMBERS AND THEIR PROXIES ON SITE AT ITS PRINCIPAL OFFICE,**  
30 **IN THE FORM THE COMMISSION MAY REQUIRE, WHICH LIST SHALL**  
31 **BE UPDATED IN A MANNER AS TO REFLECT THE MEMBERS AND**  
32 **PROXIES OF RECORD AS OF TWENTY DAYS PRIOR TO ANY**  
33 **SCHEDULED ELECTION.** [The by-laws may provide that the members of a  
34 non-stock corporation may hold their regular or special meetings at any place  
35 even outside the place where the principal office of the corporation is located:



1 IN THIS TITLE AND IN THE OTHER SPECIFIC PROVISIONS OF THIS  
2 CODE.

3 SEC. 118. *ONE PERSON CORPORATION.* –A ONE PERSON  
4 CORPORATION IS A CORPORATION WITH ONLY A SINGLE  
5 STOCKHOLDER WHO IS A NATURAL PERSON OR A JURIDICAL  
6 PERSON.

7 SEC. 119. *SINGLE STOCKHOLDER.* – FOR PURPOSES OF THIS  
8 CODE, THE FOLLOWING SHALL BE DEEMED A SINGLE STOCKHOLDER:

9 a. A NATURAL PERSON WHO WHOLLY OWNS THE SHARES IN  
10 THE ONE PERSON CORPORATION;

11 b. A JURIDICAL PERSON WHO WHOLLY OWNS THE SHARES IN  
12 THE ONE PERSON CORPORATION AND WHO ACTS AS  
13 SINGLE STOCKHOLDER THROUGH A DULY AUTHORIZED  
14 REPRESENTATIVE; AND

15 c. A TRUST, ESTATE OR ACCOUNT WHO WHOLLY OWNS THE  
16 SHARES IN THE ONE PERSON CORPORATION AND WHO  
17 SHALL ACT AS STOCKHOLDER THROUGH ITS TRUSTEE,  
18 ADMINISTRATOR, EXECUTOR, GUARDIAN, CONSERVATOR,  
19 CUSTODIAN OR OTHER PERSON EXERCISING FIDUCIARY  
20 CAPACITIES AND DULY AUTHORIZED AS SUCH.

21 SEC. 120. *MINIMUM AMOUNT OF CAPITAL STOCK TO BE PAID*  
22 *FOR PURPOSES OF INCORPORATION.* – THE MINIMUM AMOUNT OF  
23 AUTHORIZED CAPITAL STOCK FOR A ONE PERSON CORPORATION IS  
24 ONE MILLION PESOS (PHP1,000,000.00), THE PAYMENT OF WHICH  
25 SHALL BE MADE BY THE SINGLE STOCKHOLDER IN ONE LUMP SUM  
26 AT THE TIME OF INCORPORATION AND PHYSICALLY SEPARATED  
27 FROM THE PERSONAL FUNDS OF THE SINGLE STOCKHOLDER.

28 SEC. 121. *ARTICLES OF INCORPORATION; BY-LAWS NOT*  
29 *REQUIRED.* – INsofar AS APPLICABLE, A ONE PERSON  
30 CORPORATION SHALL FILE ARTICLES OF INCORPORATION IN  
31 ACCORDANCE WITH THE REQUIREMENTS UNDER SECTION 14 OF  
32 THIS CODE, SUBJECT TO THE FOLLOWING:

33 (1) THERE SHALL BE A STATEMENT AS TO  
34 WHETHER THE CAPITAL STOCK IS THE SOLE

1 INVESTMENT OF A NATURAL OR OF A JURIDICAL  
2 PERSON, OR OF A TRUST, ESTATE OR ACCOUNT;

3 (2) IF THE SINGLE STOCKHOLDER IS A  
4 JURIDICAL PERSON, IT SHALL CLEARLY INDICATE THE  
5 NAME, NATIONALITY AND RESIDENCE OF THE NATURAL  
6 PERSON AUTHORIZED TO ACT ON ITS BEHALF AND  
7 ATTACH PROOF OF SUCH AUTHORITY;

8 (3) IF THE SINGLE STOCKHOLDER IS A TRUST,  
9 ESTATE OR ACCOUNT, IT SHALL CLEARLY INDICATE THE  
10 NAME, NATIONALITY AND RESIDENCE OF THE TRUSTEE,  
11 ADMINISTRATOR, EXECUTOR, GUARDIAN,  
12 CONSERVATOR, CUSTODIAN OR OTHER PERSON  
13 EXERCISING FIDUCIARY CAPACITIES AND ATTACH  
14 PROOF OF SUCH AUTHORITY TO ACT ON BEHALF OF THE  
15 TRUST, ESTATE OR ACCOUNT;

16 (4) IN ACCORDANCE WITH SECTION 127, IT  
17 SHALL DESIGNATE A NOMINEE AND ALTERNATE  
18 NOMINEE AND ATTACH THERETO THEIR PRIOR WRITTEN  
19 CONSENT, AS WELL AS STATE THE COMPENSATION THEY  
20 SHALL RECEIVE AND THE EXTENT OF OR LIMITATIONS  
21 ON THEIR AUTHORITY;

22 (5) THE ARTICLES OF INCORPORATION SHALL  
23 BE ACCOMPANIED BY A SWORN STATEMENT BY THE  
24 STOCKHOLDER AS TO THE AMOUNT OF THE CAPITAL  
25 STOCK AND THAT THE SAME HAS BEEN PAID IN FULL  
26 AND MAINTAINED IN AN ACCOUNT SEPARATE FROM  
27 THAT OF THE STOCKHOLDER;

28 (6) THERE SHALL BE ATTACHED TO THE  
29 ARTICLES OF INCORPORATION A CODE OF ETHICS OR  
30 STANDARDS OF CONDUCT AS SET FORTH IN SECTION 47,  
31 SUBPARAGRAPH 11 OF THIS CODE; AND

32 (7) THERE SHALL BE ATTACHED TO THE  
33 ARTICLES OF INCORPORATION INTERNAL PROCEDURES  
34 FOR WHISTLEBLOWERS AS SET FORTH IN SECTION 47,  
35 SUBPARAGRAPH 12 OF THIS CODE.

36 THE ONE PERSON CORPORATION SHALL BE EXEMPT FROM THE  
37 FILING OF BY-LAWS.

1           **SEC. 122. PROHIBITION AGAINST MULTIPLE ONE PERSON**  
2 **CORPORATIONS.** – ANY PERSON, TRUST, ESTATE OR ACCOUNT MAY  
3 ONLY INCORPORATE AND MAINTAIN ONE ONE PERSON  
4 CORPORATION AT ANY GIVEN INSTANCE. A ONE PERSON  
5 CORPORATION MAY NOT INCORPORATE A NEW ONE PERSON  
6 CORPORATION.

7           **SEC. 123. DISPLAY OF CORPORATE NAME.** – A ONE PERSON  
8 CORPORATION SHALL INDICATE EITHER BELOW OR AT THE END OF  
9 ITS CORPORATE NAME, THE WORDS "ONE PERSON CORPORATION"  
10 OR THE LETTERS "OPC", WHEREVER ITS NAME IS PRINTED,  
11 AFFIXED, ENGRAVED OR OTHERWISE PRESENTED.

12           **SEC. 124. SINGLE STOCKHOLDER AS DIRECTOR, PRESIDENT**  
13 **AND TREASURER.** – THE SINGLE STOCKHOLDER SHALL BE THE SOLE  
14 DIRECTOR, PRESIDENT (OR CHIEF EXECUTIVE OFFICER) AND  
15 TREASURER (OR CHIEF FINANCE OFFICER) OF THE ONE PERSON  
16 CORPORATION.

17           **SEC. 125. CORPORATE SECRETARY AND OTHER OFFICERS.** –  
18 WITHIN FIFTEEN DAYS FROM THE ISSUANCE OF ITS CERTIFICATE  
19 OF INCORPORATION, THE ONE PERSON CORPORATION SHALL  
20 APPOINT A CORPORATE SECRETARY, WHO SHALL BE OTHER THAN  
21 THE SINGLE STOCKHOLDER, AND NOTIFY THE COMMISSION  
22 THEREOF WITHIN FIVE DAYS FROM APPOINTMENT.

23           THE ONE PERSON CORPORATION MAY APPOINT SUCH OTHER  
24 OFFICERS AS IT MAY DEEM NECESSARY.

25           **SEC. 126. SPECIAL FUNCTIONS OF THE CORPORATE**  
26 **SECRETARY.** – IN ADDITION TO THE FUNCTIONS DESIGNATED BY  
27 THE ONE PERSON CORPORATION AND REQUIRED ELSEWHERE IN  
28 THIS CODE, THE CORPORATE SECRETARY SHALL:

- 29           (a) BE RESPONSIBLE FOR MAINTAINING THE MINUTES-  
30 BOOK OF THE CORPORATION;
- 31           (b) NOTIFY THE NOMINEE, OR ALTERNATE NOMINEE AS THE  
32 CASE MAY BE, OF THE DEATH OR INCAPACITY OF THE  
33 SINGLE STOCKHOLDER, WHICH NOTICE SHALL BE GIVEN  
34 NOT LATER THAN FIVE (5) DAYS FROM THE SINGLE  
35 STOCKHOLDER'S DEATH OR INCAPACITY;

1 (c) NOTIFY THE COMMISSION OF THE DEATH OF THE SINGLE  
2 STOCKHOLDER WITHIN A PERIOD OF FIVE (5) DAYS  
3 FROM SUCH DEATH AND STATING IN SUCH NOTICE THE  
4 NAMES, RESIDENCES AND CONTACT DETAILS OF ALL  
5 KNOWN LEGAL HEIRS; AND

6 (d) CALL THE NOMINEE OR ALTERNATIVE NOMINEE TO A  
7 MEETING WITH THE KNOWN LEGAL HEIRS AND GIVE  
8 GUIDANCE ON THE OPTIONS OF THE LEGAL HEIRS WITH  
9 REGARD TO THE ONE PERSON CORPORATION,  
10 INCLUDING THE ELECTION OF A NEW DIRECTOR,  
11 AMENDING THE ARTICLES OF INCORPORATION AND  
12 OTHER ANCILLARY AND/OR CONSEQUENTIAL MATTERS.

13 **SEC. 127. *NOMINEE AND ALTERNATE NOMINEE.*** – THE SINGLE  
14 STOCKHOLDER SHALL DESIGNATE A NOMINEE AND AN ALTERNATE  
15 NOMINEE WHO SHALL, IN THE EVENT OF THE SINGLE  
16 STOCKHOLDER'S DEATH OR INCAPACITY AND AFTER RECEIVING  
17 DUE NOTICE THEREOF FROM THE CORPORATE SECRETARY, TAKE  
18 THE PLACE OF THE SINGLE STOCKHOLDER AS DIRECTOR AND  
19 MANAGE THE AFFAIRS OF THE CORPORATION AS PROVIDED IN THE  
20 ARTICLES OF INCORPORATION.

21 THE ARTICLES OF INCORPORATION SHALL STATE THE NAMES,  
22 RESIDENCES AND CONTACT DETAILS OF THE NOMINEE AND  
23 ALTERNATE NOMINEE, THE COMPENSATION THEY SHALL BE  
24 ENTITLED TO RECEIVE, AS WELL AS THE EXTENT OF AND  
25 LIMITATIONS ON THEIR AUTHORITY IN MANAGING THE AFFAIRS OF  
26 THE ONE PERSON CORPORATION.

27 THE WRITTEN CONSENT OF THE NOMINEE AND ALTERNATE  
28 NOMINEE SHALL BE SUBMITTED TO THE COMMISSION TOGETHER  
29 WITH THE FILING OF THE ONE PERSON CORPORATION'S ARTICLES  
30 OF INCORPORATION. SUCH CONSENT MAY BE WITHDRAWN IN  
31 WRITING BY FURNISHING COPIES THEREOF TO THE SINGLE  
32 STOCKHOLDER AND THE COMMISSION ANYTIME BEFORE THE DEATH  
33 OR INCAPACITY OF THE SINGLE STOCKHOLDER.

34 THE NOMINEE SHALL, IN THE EVENT OF THE SINGLE  
35 STOCKHOLDER'S DEATH OR INCAPACITY AND AFTER RECEIVING  
36 DUE NOTICE THEREOF FROM THE CORPORATE SECRETARY, TAKE  
37 THE PLACE OF THE SINGLE STOCKHOLDER AS DIRECTOR AND  
38 MANAGE THE AFFAIRS OF THE ONE PERSON CORPORATION.



1           **SEC. 128. TERM OF NOMINEE AND ALTERNATE NOMINEE. –**  
2       **WHEN THE INCAPACITY OF THE SINGLE STOCKHOLDER IS**  
3       **TEMPORARY, THE NOMINEE SHALL SIT AS DIRECTOR AND MANAGE**  
4       **THE AFFAIRS OF THE ONE PERSON CORPORATION ONLY UNTIL THE**  
5       **SINGLE STOCKHOLDER, BY HIS OWN DETERMINATION, REGAINS**  
6       **HIS CAPACITY. IN CASE OF DEATH OR PERMANENT INCAPACITY OF**  
7       **THE SINGLE STOCKHOLDER, THE NOMINEE SHALL SIT AS DIRECTOR**  
8       **AND MANAGE THE AFFAIRS OF THE ONE PERSON CORPORATION**  
9       **ONLY UNTIL THE LEGAL HEIRS OF THE SINGLE STOCKHOLDER HAVE**  
10       **BEEN LAWFULLY DETERMINED, THE SHARES ARE TRANSFERRED IN**  
11       **THEIR NAME, AND/OR THEY HAVE DESIGNATED ONE OF THEM TO**  
12       **ACT ON THEIR BEHALF AS THE SINGLE STOCKHOLDER OF THE ONE**  
13       **PERSON CORPORATION.**

14           **THE ALTERNATE NOMINEE SHALL SIT AS DIRECTOR AND**  
15       **MANAGE THE ONE PERSON CORPORATION IN CASE OF THE**  
16       **NOMINEE'S INABILITY, INCAPACITY OR DEATH AND ONLY FOR THE**  
17       **SAME TERM AND UNDER THE SAME CONDITIONS APPLICABLE TO**  
18       **THE NOMINEE.**

19           **SEC. 129. CHANGE OF NOMINEE OR ALTERNATE NOMINEE.–**  
20       **THE SINGLE STOCKHOLDER MAY, AT ANY TIME, CHANGE THE NAME**  
21       **OF THE NOMINEE OR ALTERNATE NOMINEE BY SUBMITTING NEW**  
22       **NAMES AND NEW WRITTEN CONSENTS TO THE COMMISSION,**  
23       **WHICH SHALL BE APPENDED TO THE ONE PERSON CORPORATION'S**  
24       **ARTICLES OF INCORPORATION. THE ARTICLES OF INCORPORATION**  
25       **NEED NOT BE AMENDED FOR SUCH CHANGE IN NOMINEE OR**  
26       **ALTERNATE NOMINEE.**

27           **SEC. 130. RECORDS IN LIEU OF MEETINGS. – NO**  
28       **STOCKHOLDERS MEETING NEED BE HELD IN A ONE PERSON**  
29       **CORPORATION. WHEN ACTION IS NEEDED ON ANY MATTER, IT**  
30       **SHALL BE SUFFICIENT, FOR PURPOSES OF VALIDITY, IF THE**  
31       **RESOLUTION THEREON IS MADE IN WRITING, SIGNED AND DATED**  
32       **BY THE SINGLE STOCKHOLDER/DIRECTOR, AND RECORDED IN THE**  
33       **MINUTES-BOOK OF THE ONE PERSON CORPORATION. THE DATE**  
34       **RECORDED IN THE MINUTES-BOOK SHALL BE DEEMED TO BE THE**  
35       **DATE OF THE MEETING FOR ALL PURPOSES UNDER THIS CODE.**

36           **SEC. 131. MINUTES-BOOK. – EACH ONE PERSON**  
37       **CORPORATION SHALL MAINTAIN A MINUTES-BOOK IN WHICH**  
38       **SHALL BE ENTERED IN WRITING ALL ACTIONS, DECISIONS,**

1 RESOLUTIONS TAKEN BY THE ONE PERSON CORPORATION, SIGNED  
2 AND DATED BY THE SINGLE STOCKHOLDER/DIRECTOR, AT THE TIME  
3 THE ACTION, DECISION OR RESOLUTION IS MADE.

4 SEC. 132. *CO-MINGLING OF PROPERTY.* – WHERE THE  
5 SINGLE STOCKHOLDER CANNOT PROVE THAT THE PROPERTY OF THE  
6 ONE PERSON CORPORATION IS INDEPENDENT OF HIS OWN  
7 PROPERTY, HE SHALL ASSUME THE JOINT AND SEVERAL LIABILITY  
8 FOR THE DEBTS AND OTHER LIABILITIES OF THE ONE PERSON  
9 CORPORATION.

10 SEC. 133. *REPORTORIAL SUBMISSIONS.* – THE ONE PERSON  
11 CORPORATION SHALL SUBMIT THE FOLLOWING TO THE  
12 COMMISSION ANNUALLY AND WITHIN SUCH PERIODS AS THE  
13 COMMISSION MAY PRESCRIBE:

- 14 1. FINANCIAL STATEMENTS CERTIFIED BY THE CHIEF  
15 EXECUTIVE OFFICER AND CORPORATE SECRETARY AND  
16 DULY AUDITED BY AN INDEPENDENT CERTIFIED PUBLIC  
17 ACCOUNTANT ACCREDITED BY THE BOARD OF  
18 ACCOUNTANCY;
- 19 2. A REPORT CONTAINING EXPLANATIONS OR COMMENTS BY  
20 THE CHIEF EXECUTIVE DIRECTOR ON EVERY  
21 QUALIFICATION, RESERVATION OR ADVERSE REMARK OR  
22 DISCLAIMER MADE BY THE AUDITOR IN HIS REPORT; AND
- 23 3. A DISCLOSURE OF ALL SELF-DEALINGS AND RELATED  
24 PARTY TRANSACTIONS ENTERED INTO BETWEEN THE ONE  
25 PERSON CORPORATION AND THE SINGLE STOCKHOLDER.

26 FOR PURPOSES OF THIS PROVISION, THE FISCAL YEAR OF A  
27 ONE PERSON CORPORATION SHALL BE THAT SET FORTH IN ITS  
28 ARTICLES OF INCORPORATION OR, IN THE ABSENCE THEREOF, THE  
29 CALENDAR YEAR.

30 SEC. 134. *CHANGE OF STATUS FROM A REGULAR STOCK*  
31 *CORPORATION TO A ONE PERSON CORPORATION.* – WHEN A SINGLE  
32 STOCKHOLDER, AS DEFINED UNDER THIS TITLE, ACQUIRES ALL THE  
33 STOCKS OF A REGULAR STOCK CORPORATION, THE LATTER MAY  
34 APPLY FOR CONVERSION INTO A ONE PERSON CORPORATION,  
35 SUBJECT TO THE SUBMISSION OF SUCH DOCUMENTS THE SEC MAY  
36 REQUIRE. IF THE APPLICATION FOR CONVERSION IS APPROVED,

1 THE SEC SHALL FORTHWITH ISSUE AN AMENDED CERTIFICATE OF  
2 INCORPORATION REFLECTING THE CONVERSION. THE ONE PERSON  
3 CORPORATION CONVERTED FROM A REGULAR STOCK CORPORATION  
4 SHALL SUCCEED TO AND BE LEGALLY RESPONSIBLE FOR ALL THE  
5 LATTER'S OUTSTANDING LIABILITIES AS OF THE DATE OF  
6 CONVERSION.

7 SEC. 135. *CHANGE IN STATUS OF A ONE PERSON*  
8 *CORPORATION.* – A ONE PERSON CORPORATION MAY BE  
9 CONVERTED INTO A REGULAR STOCK CORPORATION AFTER DUE  
10 NOTICE TO THE SEC OF SUCH FACT, OF THE CIRCUMSTANCES  
11 LEADING TO THE CONVERSION, AND OF COMPLIANCE WITH ALL  
12 OTHER REQUIREMENTS FOR STOCK CORPORATIONS UNDER THIS  
13 CODE AND APPLICABLE RULES. SUCH NOTICE SHALL BE FILED WITH  
14 THE SEC WITHIN SIXTY (60) DAYS FROM THE OCCURRENCE OF THE  
15 CIRCUMSTANCES LEADING TO THE CONVERSION INTO A REGULAR  
16 STOCK CORPORATION. IF ALL REQUIREMENTS HAVE BEEN DULY  
17 COMPLIED WITH, THE SEC SHALL FORTHWITH ISSUE AN AMENDED  
18 CERTIFICATE OF INCORPORATION REFLECTING THE CONVERSION.

19 IN CASE OF DEATH OF THE SINGLE STOCKHOLDER, THE  
20 NOMINEE OR ALTERNATE NOMINEE, AS THE CASE MAY BE, SHALL  
21 TRANSFER THE SHARES IN THE NAME OF THE SINGLE  
22 STOCKHOLDERS' LEGAL HEIRS WITHIN SEVEN (7) DAYS FROM  
23 RECEIPT OF EITHER AN AFFIDAVIT OF HEIRSHIP OR OF SELF-  
24 ADJUDICATION BY A SOLE HEIR, OR ANY OTHER LEGAL DOCUMENT  
25 DECLARING THE LEGAL HEIRS OF THE SINGLE STOCKHOLDER AND,  
26 WITHIN THE SAME PERIOD, NOTIFY THE SEC OF THE TRANSFER.  
27 WITHIN SIXTY (60) DAYS FROM THE TRANSFER OF THE SHARES IN  
28 THEIR NAME, THE LEGAL HEIRS SHALL NOTIFY THE SEC IF THEY  
29 DECIDE TO WIND UP AND DISSOLVE THE ONE PERSON  
30 CORPORATION OR CONVERT IT INTO A REGULAR STOCK  
31 CORPORATION.

32 THE REGULAR STOCK CORPORATION CONVERTED FROM A ONE  
33 PERSON CORPORATION SHALL SUCCEED TO AND BE LEGALLY  
34 RESPONSIBLE FOR ALL THE LATTER'S OUTSTANDING LIABILITIES AS  
35 OF THE DATE OF CONVERSION.

36 **SECTION 60.** Section 117 of the Code is hereby renumbered as Section 136 and  
37 amended to read as follows:

1 "TITLE XIV – DISSOLUTION"

2 "Sec. [117]136. *Methods of dissolution; EFFECTIVE DATE OF*  
3 **DISSOLUTION.** - A corporation formed or organized under the provisions of  
4 this Code may be dissolved **IN ANY OF THE FOLLOWING**  
5 **WAYS:**[voluntarily or involuntarily.]

6 **1. AUTOMATICALLY BY EXPIRATION OF THE CORPORATE**  
7 **TERM STATED IN THE ARTICLES OF INCORPORATION, AS**  
8 **ORIGINALLY STATED, OR AS LENGTHENED OR SHORTENED IN**  
9 **ACCORDANCE WITH THE PROVISIONS OF THIS CODE.**

10 **2. BY ACTION OF A MAJORITY OF THE INCORPORATORS OR**  
11 **A MAJORITY OF THE DIRECTORS OR TRUSTEES WHEN THE**  
12 **CORPORATION:**

13 a. **HAS NOT COMMENCED BUSINESS,**

14 b. **BEING A STOCK CORPORATION, HAS NOT ISSUED**  
15 **SHARES,**

16 c. **HAS NO DEBTS OR OTHER LIABILITIES, AND**

17 d. **HAS RECEIVED NO PAYMENTS ON SUBSCRIPTIONS**  
18 **FOR SHARES IN THE CASE OF STOCK CORPORATIONS, OR**  
19 **CONTRIBUTIONS IN THE CASE OF NON-STOCK**  
20 **CORPORATIONS, OR, HAVING RECEIVED THEM, HAS**  
21 **RETURNED THEM TO THOSE ENTITLED THERETO, LESS**  
22 **AMOUNTS DISBURSED FOR LAWFUL EXPENSES.**

23 **3. BY ACTION OF THE BOARD OF DIRECTORS AND**  
24 **STOCKHOLDERS, OR THE BOARD OF TRUSTEES AND MEMBERS AS**  
25 **THE CASE MAY BE, WHEN:**

26 a. **NOT QUALIFYING UNDER SECTION 136 (2) ABOVE,**  
27 **THE CORPORATION FAILS TO COMMENCE OR CONTINUE ITS**  
28 **BUSINESS OR THE CONSTRUCTION OF ITS WORKS AND ITS**  
29 **CERTIFICATE OF INCORPORATION HAS NOT YET BEEN**  
30 **REVOKED IN ACCORDANCE WITH SECTION 22 OF THIS CODE,**  
31 **OR**

1           b.    FOR ANY OTHER REASON PROPOSED AND VOTED  
2 UPON BY THEM AT A MEETING CALLED SPECIFICALLY FOR  
3 THAT PURPOSE.

4           4.    BY ORDER OF THE COMMISSION WHEN THE  
5 CORPORATION:

6           a.    FAILED TO COMMENCE OR CONTINUE ITS  
7 BUSINESS OR THE CONSTRUCTION OF ITS WORKS AND THE  
8 REVOCATION OF ITS CERTIFICATE OF INCORPORATION HAS  
9 ATTAINED FINALITY IN ACCORDANCE WITH SECTION 22 OF  
10 THIS CODE;

11          b.    HAS BEEN FOUND TO HAVE PROCURED ITS  
12 ORGANIZATION THROUGH FRAUD;

13          c.    HAS BEEN FOUND TO HAVE BEEN CREATED FOR  
14 THE PURPOSE OF COMMITTING OR CONCEALING, OR AIDING  
15 IN THE COMMISSION OR CONCEALMENT OF, SECURITIES  
16 VIOLATIONS, SMUGGLING, TAX EVASION, MONEY  
17 LAUNDERING, OR GRAFT AND CORRUPT PRACTICES;

18          d.    HAS BEEN FOUND TO HAVE COMMITTED OR AIDED  
19 IN THE COMMISSION OF SECURITIES VIOLATIONS,  
20 SMUGGLING, TAX EVASION, MONEY LAUNDERING, OR GRAFT  
21 AND CORRUPT PRACTICES, AND ITS STOCKHOLDERS KNEW OR  
22 WERE IN A POSITION TO KNOW ABOUT SUCH ILLEGAL ACTS;

23          e.    FOR THE PURPOSE OF SHIELDING ITSELF FROM  
24 LIABILITY FOR GRAFT AND CORRUPT PRACTICES, HAS BEEN  
25 FOUND TO HAVE ENGAGED THE SERVICES OF AN  
26 INTERMEDIARY WHO COMMITS GRAFT AND CORRUPT  
27 PRACTICES FOR THE CORPORATION'S BENEFIT OR IN ITS  
28 INTEREST, AND ITS STOCKHOLDERS KNEW OR WERE IN A  
29 POSITION TO KNOW ABOUT THE ENGAGEMENT;

30          f.    HAS BEEN FOUND TO HAVE REPEATEDLY AND  
31 KNOWINGLY TOLERATED THE COMMISSION OF GRAFT AND  
32 CORRUPT PRACTICES OR OTHER FRAUDULENT OR ILLEGAL  
33 ACTS BY ITS DIRECTORS, TRUSTEES, OFFICERS, OR  
34 EMPLOYEES, FAILING TO SANCTION THEM, REPORT THEIR

1           ACTIONS TO THE PROPER AGENCIES, AND/OR FILE THE  
2           APPROPRIATE ACTION AGAINST THEM;

3           g.    HAS BEEN FOUND TO HAVE REPEATEDLY AND  
4           WILLFULLY EXCEEDED THE AUTHORITY CONFERRED UPON IT  
5           BY LAW;

6           h.    HAS BEEN FOUND TO HAVE REPEATEDLY AND  
7           WILLFULLY FALSIFIED, MISSTATED OR OTHERWISE  
8           MISREPRESENTED INFORMATION CONTAINED IN ITS  
9           REPORTORIAL REQUIREMENTS;

10          i.    HAS BEEN FOUND TO HAVE REPEATEDLY AND  
11          WILLFULLY CONDUCTED ITS BUSINESS IN A FRAUDULENT OR  
12          OTHERWISE UNLAWFUL MANNER; OR

13          j.    HAS BEEN FOUND TO HAVE OTHERWISE VIOLATED  
14          THE PROVISIONS OF THIS CODE.

15          5.    BY ORDER OF THE COMMISSION WHEN, BY FINAL  
16          JUDGMENT, A COURT ORDERS THE DISSOLUTION OF THE  
17          CORPORATION.

18          IN THE CASE OF EXPIRATION OF CORPORATE TERM UNDER SECTION  
19          136 (1) ABOVE, DISSOLUTION SHALL AUTOMATICALLY TAKE EFFECT  
20          ON THE DAY FOLLOWING THE LAST DAY OF THE CORPORATE TERM  
21          STATED IN THE ARTICLES OF INCORPORATION, WITHOUT NEED FOR  
22          THE ISSUANCE BY THE COMMISSION OF A CERTIFICATE OF  
23          DISSOLUTION. IN ALL OTHER CASES, THE DISSOLUTION SHALL  
24          TAKE EFFECT ONLY UPON AND AS OF THE ISSUANCE BY THE  
25          COMMISSION OF A CERTIFICATE OF DISSOLUTION, AND SHALL BE  
26          WITHOUT PREJUDICE TO SECTION 141 OF THIS CODE."

27          **SECTION 61.** Section 118 of the Code is hereby renumbered as Section 137 and  
28          amended to read as follows:

29                "Sec. [118]137. [*Voluntary dissolution*] **DISSOLUTION** where no  
30                *creditors are affected*; **PROCEDURE.** – DISSOLUTION PURSUANT TO  
31                **SECTION 136 (2) OF THIS CODE MAY BE MADE BY FILING A**  
32                **VERIFIED REQUEST FOR DISSOLUTION WITH THE COMMISSION:**

1           a.     **STATING THE NAME OF THE CORPORATION AND**  
2 **THE NAMES AND ADDRESSES OF THE INCORPORATORS AND**  
3 **DIRECTORS OR TRUSTEES;**

4           b.     **STATING THE REASON FOR THE DISSOLUTION OF**  
5 **THE CORPORATION;**

6           c.     **ATTESTING TO THE EXISTENCE AND**  
7 **CONCURRENCE OF ALL THE CONDITIONS SET FORTH IN**  
8 **SECTION 136 (2) (A) TO (D) OF THIS CODE;**

9           d.     **STATING THE NAMES OF THE INCORPORATORS, OR**  
10 **OF THE DIRECTORS OR TRUSTEES, CONSTITUTING A**  
11 **MAJORITY, WHO APPROVED THE DISSOLUTION AND THE**  
12 **DATE, PLACE, AND TIME OF THE MEETING IN WHICH THE VOTE**  
13 **WAS MADE, WHICH REQUIREMENT MAY BE DISPENSED WITH**  
14 **IF THE REQUEST ITSELF IS DULY VERIFIED BY SUCH**  
15 **MAJORITY; AND**

16           e.     **WHEN APPLICABLE, ATTACHING: (i) A LIST OF THE**  
17 **NAMES AND ADDRESSES OF THE PERSONS ENTITLED TO A**  
18 **RETURN OF PAID SUBSCRIPTIONS OR CONTRIBUTIONS AS SET**  
19 **FORTH IN SECTION 136 (2) (D), (ii) A SUMMARY OF THE**  
20 **AMOUNTS OF THEIR PAID SUBSCRIPTIONS OR**  
21 **CONTRIBUTIONS, (iii) A SUMMARY OF THE AMOUNTS**  
22 **DISBURSED FOR LAWFUL EXPENSES WITH COPIES OF THE**  
23 **OFFICIAL RECEIPTS THEREFOR, AND (iv) A SUMMARY OF THE**  
24 **AMOUNTS RETURNED WITH PROOF THAT THEY WERE DULY**  
25 **RECEIVED BY THOSE ENTITLED THERETO.**

26           If dissolution of a corporation **PURSUANT TO SECTION 136 (3) OF**  
27 **THIS CODE** does not prejudice the rights of any creditor having a claim  
28 against it, the dissolution may be effected by majority vote of the board of  
29 directors or trustees, and by a resolution duly adopted by the affirmative vote  
30 of the stockholders owning at least two-thirds (2/3) of the outstanding capital  
31 stock or of at least two-thirds (2/3) of the members of a meeting to be held  
32 upon call of the directors or trustees.

33 **AT LEAST THIRTY (30) DAYS PRIOR TO THE MEETING, NOTICE SHALL**  
34 **BE GIVEN TO EACH SHAREHOLDER OR MEMBER OF RECORD,**  
35 **WHETHER OR NOT ENTITLED TO VOTE AT THE MEETING, IN THE**  
36 **MANNER PROVIDED IN SECTION 50 OF THIS CODE AND SHALL STATE**

1 **THAT THE PURPOSE OF THE MEETING IS TO VOTE ON THE**  
2 **DISSOLUTION OF THE CORPORATION.** [after publication of the notice]  
3 **NOTICE** of THE time, place and object of the meeting **SHALL LIKEWISE BE**  
4 **MADE BY PUBLICATION** for three (3) consecutive weeks **PRIOR TO THE**  
5 **DATE OF THE MEETING** in a newspaper published in the place where the  
6 principal office of said corporation is located; and if no newspaper is published  
7 in such place, then in a newspaper of general circulation in the Philippines.

8 [, after sending such notice to each stockholder or member [either] by  
9 registered mail or by personal delivery at least thirty (30) days prior to said  
10 meeting.]

11 **ONCE THE REQUIRED VOTES OF THE BOARD AND SHAREHOLDERS OR**  
12 **MEMBERS ARE ACHIEVED, A VERIFIED REQUEST FOR DISSOLUTION**  
13 **SHALL BE FILED WITH THE COMMISSION**

14 a. **STATING THE NAME OF THE CORPORATION AND**  
15 **THE NAMES AND ADDRESSES OF THE DIRECTORS OR**  
16 **TRUSTEES;**

17 b. **STATING THE REASON FOR THE DISSOLUTION OF**  
18 **THE CORPORATION;**

19 c. **CERTIFYING THAT NO CREDITOR SHALL BE**  
20 **PREJUDICED BY THE DISSOLUTION AND SUBSTANTIATING**  
21 **THE SAME WITH FINANCIAL STATEMENTS AND OTHER**  
22 **RECORDS;**

23 d. **STATING THE NAMES OF THE DIRECTORS OR**  
24 **TRUSTEES, CONSTITUTING A MAJORITY, WHO APPROVED THE**  
25 **DISSOLUTION AND THE DATE, PLACE, AND TIME OF THE**  
26 **MEETING IN WHICH THE VOTE WAS MADE;**

27 e. **STATING WHEN THE NOTICES TO SHAREHOLDERS**  
28 **OR MEMBERS WERE GIVEN, THE MANNER AND FORM IN**  
29 **WHICH THEY WERE GIVEN, THE DETAILS OF PUBLICATION**  
30 **AND ATTACHING PROOF THEREOF, AND THE DATE, PLACE, AND**  
31 **TIME OF THE MEETING IN WHICH THE VOTE WAS MADE; AND**

32 f. **ATTACHING THERETO**a copy of the resolution  
33 authorizing the dissolution **WHICH** shall **HAVE BEEN** certified by a



1 majority of the board of directors or trustees and countersigned by the  
2 secretary of the corporation.

3  
4 **WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF THE VERIFIED**  
5 **REQUEST FOR DISSOLUTION, AND IN THE ABSENCE OF ANY**  
6 **WITHDRAWAL WITHIN SAID PERIOD, [The Securities and Exchange]**  
7 **THE Commission shall APPROVE THE REQUEST AND** thereupon issue the  
8 certificate of dissolution."

9 **SECTION 62.** Section 119 of the Code is hereby renumbered as Section 138 and  
10 amended to read as follows:

11 "Sec. [119]**138.** [*Voluntary dissolution*]**DISSOLUTION** where creditors  
12 are affected; **PROCEDURE AND CONTENTS OF PETITION.** - Where the  
13 dissolution of a corporation may prejudice the rights of any creditor, [the  
14 petition] **A VERIFIED PETITION** for dissolution shall be filed with the  
15 [Securities and Exchange] Commission. The petition shall be signed by a  
16 majority of [its] **THE CORPORATION'S** board of directors or trustees or  
17 other officers having the management of its affairs, verified by its president or  
18 secretary or one of its directors or trustees, and shall set forth all claims and  
19 demands against it, and that its dissolution was resolved upon by the  
20 affirmative vote of the stockholders representing at least two-thirds (2/3) of  
21 the outstanding capital stock or by at least two-thirds (2/3) of the members at  
22 a meeting of its stockholders or members called for that purpose. **THE**  
23 **PETITION SHALL LIKEWISE STATE: (a) THE REASON FOR THE**  
24 **DISSOLUTION; (b) THE FORM, MANNER AND TIME WHEN THE**  
25 **NOTICES WERE GIVEN; AND (c) THE DATE, PLACE, AND TIME OF THE**  
26 **MEETING IN WHICH THE VOTE WAS MADE. THE PETITION SHALL**  
27 **HAVE AS ANNEXES (a) A COPY OF THE RESOLUTION AUTHORIZING**  
28 **THE DISSOLUTION, WHICH SHALL HAVE BEEN CERTIFIED BY A**  
29 **MAJORITY OF THE BOARD OF DIRECTORS OR TRUSTEES AND**  
30 **COUNTERSIGNED BY THE SECRETARY OF THE CORPORATION; AND**  
31 **(b) A LIST OF ALL ITS CREDITORS.**

32 If the petition is sufficient in form and substance, the Commission shall,  
33 by an order reciting the purpose of the petition, fix a date on or before which  
34 objections thereto may be filed by any person, which date shall not be less  
35 than thirty (30) days nor more than sixty (60) days after the entry of the order.  
36 Before such date, a copy of the order shall be published at least once a week  
37 for three (3) consecutive weeks in a newspaper of general circulation published  
38 in the municipality or city where the principal office of the corporation is  
39 situated, or if there be no such newspaper, then in a newspaper of general

1 circulation in the Philippines, and a similar copy shall be posted for three (3)  
2 consecutive weeks in three (3) public places in such municipality or city.

3 Upon five (5) day's notice, given after the date on which the right to file  
4 objections as fixed in the order has expired, the Commission shall proceed to  
5 hear the petition and try any issue made by the objections filed; and if no such  
6 objection is sufficient, and the material allegations of the petition are true, it  
7 shall render judgment dissolving the corporation and directing such disposition  
8 of its assets as justice requires, and may appoint a receiver to collect such  
9 assets and pay the debts of the corporation."

10 **SECTION 63.** Section 120 of the Code is hereby renumbered as Section 139 and  
11 amended to read as follows:

12 "Sec. [120]**139. WITHDRAWAL OF REQUEST FOR**Dissolution [by  
13 shortening corporate term] **AND WITHDRAWAL OF PETITION FOR**  
14 **DISSOLUTION.** – [A voluntary dissolution may be effected by amending the  
15 articles of incorporation to shorten the corporate term pursuant to the  
16 provisions of this Code. A copy of the amended articles of incorporation shall  
17 be submitted to the Securities and Exchange Commission in accordance with  
18 this Code. Upon approval of the amended articles of incorporation of the  
19 expiration of the shortened term, as the case may be, the corporation shall be  
20 deemed dissolved without any further proceedings, subject to the provisions of  
21 this Code on liquidation.]

22 **A WITHDRAWAL OF THE REQUEST FOR DISSOLUTION SHALL:**

- 23 a. **BE MADE IN WRITING;**
- 24 b. **BE DULY VERIFIED BY ANY INCORPORATOR,**  
25 **DIRECTOR, SHAREHOLDER OR MEMBER;**
- 26 c. **HAVE THE SIGNATURES OF THE SAME NUMBER OF**  
27 **INCORPORATORS, DIRECTORS, SHAREHOLDERS OR MEMBERS**  
28 **NECESSARY TO REQUEST FOR A DISSOLUTION AS SET FORTH**  
29 **IN THE FOREGOING SECTIONS; AND**
- 30 d. **BE SUBMITTED WITHIN FIFTEEN (15) DAYS FROM**  
31 **THE RECEIPT BY THE COMMISSION OF THE REQUEST FOR**  
32 **DISSOLUTION.**

1           UPON RECEIPT OF A DULY SUBMITTED WITHDRAWAL OF  
2           REQUEST FOR DISSOLUTION, THE COMMISSION SHALL WITHHOLD  
3           ACTION ON THE REQUEST FOR DISSOLUTION AND SHALL, AFTER  
4           INVESTIGATION, ISSUE AN ORDER:

5           a.     WITHHOLDING THE ISSUANCE OF THE  
6           CERTIFICATE OF DISSOLUTION AND DEEMING THE REQUEST  
7           FOR DISSOLUTION WITHDRAWN; OR

8           b.     DIRECTING THAT A JOINT MEETING OF THE BOARD  
9           AND OF THE STOCKHOLDERS BE HELD FOR THE PURPOSE OF  
10          ASCERTAINING WHETHER OR NOT TO PROCEED WITH  
11          DISSOLUTION.

12          THE COMMISSION SHALL HAVE THE POWER TO ISSUE SUCH  
13          ORDERS AS MAY BE APPROPRIATE, INCLUDING, WITHOUT  
14          LIMITATION, ORDERS DESIGNATING THE TIME AND PLACE OF THE  
15          JOINT MEETING, DIRECTING THE SENDING OF NOTICES, AND  
16          SPECIFYING THE FORM OF SUCH NOTICE. THE CONDUCT OF THE  
17          JOINT MEETING SHALL BE SUPERVISED BY THE COMMISSION  
18          THROUGH A DULY AUTHORIZED REPRESENTATIVE WHO SHALL,  
19          IMMEDIATELY AFTER THE JOINT MEETING, CERTIFY ITS OUTCOME  
20          WITH A RECOMMENDATION AS TO WHETHER THE CERTIFICATE OF  
21          DISSOLUTION SHOULD BE ISSUED OR THE REQUEST FOR  
22          DISSOLUTION BE DEEMED ABANDONED. THEREAFTER, THE  
23          COMMISSION SHALL ISSUE AN ORDER EITHER APPROVING THE  
24          WITHDRAWAL OF THE REQUEST OR A CERTIFICATE OF  
25          DISSOLUTION OR PROCEEDING TO ACT ON SUCH REQUEST.

26          A MOTION FOR THE WITHDRAWAL OF THE PETITION FOR  
27          DISSOLUTION SHALL BE SIMILAR IN SUBSTANCE AS A  
28          WITHDRAWAL OF REQUEST FOR DISSOLUTION BUT SHALL BE  
29          VERIFIED AND FILED PRIOR TO PUBLICATION OF THE ORDER  
30          SETTING THE DATE FOR OBJECTIONS TO THE PETITION. THE  
31          COMMISSION SHALL RESOLVE THE MOTION WITHIN THE SAME  
32          PROCEEDINGS AS THE PETITION AND ISSUE AN ORDER DEEMING  
33          THE PETITION WITHDRAWN OR DENYING THE WITHDRAWAL AND  
34          PROCEEDING TO HEAR OBJECTIONS ON THE PETITION."

35          **SECTION 64.** Section 121 of the Code is hereby renumbered as Section 140 and  
36          amended to read as follows:

1 "Sec. [121]140. [Involuntary dissolution] **DISSOLUTION BY THE**  
2 **COMMISSION.** – [A corporation may be dissolved by the Securities and  
3 Exchange] **DISSOLUTION PROCEEDINGS PURSUANT TO THE GROUNDS**  
4 **SET FORTH IN SECTION 136 (4) AND (5), SECTION 173, OR WHEN**  
5 **PROVIDED IN OTHER LAWS, RULES AND REGULATIONS, MAY BE**  
6 **COMMENCED BY THE** Commission **MOTU PROPRIO OR** upon filing of a  
7 verified complaint **BY ANY INTERESTED PARTY.** [ and after]

8 **AFTER** proper notice and hearing, **THE COMMISSION MAY**  
9 **DISSOLVE THE CORPORATION OR ISSUE SUCH OTHER ORDER AS IT**  
10 **MAY DEEM APPROPRIATE IN ACCORDANCE WITH THE PROVISIONS**  
11 **OF THIS CODE OR THE RULES AND REGULATIONS OF THE**  
12 **COMMISSION.**

13 **IF THE CORPORATION IS DISSOLVED BY THE COMMISSION**  
14 **PURSUANT TO ANY OF THE GROUNDS SET FORTH IN SECTION 136**  
15 **(4) (B) TO (I), ITS ASSETS, AFTER PAYMENT OF ITS OUTSTANDING**  
16 **LIABILITIES, SHALL BE FORFEITED IN FAVOR OF THE COMMISSION.**  
17 **SUCH FORFEITURE SHALL BE WITHOUT PREJUDICE TO ANY OTHER**  
18 **PENALTY OR SANCTION FOR THOSE LIABLE UNDER THIS CODE OR**  
19 **OTHER LAWS.**[on the grounds provided by existing laws, rules and  
20 regulations].”

21 **SECTION 65.** Section 122 of the Code is hereby renumbered as Section 141 and  
22 amended to read as follows:

23 “Sec. [122]141. *Corporate liquidation.*- Every corporation whose  
24 charter expires by its own limitation or is annulled by forfeiture or otherwise, or  
25 whose corporate existence for other purposes is terminated in any other  
26 manner, shall nevertheless be continued as a body corporate for three (3)  
27 years after the [time when it would have been so dissolved] **EFFECTIVE**  
28 **DATE OF DISSOLUTION AS PROVIDED IN SECTION 136 OF THIS**  
29 **CODE**, for the purpose of prosecuting and defending suits by or against it and  
30 enabling it to settle and close its affairs, to dispose of and convey its property  
31 and to distribute its assets, but not for the purpose of continuing the business  
32 for which it was established.

33 XXX XXXXXX

34 **EXCEPT AS OTHERWISE PROVIDED FOR IN SECTIONS 95 AND**  
35 **96 OF THIS CODE**, upon the winding up of corporate affairs, any asset  
36 distributable to any creditor or stockholder or member who is unknown or

1 cannot be found shall be escheated[to the city or municipality where such  
2 assets are located]**IN FAVOR OF THE NATIONAL GOVERNMENT.**

3 xxx xxx xxx"

4 **SECTION 66.** Section 125 is amended to delete "Securities and Exchange" from  
5 "Securities and Exchange Commission" in each instance. Further, Sections 123, 124 and 125  
6 of the Code are hereby renumbered as Sections 142, 143 and 144, respectively.

7 **SECTION 67.** Section 126 of the Code is hereby renumbered as Section 145 and  
8 amended to read as follows:

9 "Sec. [126]**145. Issuance of a license.-** If the [Securities and Exchange]  
10 Commission is satisfied that the applicant has complied with all the  
11 requirements of this Code and other special laws, rules and regulations, the  
12 Commission shall issue a license to the applicant to transact business in the  
13 Philippines for the purpose or purposes specified in such license. Upon issuance  
14 of the license, such foreign corporation may commence to transact business in  
15 the Philippines and continue to do so for as long as it retains its authority to act  
16 as a corporation under the laws of the country or state of its incorporation,  
17 unless such license is sooner surrendered, revoked, suspended or annulled in  
18 accordance with this Code or other special laws.

19 Within sixty (60) days after the issuance of the license to transact  
20 business in the Philippines, the licensee, except foreign banking or insurance  
21 corporations, shall deposit with the [Securities and Exchange] Commission for  
22 the benefit of present and future creditors of the licensee in the Philippines,  
23 securities satisfactory to the [Securities and Exchange] Commission, consisting  
24 of bonds or other evidence of indebtedness of the Government of the  
25 Philippines, its political subdivisions and instrumentalities, or of government-  
26 owned or controlled corporations and entities, shares of stock **OR DEBT**  
27 **SECURITIES THAT ARE REGISTERED UNDER THE SECURITIES**  
28 **REGULATION CODE** [in "registered enterprises" as this term is defined in  
29 Republic Act No. 5186], shares of stock in domestic corporations [registered]  
30 **LISTED** in the stock exchange, [or] shares of stock in domestic insurance  
31 companies and banks, **OR ANY FINANCIAL INSTRUMENT DETERMINED**  
32 **SUITABLE BY THE COMMISSION,** or any combination **THEREOF** [of these  
33 kinds of securities,] in the actual market value of at least [one] **FIVE** hundred  
34 thousand [(P100,000.)] **(P500,000)** pesos**OR SUCH OTHER AMOUNT THAT**  
35 **MAY BE SET BY THE COMMISSION;** Provided, however, That within six (6)  
36 months after each fiscal year of the licensee, the [Securities and Exchange]  
37 Commission shall require the licensee to deposit additional securities **OR**

1 **FINANCIAL INSTRUMENTS** equivalent in actual market value to two (2%)  
2 percent of the amount by which the licensee's gross income for that fiscal year  
3 exceeds [five] **TEN** million [(P5,000,000.00)] **(P10,000,000.00)** pesos. The  
4 [Securities and Exchange] Commission shall also require **THE** deposit of  
5 additional securities **OR FINANCIAL INSTRUMENTS** if the actual market  
6 value of the securities **OR FINANCIAL INSTRUMENTS** on deposit has  
7 decreased by at least ten (10%) percent of their actual market value at the  
8 time they were deposited. The [Securities and Exchange] Commission may at  
9 its discretion release part of the additional [securities] deposit[ed with it] if the  
10 gross income of the licensee has decreased, or if the actual market value of the  
11 total [securities on] deposit has increased, by more than ten (10%) percent of  
12 the **IR** actual market value [of the securities] at the time they were deposited.  
13 The [Securities and Exchange] Commission may, from time to time, allow the  
14 licensee to **MAKE** substitute **DEPOSITS**[other securities] for those already on  
15 deposit as long as the licensee is solvent. Such licensee shall be entitled to  
16 collect the interest or dividends on [the] **SUCH**[securities] deposit[ed]. In the  
17 event the licensee ceases to do business in the Philippines, **ITS** [the  
18 securities] deposit[ed as aforesaid] shall be returned, upon the licensee's  
19 application therefor and upon proof to the satisfaction of the [Securities and  
20 Exchange] Commission that the licensee has no liability to Philippine residents,  
21 including the Government of the Republic of the Philippines. **FOR PURPOSES**  
22 **OF COMPUTING THE SECURITIES DEPOSIT, THE COMPOSITION OF**  
23 **GROSS INCOME AND ALLOWABLE DEDUCTIONS THEREFROM SHALL**  
24 **BE IN ACCORDANCE WITH THE RULES OF THE COMMISSION."**

25 **SECTION 68.** Sections 128, 130, 131, 132, 134, 135, and 136 of the Code are  
26 hereby amended to delete "Securities and Exchange" from "Securities and Exchange  
27 Commission" in each instance. Further, Sections 127 to 136 are hereby renumbered as  
28 Sections 146 to 155 accordingly.

29 **SECTION 69.** A new title is inserted in the Code containing Sections 156 to 175,  
30 thus:

31 **TITLE XVI – INVESTIGATIONS, OFFENSES**  
32 **AND PENALTIES**

33 **"Sec. 156. INVESTIGATION AND PROSECUTION OF OFFENSES. –**  
34 **THE COMMISSION MAY, UPON COMPLAINT OR *MOTU PROPRIO*, MAKE**  
35 **SUCH INVESTIGATIONS AS IT DEEMS NECESSARY TO DETERMINE**  
36 **WHETHER ANY PERSON HAS VIOLATED OR IS ABOUT TO VIOLATE**  
37 **ANY PROVISION OF THIS CODE, ANY RULE, REGULATION OR ORDER**  
38 **THEREUNDER, AND MAY REQUIRE OR PERMIT ANY PERSON TO FILE**

1 WITH IT A STATEMENT IN WRITING, UNDER OATH OR OTHERWISE,  
2 AS THE COMMISSION SHALL DETERMINE, AS TO ALL FACTS AND  
3 CIRCUMSTANCES CONCERNING THE MATTER TO BE INVESTIGATED.

4 THE COMMISSION MAY PUBLISH INFORMATION CONCERNING  
5 ANY SUCH VIOLATIONS, AND TO INVESTIGATE ANY FACT,  
6 CONDITION, PRACTICE OR MATTER WHICH IT MAY DEEM NECESSARY  
7 OR PROPER TO AID IN THE ENFORCEMENT OF THE PROVISIONS OF  
8 THIS CODE, IN THE PRESCRIBING OF RULES AND REGULATIONS  
9 THEREUNDER, OR IN SECURING INFORMATION TO SERVE AS A BASIS  
10 FOR RECOMMENDING FURTHER LEGISLATION CONCERNING THE  
11 MATTERS TO WHICH THIS CODE RELATES: *PROVIDED, HOWEVER,*  
12 THAT ANY PERSON REQUESTED OR SUBPOENAED TO PRODUCE  
13 DOCUMENTS OR TESTIFY IN ANY INVESTIGATION SHALL  
14 SIMULTANEOUSLY BE NOTIFIED IN WRITING OF THE PURPOSE OF  
15 SUCH INVESTIGATION: *PROVIDED, FURTHER,* THAT ALL CRIMINAL  
16 COMPLAINTS FOR VIOLATION OF THIS CODE, AND THE  
17 IMPLEMENTING RULES AND REGULATIONS ENFORCED OR  
18 ADMINISTERED BY THE COMMISSION SHALL BE REFERRED TO THE  
19 DEPARTMENT OF JUSTICE FOR PRELIMINARY INVESTIGATION AND  
20 PROSECUTION BEFORE THE PROPER COURT: *PROVIDED,*  
21 *FURTHERMORE,* THAT IN INSTANCES WHERE THE LAW ALLOWS  
22 INDEPENDENT CIVIL OR CRIMINAL PROCEEDINGS OF VIOLATIONS  
23 ARISING FROM THE SAME ACT, THE COMMISSION SHALL TAKE  
24 APPROPRIATE ACTION TO IMPLEMENT THE SAME.

25 **SEC. 157. ADMINISTRATION OF OATHS, AND SUBPOENA OF**  
26 ***WITNESSES AND DOCUMENTS.*** – FOR THE PURPOSE OF THE  
27 INVESTIGATIONS IN THE PRECEDING SECTION, OR ANY OTHER  
28 PROCEEDING UNDER THIS CODE, THE COMMISSION OR ANY OFFICER  
29 DESIGNATED BY IT IS EMPOWERED TO ADMINISTER OATHS AND  
30 AFFIRMATIONS, SUBPOENA WITNESSES, COMPEL ATTENDANCE, TAKE  
31 EVIDENCE, REQUIRE THE PRODUCTION OF ANY BOOK, PAPER,  
32 CORRESPONDENCE, MEMORANDUM, OR OTHER RECORD WHICH THE  
33 COMMISSION DEEMS RELEVANT OR MATERIAL TO THE INQUIRY, AND  
34 TO PERFORM SUCH OTHER ACTS NECESSARY IN THE CONDUCT OF  
35 SUCH INVESTIGATION OR PROCEEDINGS.

36 **SECTION 158. CEASE AND DESIST ORDERS.** – WHENEVER IT  
37 SHALL APPEAR TO THE COMMISSION THAT ANY PERSON HAS  
38 ENGAGED OR IS ABOUT TO ENGAGE IN ANY ACT OR PRACTICE  
39 CONSTITUTING A VIOLATION OF ANY PROVISION OF THIS CODE,

1 ANY RULE, REGULATION OR ORDER THEREUNDER, IT MAY ISSUE AN  
2 ORDER FOR SUCH PERSON TO DESIST FROM COMMITTING SUCH ACT  
3 OR PRACTICE. AFTER FINDING THAT SUCH PERSON HAS ENGAGED  
4 IN ANY SUCH ACT OR PRACTICE AND THAT THERE IS A REASONABLE  
5 LIKELIHOOD OF SUCH PERSON CONTINUING FURTHER OR FUTURE  
6 VIOLATIONS, THE COMMISSION MAY ISSUE, *EX PARTE* A CEASE AND  
7 DESIST ORDER ENJOINING SUCH PERSON FROM FURTHER OR  
8 FUTURE VIOLATIONS FOR A MAXIMUM PERIOD OF TWENTY (20)  
9 DAYS.

10 THEREAFTER, THE COMMISSION MAY PROCEED  
11 ADMINISTRATIVELY AGAINST SUCH PERSON IN ACCORDANCE WITH  
12 SECTION 160, AND/OR TRANSMIT SUCH EVIDENCE AS MAY BE  
13 AVAILABLE CONCERNING ANY VIOLATION OF ANY PROVISION OF  
14 THIS CODE, OR ANY RULE, REGULATION OR ORDER THEREUNDER, TO  
15 THE DEPARTMENT OF JUSTICE, WHICH MAY INSTITUTE THE  
16 APPROPRIATE CRIMINAL PROCEEDINGS UNDER THIS CODE, AND/OR  
17 TO THE PROPER COURT, TRIBUNAL, OR QUASI-JUDICIAL AGENCY IN  
18 INSTANCES WHERE THE LAW ALLOWS INDEPENDENT CIVIL OR  
19 CRIMINAL PROCEEDINGS OF VIOLATIONS ARISING FROM THE SAME  
20 ACT.

21 **SEC. 159. CONTEMPT.** – ANY PERSON WHO, WITHIN HIS  
22 POWER BUT WITHOUT JUSTIFIABLE OR LAWFUL CAUSE, FAILS OR  
23 REFUSES TO COMPLY WITH ANY LAWFUL ORDER, DECISION OR  
24 SUBPOENA ISSUED BY THE COMMISSION SHALL, AFTER DUE NOTICE  
25 AND HEARING, BE GUILTY OF CONTEMPT OF THE COMMISSION.  
26 SUCH PERSON SHALL BE FINED IN SUCH AMOUNT AS THE  
27 COMMISSION MAY DETERMINE. WHEN THE FAILURE OR REFUSAL IS  
28 A CLEAR AND OPEN DEFIANCE OF THE COMMISSION'S ORDER,  
29 DECISION OR SUBPOENA, THE PERSON SHALL BE FINED ON A DAILY  
30 BASIS IN AN AMOUNT THE COMMISSION MAY DETERMINE AND  
31 DETAINED UNDER AN ARREST ORDER ISSUED BY THE COMMISSION  
32 UNTIL SUCH ORDER, DECISION OR SUBPOENA IS COMPLIED WITH.

33 **SEC. 160. ADMINISTRATIVE SANCTIONS.** – IF, AFTER DUE  
34 NOTICE AND HEARING INITIATED EITHER BY COMPLAINT OR *MOTU*  
35 *PROPRIO*, THE COMMISSION FINDS THAT ANY PROVISION OF THIS  
36 CODE, OR ANY OF THE COMMISSION'S RULES OR ORDERS HAS BEEN  
37 VIOLATED, THE COMMISSION MAY IMPOSE ANY OR ALL OF THE  
38 FOLLOWING SANCTIONS ON THOSE FOUND RESPONSIBLE FOR THE  
39 VIOLATION:



1 (A) A FINE RANGING FROM FIVE THOUSAND PESOS  
2 (PHP5,000.00) TO TWO MILLION PESOS (PHP2,000,000.00)  
3 PLUS NOT MORE THAN ONE THOUSAND PESOS (PHP1,000.00)  
4 FOR EACH DAY OF CONTINUING VIOLATION, IN NO CASE TO  
5 EXCEED TWO MILLION PESOS (PHP2,000,000.00);

6 (B) ARREST AND DETENTION IN CONNECTION WITH  
7 ITS CONTEMPT POWER UNDER SECTION 159;

8 (C) SUSPENSION OR REVOCATION OF THE  
9 CERTIFICATE OF INCORPORATION;

10 (D) DISSOLUTION OF THE CORPORATION AND  
11 FORFEITURE OF ITS ASSETS UNDER THE CONDITIONS IN TITLE  
12 XV OF THIS CODE; AND

13 (E) OTHER PENALTIES WITHIN THE POWER OF THE  
14 COMMISSION TO IMPOSE OR AS PRESCRIBED IN ITS RULES  
15 AND REGULATIONS.

16 THE IMPOSITION OF THE FOREGOING ADMINISTRATIVE  
17 SANCTIONS SHALL BE WITHOUT PREJUDICE TO THE FILING OF CIVIL  
18 COMPLAINTS AND/OR CRIMINAL CHARGES UNDER THIS CODE AND  
19 OTHER LAWS AGAINST THE CORPORATION AND/OR THOSE  
20 RESPONSIBLE FOR THE VIOLATION, IN INSTANCES WHERE THE LAW  
21 ALLOWS INDEPENDENT CIVIL OR CRIMINAL PROCEEDINGS OF  
22 VIOLATIONS ARISING FROM THE SAME ACT.

23 **SEC. 161. CONTINUED AND UNJUSTIFIED USE OF FORMER**  
24 **CORPORATE NAME; PENALTIES.** - A CORPORATION THAT  
25 CONTINUES TO USE A CORPORATE NAME ALREADY PREVIOUSLY  
26 REMOVED FROM REGISTRATION OR RESERVATION SHALL BE  
27 PUNISHED WITH A FINE RANGING FROM FIFTY THOUSAND PESOS  
28 (PHP50,000.00) TO TWO HUNDRED THOUSAND PESOS  
29 (PHP200,000.00) AND/OR IMPRISONMENT OF SIX (6) MONTHS TO  
30 TWO (2) YEARS AT THE DISCRETION OF THE COURT; PROVIDED THAT  
31 THE CORPORATION MAY CLAIM THE DEFENSE THAT IT, OR ANY OF  
32 ITS STOCKHOLDERS OR OTHER DIRECTORS/OFFICERS EXERTED  
33 REASONABLE EFFORTS AGAINST THE CONTINUED AND UNJUSTIFIED  
34 USE OF THE FORMER CORPORATE NAME, IN WHICH CASE ONLY THE  
35 RESPONSIBLE DIRECTORS/OFFICERS SHALL BE HELD CRIMINALLY  
36 LIABLE UNDER THIS PROVISION.

1           **Sec. 162. CONCEALMENT OF DISQUALIFICATION; PENALTIES. –**  
2 **EACH WILLFUL OR DELIBERATE CONCEALMENT BY A DIRECTOR OR**  
3 **TRUSTEE OF ANY DISQUALIFICATION UNDER SECTION 27 ALREADY**  
4 **EXISTING AT THE TIME HE ACCEPTED THE POST, SHALL BE PUNISHED**  
5 **BY A FINE RANGING FROM FIFTY THOUSAND PESOS (PHP50,000.00)**  
6 **TO TWO HUNDRED THOUSAND PESOS (PHP200,000.00) AND/OR**  
7 **IMPRISONMENT OF SIX (6) MONTHS TO TWO (2) YEARS AT THE**  
8 **DISCRETION OF THE COURT, AND BY A PERMANENT**  
9 **DISQUALIFICATION FROM FURTHER ACTING AS DIRECTOR OF ANY**  
10 **CORPORATION. FOR PURPOSES OF THIS SECTION, CONCEALMENT**  
11 **SHALL BE WILLFUL OR DELIBERATE WHEN, DESPITE HAVING**  
12 **KNOWLEDGE OF THE EXISTENCE OF THE DISQUALIFICATION, THE**  
13 **DIRECTOR OR TRUSTEE ACCEPTS THE POST.**

14           **Sec. 163. VIOLATION OF DUTY TO KEEP OR MAINTAIN**  
15 **RECORDS AND/OR ALLOW THEIR INSPECTION OR REPRODUCTION;**  
16 **PENALTIES. – THE UNJUSTIFIED FAILURE OR REFUSAL BY THE**  
17 **CORPORATION, OR BY THOSE RESPONSIBLE FOR KEEPING AND**  
18 **MAINTAINING THE CORPORATION'S RECORDS, TO COMPLY WITH**  
19 **SECTIONS 46, 74, 93, 180 AND OTHER PROVISIONS OF THIS CODE**  
20 **AND THE RULES OF THE COMMISSION WITH RESPECT TO THE**  
21 **RETENTION, MAINTENANCE AND KEEPING OF RECORDS AND**  
22 **ALLOWING THEIR INSPECTION OR REPRODUCTION, AS THE CASE**  
23 **MAY BE, SHALL BE PUNISHED WITH A FINE RANGING FROM FIFTY**  
24 **THOUSAND PESOS (PHP50,000.00) TO FIVE HUNDRED THOUSAND**  
25 **PESOS (PHP500,000.00) AND IMPRISONMENT OF THIRTY (30) DAYS**  
26 **TO TWO (2) YEARS AT THE DISCRETION OF THE COURT.**

27           **THE PENALTIES IMPOSED UNDER THIS SECTION SHALL BE IN**  
28 **ADDITION TO THE SANCTIONS IMPOSED BY THE COMMISSION IN**  
29 **THE EXERCISE OF ITS CONTEMPT POWERS UNDER SECTION 159 TO**  
30 **COMPEL COMPLIANCE WITH THE DUTIES UNDER THE MENTIONED**  
31 **PROVISIONS.**

32           **SEC. 164. KNOWING OR WILLFUL CERTIFICATION OF**  
33 **INCOMPLETE, INACCURATE, FALSE OR MISLEADING STATEMENTS OR**  
34 **REPORTS; PENALTIES. – ANY PERSON WHO CERTIFIES ANY REPORT**  
35 **OR MATTER AS SET FORTH IN THIS CODE KNOWING, OR BEING IN A**  
36 **POSITION TO KNOW, THAT THE SAME IS INCOMPLETE, INACCURATE,**  
37 **OR CONTAINS FALSE OR MISLEADING INFORMATION OR**  
38 **STATEMENTS SHALL BE PUNISHED WITH A FINE RANGING FROM**  
39 **TWO HUNDRED THOUSAND PESOS (PHP200,000.00) TO TWO**

1 MILLION PESOS (PHP2,000,000.00) AND/OR IMPRISONMENT OF  
2 TWO (2) TO TEN (10) YEARS. WHEN THE VIOLATION IS WILLFUL, THE  
3 PENALTY SHALL BE A FINE RANGING FROM FOUR HUNDRED  
4 THOUSAND PESOS (PHP400,000.00) TO FOUR MILLION PESOS  
5 (PHP4,000,000.00) AND/OR IMPRISONMENT OF FOUR (4) TO  
6 TWENTY (20) YEARS.

7 **SEC. 165. INDEPENDENT AUDITOR COLLUSION; PENALTIES. –**  
8 **WHEN AN INDEPENDENT AUDITOR COLLUDES WITH A CORPORATION**  
9 **OR ITS REPRESENTATIVES AND CERTIFIES THE CORPORATION'S**  
10 **FINANCIAL STATEMENTS WHICH ARE EITHER INCOMPLETE OR**  
11 **WHICH CONTAIN INACCURATE, FALSE OR MISLEADING STATEMENTS**  
12 **OR REPORTS, OR WHICH DO NOT GIVE A FAIR AND ACCURATE**  
13 **PRESENTATION OF THE CORPORATION'S CONDITION, SUCH**  
14 **AUDITOR SHALL BE PUNISHED WITH A FINE RANGING FROM FOUR**  
15 **HUNDRED THOUSAND PESOS (PHP400,000.00) TO FOUR MILLION**  
16 **PESOS (PHP4,000,000.00) AND/OR IMPRISONMENT OF FOUR (4) TO**  
17 **TWENTY (20) YEARS.**

18 **SEC. 166. PROCURING THE ORGANIZATION OF A**  
19 **CORPORATION THROUGH FRAUD; PENALTIES. – THOSE**  
20 **RESPONSIBLE FOR PROCURING THE ORGANIZATION OF A**  
21 **CORPORATION THROUGH FRAUD, OR ASSISTING DIRECTLY OR**  
22 **INDIRECTLY THEREIN, SHALL BE PUNISHED WITH A FINE RANGING**  
23 **FROM FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) TO TWO**  
24 **MILLION PESOS (PHP2,000,000.00) AND/OR IMPRISONMENT OF**  
25 **TWO (2) TO TEN (10) YEARS AT THE DISCRETION OF THE COURT.**

26 **Sec. 167. FRAUDULENT OR UNLAWFUL CONDUCT OF**  
27 **BUSINESS; PENALTIES. – A CORPORATION THAT WILLFULLY**  
28 **CONDUCTS ITS BUSINESS IN A FRAUDULENT OR OTHERWISE**  
29 **UNLAWFUL MANNER SHALL BE PUNISHED WITH A FINE RANGING**  
30 **FROM FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) TO TWO**  
31 **MILLION PESOS (PHP2,000,000.00) AND/OR IMPRISONMENT OF**  
32 **FIVE (5) TO TEN (10) YEARS AT THE DISCRETION OF THE COURT.**

33 **Sec. 168. THEFT OF IDENTITY; PENALTIES. – ANY**  
34 **CORPORATION WHO WILLFULLY OBTAINS ANY IDENTIFYING**  
35 **INFORMATION OF A PERSON, WHETHER NATURAL OR JURIDICAL,**  
36 **AND USES THAT INFORMATION FOR ANY UNLAWFUL**  
37 **PURPOSE, INCLUDING BUT NOT LIMITED TO OBTAINING, OR**  
38 **ATTEMPTING TO OBTAIN, CREDIT, GOODS, SERVICES, OR REAL**

1 PROPERTY WITHOUT THE CONSENT OF THAT PERSON, SHALL BE  
2 PUNISHED WITH A FINE RANGING FROM ONE MILLION PESOS  
3 (PHP1,000,000.00) TO FIVE MILLION PESOS (PHP5,000,000.00) AND  
4 IMPRISONMENT OF TEN (10) YEARS. THE SAME PENALTY SHALL BE  
5 IMPOSED WHEN THE OFFENDER IS A NATURAL PERSON, OR A GROUP  
6 THEREOF, AND THE IDENTITY STOLEN IS THAT OF A CORPORATION.

7       **Sec. 169. *ACTING AS INTERMEDIARIES FOR GRAFT AND***  
8 ***CORRUPT PRACTICES; PENALTIES.*** – A CORPORATION CREATED FOR  
9 THE PURPOSE OF COMMITTING, OR AIDING IN THE COMMISSION OF,  
10 GRAFT AND CORRUPT PRACTICES OR IN THE CONCEALMENT  
11 THEREOF SHALL BE PUNISHED BY A FINE RANGING FROM ONE  
12 MILLION (PHP1,000,000.00) TO FIVE MILLION (PHP5,000,000.00)  
13 PESOS AND IMPRISONMENT OF TEN (10) YEARS.

14       THE CORPORATION'S FAILURE TO SHOW THAT IT HAS  
15 INSTALLED SAFEGUARDS TO ENSURE THAT IT IS CARRYING OUT ITS  
16 SERVICES IN A TRANSPARENT AND LAWFUL MANNER, AND THAT IT  
17 HAS INSTALLED POLICIES, CODES OF ETHICS AND PROCEDURES  
18 AGAINST GRAFT AND CORRUPTION, WHEN COUPLED WITH A  
19 FINDING OF GRAFT AND CORRUPT PRACTICES AGAINST ANY OF  
20 THEIR DIRECTORS, OFFICER, EMPLOYEES, AGENTS, OR  
21 REPRESENTATIVES, SHALL BE PRIMA FACIE EVIDENCE OF LIABILITY  
22 UNDER THIS SECTION.

23       **Sec. 170. *ENGAGING INTERMEDIARIES FOR GRAFT AND***  
24 ***CORRUPT PRACTICES; PENALTIES.*** – A CORPORATION THAT, FOR THE  
25 PURPOSE OF SHIELDING ITSELF FROM LIABILITY FOR GRAFT AND  
26 CORRUPT PRACTICES, ENGAGES THE SERVICES OF AN  
27 INTERMEDIARY WHO COMMITS GRAFT AND CORRUPT PRACTICES  
28 FOR THE CORPORATION'S BENEFIT OR IN ITS INTEREST, SHALL BE  
29 PUNISHED BY A FINE OF ONE MILLION PESOS (PHP1,000,000.00)  
30 AND IMPRISONMENT OF TEN (10) YEARS.

31       THE CORPORATION'S FAILURE TO SHOW THAT IT HAS USED  
32 THE HIGHEST DEGREE OF DILIGENCE AND CARE WHEN ACQUIRING  
33 THE SERVICES OF AN INTERMEDIARY, THAT IT HAS SUFFICIENT  
34 KNOWLEDGE AND HAS INSTALLED SAFEGUARDS TO ENSURE THAT  
35 THE INTERMEDIARY IS CARRYING OUT THE CONTRACTED SERVICES  
36 IN A TRANSPARENT AND LAWFUL MANNER, AND THAT IT HAS  
37 INSTALLED POLICIES, CODES OF ETHICS AND PROCEDURES  
38 DESIGNED TO PREVENT GRAFT AND CORRUPTION, WHEN COUPLED

1 WITH A FINDING OF GRAFT AND CORRUPT PRACTICES AGAINST THE  
2 INTERMEDIARY, SHALL BE PRIMA FACIE EVIDENCE OF LIABILITY  
3 UNDER THIS SECTION.

4 **Sec. 171. TOLERATING GRAFT AND CORRUPT PRACTICES;**  
5 **PENALTIES.** –A DIRECTOR, TRUSTEE, OR OFFICER OF THE  
6 CORPORATION WHO KNOWINGLY ALLOWS OR TOLERATES THE  
7 COMMISSION OF GRAFT AND CORRUPT PRACTICES OR OTHER  
8 FRAUDULENT ACTS BY ITS DIRECTORS, TRUSTEES, OFFICERS, OR  
9 EMPLOYEES, FAILING TO SANCTION THEM, REPORT THEIR ACTIONS  
10 TO THE PROPER AGENCIES, AND/OR FILE THE APPROPRIATE ACTION  
11 AGAINST THEM, SHALL BE PUNISHED BY A FINE OF ONE MILLION  
12 PESOS (PHP1,000,000.00) AND IMPRISONMENT TEN (10) YEARS.

13 **SEC. 172. RETALIATION AGAINST WHISTLEBLOWERS.** –ANY  
14 PERSON WHO, KNOWINGLY AND WITH THE INTENT TO RETALIATE,  
15 TAKES ANY ACTION HARMFUL TO ANOTHER PERSON, INCLUDING  
16 BUT NOT LIMITED TO INTERFERENCE WITH THE LAWFUL  
17 EMPLOYMENT OR LIVELIHOOD OF ANY PERSON, FOR PROVIDING  
18 ANY TRUTHFUL INFORMATION RELATING TO THE COMMISSION OR  
19 POSSIBLE COMMISSION OF ANY OFFENSE OR VIOLATION UNDER  
20 THIS CODE, SHALL BE PUNISHED WITH A FINE RANGING FROM FIVE  
21 HUNDRED THOUSAND PESOS (PHP500,000.00) TO ONE MILLION  
22 PESOS (PHP1,000,000.00) AND/OR IMPRISONMENT OF FIVE (5) TO  
23 TEN (10) YEARS, AT THE DISCRETION OF THE COURT.

24 "Sec.[141]173.OTHER *Violations of the Code;* **SEPARATE**  
25 **LIABILITY.** – Violations of any of the other provisions of this Code or its  
26 amendments not otherwise specifically penalized herein shall be punished by a  
27 fine of not less than [one] **FIFTY** thousand [P1,000.00] (**P50,000.00**) pesos  
28 but not more than **ONE MILLION (P1,000,000.00)** [ten thousand  
29 (P10,000.00)] pesos **AND/or** by imprisonment [for] **OF** not less than thirty (30)  
30 days but not more than five (5) years, or both, [in] **AT** the discretion of the  
31 court. If the violation is committed by a corporation, the same may, after notice  
32 and hearing, be dissolved in appropriate proceedings before the [Securities and  
33 Exchange] Commission: Provided, That such dissolution shall not preclude the  
34 institution of appropriate action against the director, trustee or officer of the  
35 corporation responsible for said violation: Provided, further, That nothing in this  
36 section shall be construed to repeal the other causes for dissolution of a  
37 corporation provided in this Code.

1           LIABILITY FOR ANY OF THE FOREGOING OFFENSES SHALL BE  
2 SEPARATE FROM AND WITHOUT PREJUDICE TO ANY OTHER  
3 ADMINISTRATIVE CIVIL, CRIMINAL LIABILITY UNDER THIS CODE  
4 AND OTHER LAWS.

5           **SEC. 174. LIABILITY OF DIRECTORS, TRUSTEES, OFFICERS OR**  
6 **OTHER EMPLOYEES.** – IF THE OFFENDER IS A CORPORATION THE  
7 PENALTY MAY, AT THE DISCRETION OF THE COURT, BE IMPOSED  
8 UPON SUCH CORPORATION AND/OR UPON ITS DIRECTORS,  
9 TRUSTEES, STOCKHOLDERS, MEMBERS, OFFICERS OR EMPLOYEES  
10 RESPONSIBLE FOR THE VIOLATION OR INDISPENSABLE TO ITS  
11 COMMISSION.

12           **SEC. 175. LIABILITY OF AIDERS AND ABETTORS AND OTHER**  
13 **SECONDARY LIABILITY.** – ANYONE WHO SHALL AID, ABET, COUNSEL,  
14 COMMAND, INDUCE OR PROCURE ANY VIOLATION OF THIS CODE, OR  
15 ANY RULE, REGULATION OR ORDER OF THE COMMISSION OR WHO  
16 SHALL ASSIST THE ACT OR OMISSION OF ANY PERSON PRIMARILY  
17 LIABLE FOR THE VIOLATION, WITH KNOWLEDGE OR IN RECKLESS  
18 DISREGARD THAT SUCH ACT OR OMISSION IS WRONGFUL SHALL BE  
19 PUNISHED WITH A FINE AND/OR IMPRISONMENT NOT EXCEEDING  
20 THAT IMPOSED ON THE PRINCIPAL OFFENDERS, AT THE DISCRETION  
21 OF THE COURT AFTER TAKING INTO ACCOUNT THEIR PARTICIPATION  
22 IN THE OFFENSE.

23           **SECTION 70.** Title XVI on Miscellaneous Provisions is hereby renumbered as Title  
24 XVII.

25           **SECTION 71.** Sections 137 and 138 of the Code are renumbered as Sections 176  
26 and 177, respectively.

27           **SECTION 72.** Section 140 of the Code is hereby renumbered as Section 179 and  
28 amended to read as follows:

29           "Sec. [140]179. **NATIONALITY AND** *Stock ownership* **OF** *[in certain]*  
30 *corporations.* – **THE NATIONALITY OF A CORPORATION SHALL BE**  
31 **DETERMINED BY COMPUTING THE REQUIRED PERCENTAGE OF**  
32 **FILIPINO OWNERSHIP BASED ON BOTH (A) THE ENTIRE**  
33 **OUTSTANDING CAPITAL STOCK, AND (b) THE VOTING STOCKS,**  
34 **TAKING INTO CONSIDERATION THE FULL BENEFICIAL OWNERSHIP**  
35 **OF THE STOCKS.**

1 **EXCEPT WHEN THE CORPORATION IS REQUIRED BY THE**  
2 **CONSTITUTION OR BY STATUTE TO BE WHOLLY NATIONALIZED, OR**  
3 **WHEN THE CORPORATION HAS A CORPORATE STOCKHOLDER**  
4 **OWNING LESS THAN 60% OF BOTH ITS OUTSTANDING CAPITAL**  
5 **STOCK AND VOTING STOCKS, THE CONTROL TEST SHALL BE APPLIED**  
6 **WHEN DETERMINING ITS NATIONALITY.**

7  
8 **EXCEPT WHEN A MORE STRINGENT MEASURE IS REQUIRED IN THE**  
9 **CONSTITUTION OR OTHER LAWS, A CORPORATION SHALL BE**  
10 **DEEMED A PHILIPPINE NATIONAL WHEN:**

11  
12 (A) **IT IS ORGANIZED UNDER THE LAWS OF THE**  
13 **PHILIPPINES AND AT LEAST SIXTY PERCENT (60%) OF**  
14 **THE CAPITAL STOCK OUTSTANDING AND ENTITLED TO**  
15 **VOTE IS OWNED AND HELD BY CITIZENS OF THE**  
16 **PHILIPPINES, PROVIDED, THAT WHERE A CORPORATION**  
17 **AND ITS NON-FILIPINO STOCKHOLDERS OWN STOCKS**  
18 **IN ANOTHER CORPORATION, AT LEAST SIXTY PERCENT**  
19 **(60%) OF THE CAPITAL STOCKS OUTSTANDING AND**  
20 **ENTITLED TO VOTE OF BOTH CORPORATIONS MUST BE**  
21 **OWNED AND HELD BY CITIZENS OF THE PHILIPPINES**  
22 **AND AT LEAST SIXTY PERCENT (60%) OF THE MEMBERS**  
23 **OF THE BOARD OF DIRECTORS OF BOTH CORPORATIONS**  
24 **MUST BE CITIZENS OF THE PHILIPPINES; OR**

25 (B) **ALTHOUGH ORGANIZED ABROAD, IT IS REGISTERED AS**  
26 **DOING BUSINESS IN THE PHILIPPINES UNDER THIS**  
27 **CODE AND ONE HUNDRED PERCENT (100%) OF THE**  
28 **CAPITAL STOCK OUTSTANDING AND ENTITLED TO VOTE**  
29 **IS WHOLLY OWNED BY FILIPINOS.**

30  
31 [Pursuant to the duties specified by Article XIV of the Constitution, the] **THE**  
32 National Economic and Development Authority shall, from time to time, **UPON**  
33 **FINDING OR RECOMMENDATION FROM THE COMMISSION OR FROM**  
34 **OTHER APPROPRIATE GOVERNMENT AGENCIES**, make a determination  
35 of whether the corporate vehicle has been used by any corporation or by  
36 business or industry to frustrate the provisions thereof or of applicable laws,  
37 and shall submit to the [Batasang Pambansa] **CONGRESS**, whenever deemed  
38 necessary, a report of its findings, including recommendations for their  
39 prevention or correction.

40  
41 Maximum limits may be set by the [Batasang Pambansa] **CONGRESS** for  
42 stockholdings in corporations declared by it to be vested with a public interest  
43 pursuant to the provisions of this section, belonging to individuals or groups of  
44 individuals related to each other by consanguinity or affinity or by close  
45 business interests, or whenever it is necessary to achieve national objectives,  
46 prevent illegal monopolies or combinations in restraint or trade, or to  
47 implement national economic policies declared in laws, rules and regulations  
48 designed to promote the general welfare and foster economic development.

1  
2 In recommending to the [Batasang Pambansa] **CONGRESS** corporations,  
3 businesses or industries to be declared vested with a public interest and in  
4 formulating proposals for limitations on stock ownership, the National  
5 Economic and Development Authority shall consider the type and nature of the  
6 industry, the size of the enterprise, the economies of scale, the geographic  
7 location, the extent of Filipino ownership, the labor intensity of the activity, the  
8 export potential, as well as other factors which are germane to the realization  
9 and promotion of business and industry.”

10 **SECTION 73.** Section 141 of the Code is hereby renumbered as Section 180 and  
11 amended to read as follows:

12 “Sec. [141]**180.** [*Annual report*] **REPORTORIAL REQUIREMENTS** of  
13 *corporations.* – **EXCEPT AS OTHERWISE PROVIDED IN THIS CODE,**  
14 **every corporation, domestic or foreign, [lawfully] doing business in the**  
15 **Philippines shall submit to the [Securities and Exchange] Commission, IN THE**  
16 **FORM AND SUBSTANCE PRESCRIBED BY IT:**

17 [an annual report of its operations, together with a financial statement  
18 of its assets and liabilities, certified by any independent certified public  
19 accountant in appropriate cases, covering the preceding fiscal year and such  
20 other requirements as the Securities and Exchange Commission may require.]

21 **1. ANNUAL FINANCIAL STATEMENTS DULY AUDITED BY THE**  
22 **CORPORATION’S INTERNAL AUDITOR AND BY AN INDEPENDENT**  
23 **CERTIFIED PUBLIC ACCOUNTANT WHO IS ACCREDITED BY THE**  
24 **BOARD OF ACCOUNTANCY AND WHO POSSESSES SUCH OTHER**  
25 **ACCREDITATION AS THE COMMISSION MAY REQUIRE;**

26 **2. A GENERAL INFORMATION SHEET;**

27 **3. A DIRECTOR OR TRUSTEE COMPENSATION REPORT**  
28 **WHICH SHALL CONTAIN, AMONG OTHERS, THE FOLLOWING:**

29 **a. THE CORPORATION’S POLICY ON DIRECTOR OR**  
30 **TRUSTEE REMUNERATION, INCLUDING THE FRAMEWORK FOR**  
31 **DETERMINING THE REMUNERATION LEVELS FOR INDIVIDUAL**  
32 **DIRECTORS OR TRUSTEES;**

33 **b. A CLEAR, CONCISE AND EASILY UNDERSTANDABLE**  
34 **STATEMENT OF ALL FIXED AND VARIABLE COMPENSATION**  
35 **PAID AND ALL INCENTIVES, AWARDS, AND/OR OPTIONS**



1           **GIVEN, DIRECTLY OR INDIRECTLY, TO DIRECTORS OR**  
2           **TRUSTEES DURING THE PRECEDING FISCAL YEAR; AND**

3                   **c. A STATEMENT OF OTHER FORMS OF**  
4                   **REMUNERATION AND/OR COMPENSATION ARRANGEMENTS**  
5                   **NOT COVERED UNDER THE PRECEDING SUB-PARAGRAPHS;**

6           **4. A DIRECTOR OR TRUSTEE APPRAISAL OR PERFORMANCE**  
7           **REPORT AND THE STANDARDS OR CRITERIA USED TO ASSESS EACH**  
8           **DIRECTOR OR TRUSTEE;**

9           **5. A DIRECTOR OR TRUSTEE ATTENDANCE REPORT,**  
10           **INDICATING THE ATTENDANCE OF EACH DIRECTOR OR TRUSTEE AT**  
11           **EACH OF THE MEETINGS OF THE BOARD AND ITS COMMITTEES;**

12           **6. A STATEMENT OF ALL EXTERNAL AUDIT AND NON-AUDIT**  
13           **FEES;**

14           **7. SUCH OTHER REPORTS THAT THE COMMISSION MAY**  
15           **REQUIRE BY RULE.**

16           **THE FOREGOING REPORTORIAL REQUIREMENTS SHALL BE**  
17           **ACCOMPANIED BY A CERTIFICATION FROM THE CHAIRMAN OF THE**  
18           **BOARD, THE PRESIDENT, THE TREASURER AND THE CORPORATE**  
19           **SECRETARY (OR THEIR EQUIVALENT) TO WIT:**

20                   **1. AS TO THE ANNUAL FINANCIAL STATEMENTS,**  
21                   **THAT THE INFORMATION CONTAINED THEREIN IS**  
22                   **COMPLETE, FAIRLY AND ACCURATELY PRESENTS, IN ALL**  
23                   **MATERIAL RESPECTS, THE FINANCIAL CONDITION OF THE**  
24                   **CORPORATION AND DOES NOT CONTAIN ANY FALSE OR**  
25                   **MISLEADING STATEMENT OR MISREPRESENTATION;**

26                   **2. AS TO THE GENERAL INFORMATION SHEET, THAT**  
27                   **THE INFORMATION CONTAINED THEREIN IS COMPLETE,**  
28                   **ACCURATE AND DOES NOT CONTAIN ANY FALSE OR**  
29                   **MISLEADING STATEMENT OR MISREPRESENTATION; AND**

30                   **3. AS TO THE DIRECTOR OR TRUSTEE**  
31                   **COMPENSATION REPORT, THAT THE INFORMATION**  
32                   **CONTAINED THEREIN IS COMPLETE, FAIRLY AND**  
33                   **ACCURATELY PRESENTS, IN ALL MATERIAL RESPECTS, THE**

1 CORPORATION'S POLICY ON DIRECTOR OR TRUSTEE  
2 REMUNERATION, THE ACTUAL REMUNERATIONS OF SUCH  
3 DIRECTORS OR TRUSTEES, AND DOES NOT CONTAIN ANY  
4 FALSE OR MISLEADING STATEMENT OR  
5 MISREPRESENTATION.

6 Such [report] **REPORTORIAL REQUIREMENTS** shall be submitted  
7 **ANNUALLY AND** within such period as may be prescribed by the [Securities  
8 and Exchange] Commission.

9 **IF A CORPORATION FAILS TO SUBMIT ANY OF THE FOREGOING**  
10 **REPORTORIAL REQUIREMENTS THREE TIMES, WHETHER**  
11 **INTERMITTENTLY OR CONSECUTIVELY, WITHIN A PERIOD OF FIVE**  
12 **YEARS, THE COMMISSION MAY, AFTER DUE NOTICE AND HEARING,**  
13 **PUT THE CORPORATION ON DELINQUENCY STATUS OR REVOKE ITS**  
14 **CERTIFICATE OF INCORPORATION IN ACCORDANCE WITH SECTION**  
15 **22."**

16 **SECTION 74.** Section 142 of the Code is hereby renumbered as Section 181 and  
17 amended to read as follows:

18 "Sec. [142] **181. VISITORIAL POWER AND** *Confidential nature of*  
19 *examination results.* – **THE COMMISSION SHALL EXERCISE VISITORIAL**  
20 **POWERS OVER ALL CORPORATIONS REGISTERED WITH IT. THESE**  
21 **VISITORIAL POWERS SHALL INCLUDE, BUT NOT BE LIMITED TO**  
22 **EXAMINATION, INVESTIGATION, INSPECTION OF RECORDS**  
23 **REGARDLESS OF THE FORM IN WHICH THE INFORMATION IS**  
24 **CONTAINED, REGULATION AND SUPERVISION OF ACTIVITIES,**  
25 **ENFORCING COMPLIANCE AND IMPOSING SANCTIONS IN**  
26 **ACCORDANCE WITH THIS CODE.**

27 **ANY UNJUSTIFIED REFUSAL OR OBSTRUCTION BY A**  
28 **CORPORATION, OR ANYONE UNDER ITS EMPLOY, IN THE**  
29 **COMMISSION'S EXERCISE OF THE FOREGOING AUTHORITY SHALL,**  
30 **IN ADDITION TO THE IMPOSITION OF PENALTIES AND SANCTIONS**  
31 **UNDER THIS CODE, CONSTITUTE A JUSTIFIABLE GROUND FOR THE**  
32 **REVOCATION OF ITS CERTIFICATE OF INCORPORATION."**

33 All interrogatories propounded by the [Securities and Exchange]  
34 Commission and the answers thereto, as well as the results of any examination  
35 made by the Commission or by any other official authorized by law to make an  
36 examination of the operations, books and records of any corporation, shall be

1 kept strictly confidential, except insofar as the law may require the same to be  
2 made public, **WHEN NECESSARY FOR THE COMMISSION TO TAKE**  
3 **ACTION OR ISSUE ORDERS IN THE EXERCISE OF ITS POWERS**  
4 **UNDER THIS CODE**, or where such interrogatories, answers or results are  
5 necessary to be presented as evidence before any court.

6 **SECTION 75.** Section 143 of Code is hereby renumbered as Section 182 and  
7 amended to read as follows:

8 "Sec. [143]**182.** *[Rule-making power]* **POWERS AND FUNCTIONS** of  
9 *the [Securities and Exchange] Commission* **AND JURISDICTION OVER**  
10 **ACTIONS. – CONSISTENT WITH AND IN ADDITION TO THE POWERS**  
11 **AND FUNCTIONS PROVIDED IN PRESIDENTIAL DECREE NO. 902-A,**  
12 **THE SECURITIES REGULATION CODE, THE INVESTMENT HOUSES**  
13 **LAW, THE FINANCING COMPANY ACT AND OTHER LAWS, [The**  
14 **Securities and Exchange] Commission shall have [the power and authority],**  
15 **AMONG OTHERS, THE FOLLOWING POWERS AND FUNCTIONS:**

16 1. **HAVE JURISDICTION AND SUPERVISION OVER ALL**  
17 **CORPORATIONS, REGISTERED WITH IT, EXCEPT AS**  
18 **OTHERWISE PROVIDED UNDER THIS CODE;**

19 2. **FORMULATE POLICIES AND RECOMMENDATIONS**  
20 **ON ISSUES PERTAINING TO THE REGULATION AND**  
21 **SUPERVISION OF CORPORATIONS, AND PROPOSE**  
22 **LEGISLATION AND AMENDMENTS THERETO;**

23 3. **APPROVE OR REJECT APPLICATIONS, ISSUE OR**  
24 **REVOKE OTHER CERTIFICATIONS, REQUIRE**  
25 **ADDITIONAL SUBMISSIONS OR AMENDMENTS THERETO;**

26 4. **REGULATE, INVESTIGATE, SUPERVISE THE**  
27 **ACTIVITIES OF PERSONS TO ENSURE COMPLIANCE WITH THIS**  
28 **CODE;**

29 5. **IMPOSE SANCTIONS FOR THE VIOLATIONS OF**  
30 **THIS CODE AND ITS RULES, REGULATIONS AND ORDERS OF**  
31 **THE COMMISSION ISSUED PURSUANT THERETO;**

32 6. **PROMOTE CORPORATE GOVERNANCE AND, IN**  
33 **FURTHERANCE THEREOF, EXPAND OR ADD TO THE**  
34 **REQUIREMENTS WITH RESPECT TO, AMONG OTHERS, THE**

1           **CONTENTS OF THE BY-LAWS, THE QUALIFICATIONS AND**  
2           **DISQUALIFICATIONS OF DIRECTORS, AND THE RECORDS THAT**  
3           **MUST BE ON HAND AT THE CORPORATION'S ADDRESS OF**  
4           **RECORD AND THE ANNUAL REPORTS THAT MUST BE**  
5           **SUBMITTED TO THE COMMISSION;**

6           **7.     PREPARE, APPROVE, AMEND OR REPEAL RULES,**  
7           **REGULATIONS AND ORDERS, AND ISSUE OPINIONS AND**  
8           **PROVIDE GUIDANCE ON AND SUPERVISE COMPLIANCE WITH**  
9           **SUCH RULES, REGULATIONS AND ORDERS**

10          **8.     [to implement the provisions of this Code, and to**  
11          **promulgate rules and regulations reasonably necessary to enable it to**  
12          **perform its duties hereunder, particularly in the prevention of fraud and**  
13          **abuses on the part of the controlling stockholders, members, directors,**  
14          **trustees or officers.]   **ISSUE CEASE AND DESIST ORDERS****  
15          **WITHOUT THE NECESSITY OF A HEARING, TO PREVENT FRAUD**  
16          **OR INJURY TO THE PUBLIC[.];**

17          **9.     PUNISH FOR CONTEMPT OF THE COMMISSION,**  
18          **BOTH DIRECT AND INDIRECT;**

19          **10.  COMPEL THE OFFICERS OF ANY REGISTERED**  
20          **CORPORATION TO CALL MEETINGS OF STOCKHOLDERS OR**  
21          **MEMBERS UNDER ITS SUPERVISION AND TO ISSUE SUCH**  
22          **ORDERS AS MAY BE APPROPRIATE, INCLUDING, WITHOUT**  
23          **LIMITATION, ORDERS DESIGNATING THE TIME AND PLACE OF**  
24          **THE ELECTION, THE RECORD DATE OR DATES FOR**  
25          **DETERMINATION OF STOCKHOLDERS ENTITLED TO NOTICE OF**  
26          **THE ELECTION AND TO VOTE THEREAT, AND THE FORM OF**  
27          **NOTICE OF SUCH ELECTION;**

28          **11.  ISSUE SUBPOENA DUCES TECUM AND SUMMON**  
29          **WITNESSES TO APPEAR IN PROCEEDINGS BEFORE THE**  
30          **COMMISSION AND IN APPROPRIATE CASES ORDER THE**  
31          **EXAMINATION, SEARCH AND SEIZURE OF ALL DOCUMENTS,**  
32          **PAPERS, FILES AND RECORDS, TAX RETURNS, AND BOOKS OF**  
33          **ACCOUNTS OF ANY ENTITY OR PERSON UNDER**  
34          **INVESTIGATION AS MAY BE NECESSARY FOR THE PROPER**  
35          **DISPOSITION OF THE CASES BEFORE IT, SUBJECT TO THE**  
36          **PROVISIONS OF EXISTING LAWS;**

1           12. SUSPEND OR REVOKE, AFTER PROPER NOTICE AND  
2 HEARING, THE CERTIFICATE OF INCORPORATION OF  
3 CORPORATIONS UPON ANY OF THE GROUNDS PROVIDED  
4 UNDER THIS CODE OR WHEN DIRECTED BY FINAL JUDGMENT  
5 OF A COURT OF COMPETENT JURISDICTION;

6           13. DISSOLVE OR OTHERWISE SANCTION  
7 CORPORATIONS CREATED FOR, COMMITTING, AIDING IN THE  
8 COMMISSION OF, OR IN ANY MANNER FURTHERING  
9 SECURITIES VIOLATIONS, SMUGGLING, TAX EVASION, MONEY  
10 LAUNDERING, GRAFT AND CORRUPT PRACTICES OR OTHER  
11 FRAUDULENT OR ILLEGAL ACTS;

12           14. ISSUE WRITS OF EXECUTION AND OF ATTACHMENT  
13 TO ENFORCE PAYMENT OF THE FEES, ADMINISTRATIVE FINES  
14 AND OTHER DUES COLLECTIBLE UNDER THIS CODE;

15           15. EXERCISE SUCH OTHER POWERS AS MAY BE  
16 PROVIDED BY LAW AS WELL AS THOSE WHICH MAY BE  
17 IMPLIED FROM, OR WHICH ARE NECESSARY OR INCIDENTAL  
18 TO CARRYING OUT THE EXPRESS POWERS GRANTED TO THE  
19 COMMISSION TO ACHIEVE THE OBJECTIVES AND PURPOSES OF  
20 THIS CODE AND SUCH OTHER LAWS.

21 NO COURT BELOW THE COURT OF APPEALS SHALL HAVE  
22 JURISDICTION TO ISSUE ANY RESTRAINING ORDER, PRELIMINARY  
23 INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION IN ANY  
24 CASE, DISPUTE OR CONTROVERSY THAT, DIRECTLY OR INDIRECTLY,  
25 INTERFERES WITH THE PERFORMANCE BY THE COMMISSION OF ITS  
26 DUTIES AND RESPONSIBILITIES UNDER THIS CODE."

27           **SECTION 76.** Section 144 of the Code is hereby deleted, amended and transferred  
28 to Section 173.

29           **SECTION 77.** A new provision is inserted in the Code as Section 184:

30           **SECTION 184. DEVELOPMENT OF OTHER SYSTEMS.** – THE  
31 COMMISSION SHALL, CONSIDERING ADVANCES IN TECHNOLOGY,  
32 DEVELOP SUCH SYSTEMS AS IT MAY DEEM NECESSARY TO FACILITATE  
33 AND EXPEDITE, AMONG OTHERS, CORPORATE NAME RESERVATION  
34 AND REGISTRATION, INCORPORATION, AND THE SUBMISSION OF  
35 REPORTS, NOTICES, DOCUMENTS AND OTHER PAPERS REQUIRED

1 UNDER THIS CODE, AND PRESCRIBE THE CORRESPONDING RULES  
2 AND REGULATIONS THEREFOR. THE COMMISSION SHALL HAVE FULL  
3 DISCRETION TO DETERMINE WHICH SYSTEM OR SYSTEMS ALLOW  
4 THE MOST EFFECTIVE IMPLEMENTATION AND ENFORCEMENT OF THE  
5 PROVISIONS OF THIS CODE

6 **SECTION 78.** A new provision is inserted in the Code as Section 185:

7 "SEC. 185. *ARBITRATION.* – WHEN THE ARTICLES OF  
8 INCORPORATION OR BY-LAWS OF A DOMESTIC UNLISTED  
9 CORPORATION SO PROVIDE, ANY OR ALL DISPUTES BETWEEN OR  
10 AMONG THE CORPORATION, ITS STOCKHOLDERS OR MEMBERS, AND  
11 DIRECTORS ARISING OUT OF THE IMPLEMENTATION OF THEIR  
12 ARTICLES OF INCORPORATION OR BY-LAWS, AS WELL AS OTHER  
13 CONTROVERSIES ARISING OUT OF THEIR INTRACORPORATE  
14 RELATIONS, INCLUDING BUT NOT LIMITED TO CONTROVERSIES IN  
15 THE ELECTION OR APPOINTMENT OF THE CORPORATION'S  
16 DIRECTORS, TRUSTEES, OFFICERS OR MANAGERS, SHALL BE  
17 REFERRED TO ARBITRATION. HOWEVER, A DISPUTE SHALL NOT BE  
18 SUBMITTED TO ARBITRATION WHEN SUCH WILL LIMIT OR PRECLUDE  
19 ANY RIGHT, ACTION OR DETERMINATION BY THE COMMISSION THAT  
20 IT WOULD OTHERWISE BE AUTHORIZED TO ADOPT, ADMINISTER OR  
21 ENFORCE UNDER THIS CODE AND EXISTING LAWS. SUCH DISPUTE  
22 SHALL BE DEEMED EXCLUDED FROM THE AGREEMENT TO ARBITRATE,  
23 WHICH SHALL OTHERWISE REMAIN VALID AND BINDING.

24 THE ARBITRATION AGREEMENT SHALL BE BINDING AGAINST  
25 THE CORPORATION'S DIRECTORS, TRUSTEES, OFFICERS OR  
26 MANAGERS, UPON ACCEPTANCE OF THEIR POST.

27 TO BE VALID, THE AGREEMENT TO ARBITRATE IN THE ARTICLES  
28 OF INCORPORATION OR THE BY-LAWS SHOULD INDICATE THE  
29 NUMBER AND PROCEDURE FOR THE APPOINTMENT OF ARBITRATORS  
30 AND GRANT TO A DESIGNATED THIRD, INDEPENDENT, AND EXTERNAL  
31 PARTY OR BODY THE POWER TO APPOINT THE ARBITRATORS. IF THE  
32 THIRD PARTY OR BODY FAILS TO APPOINT THE ARBITRATORS IN THE  
33 MANNER AND WITHIN THE PERIOD SPECIFIED IN THE AGREEMENT  
34 TO ARBITRATE, EACH PARTY TO THE ARBITRATION MAY REQUEST  
35 THAT THE APPOINTMENT OF THE ARBITRATORS BE MADE BY THE  
36 COMMISSION. ARBITRATORS SHALL BE THOSE WHO ARE EITHER  
37 DULY ACCREDITED BY THE COMMISSION OR MEMBERS OF  
38 ORGANIZATIONS DULY-ACCREDITED BY THE COMMISSION.

1 THE ARBITRAL TRIBUNAL SHALL HAVE FULL AUTHORITY TO  
2 RESOLVE ALL ISSUES RELATING TO ITS JURISDICTION AND/OR THE  
3 VALIDITY OR EFFECTIVITY OF THE ARBITRATION AGREEMENT. A  
4 REGIONAL TRIAL COURT BEFORE WHICH AN INTRACORPORATE  
5 DISPUTE IS FILED SHALL, BEFORE THE TERMINATION OF THE  
6 PRETRIAL CONFERENCE, DISMISS THE CASE UPON DETERMINING THE  
7 EXISTENCE OF AN AGREEMENT TO ARBITRATE IN THE ARTICLES OF  
8 INCORPORATION OR BY-LAWS OF THE CORPORATION, ANY  
9 AMENDMENT THEREOF, OR IN A SEPARATE AGREEMENT.

10 THE ARBITRAL TRIBUNAL SHALL HAVE THE POWER TO GRANT  
11 INTERIM MEASURES NECESSARY TO ENSURE ENFORCEMENT OF THE  
12 AWARD, TO PREVENT A MISCARRIAGE OF JUSTICE, OR TO  
13 OTHERWISE PROTECT THE RIGHTS OF THE PARTIES.

14 A FINAL ARBITRAL AWARD UNDER THIS SECTION SHALL BE  
15 EXECUTORY UPON THE LAPSE OF FIFTEEN (15) DAYS FROM RECEIPT  
16 THEREOF BY THE PARTIES AND SHALL BE STAYED ONLY BY THE  
17 FILING OF A BOND OR THE ISSUANCE BY THE APPELLATE COURT OF  
18 AN INJUNCTIVE WRIT.

19 THE COMMISSION SHALL FORMULATE THE RULES AND  
20 REGULATIONS WHICH SHALL GOVERN ARBITRATION UNDER THIS  
21 SECTION."

22 **SECTION 79.** A new provision is inserted in the Code as Section 186 and the  
23 succeeding provisions are re-numbered accordingly and amended as follows:

24 "SEC.186. JURISDICTION OVER CORPORATIONS OF SPECIAL  
25 CHARACTER. – THE POWERS, AUTHORITIES AND RESPONSIBILITIES  
26 THAT ARE VESTED IN THE COMMISSION UNDER THIS CODE AND  
27 PRESIDENTIAL DECREE 902-A INVOLVING CORPORATIONS OF A  
28 SPECIAL CHARACTER ARE TRANSFERRED TO THE COMMISSION ON  
29 ELECTIONS (COMELEC) WITH RESPECT TO PARTY-LIST  
30 ORGANIZATIONS, TO THE HOUSING AND LAND USE REGULATORY  
31 BOARD (HLURB) WITH RESPECT TO NEIGHBORHOOD ASSOCIATIONS  
32 AND HOMEOWNERS' ASSOCIATIONS, AND TO THE DEPARTMENT OF  
33 TRANSPORTATION AND COMMUNICATIONS (DOTC) WITH RESPECT TO  
34 THE ASSOCIATIONS OF OPERATORS AND DRIVERS OF PUBLIC  
35 TRANSPORT.

36 THE MONITORING, SUPERVISION AND REGULATION OF

1       **CORPORATIONS OF SUCH CHARACTER ABOVE-DESCRIBED**  
2       **PREVIOUSLY REGISTERED WITH THE COMMISSION SHALL LIKEWISE**  
3       **BE TRANSFERRED TO THE SAID PERTINENT GOVERNMENT AGENCIES,**  
4       **RESPECTIVELY.**

5               **FOR THIS PURPOSE, THE COMELEC, HLURB, AND DOTC, IN**  
6       **COORDINATION WITH THE COMMISSION, SHALL PROMULGATE THE**  
7       **CORRESPONDING IMPLEMENTING RULES AND/OR ENTER INTO**  
8       **INTER-AGENCY AGREEMENTS.”**

9               **SECTION 80.** *Implementing Rules and Regulations.* – The Commission shall  
10      promulgate and/or amend the necessary rules and regulations for the effective  
11      implementation of this Act.

12              **SECTION 81.** *Separability Clause.* – If any provision of this Act is declared invalid  
13      or unconstitutional, other provisions hereof which are not affected thereby shall continue to  
14      be in full force and effect.

15              **SECTION 82.** *Repealing Clause.* – Any law, presidential decree or issuance,  
16      executive order, letter of instruction, administrative order, rule or regulation contrary to or  
17      inconsistent with any provision of this Act is hereby repealed or modified accordingly.

18              **SECTION 83.** *Effectivity Clause.* – This Act shall take effect fifteen (15) days after  
19      its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation,  
20      whichever date comes earlier.