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SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

RECEIVED BY: J

SENATE
P.S. Resolution No. 1488

Introduced by Senator Ralph G. Recto

A RESOLUTION

DIRECTING THE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF THE CORPORATION CODE AND CODE OF CORPORATE GOVERNANCE WITH REGARD TO MINORITY SHAREHOLDERS' RIGHTS

WHEREAS, Article 2, Section 20 of the Constitution states, "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments";

WHEREAS, Article 3, Section F, Sub-section 1 of the Revised Code of Corporate Governance of the Securities and Exchange Commission states, "It is the Board's responsibility to foster the long-term success of the corporation and to sustain its competitiveness and profitability in a manner consistent with its objectives and the best interests of its stockholders and other stakeholders";

WHEREAS, the Revised Code of Corporate Governance of the Securities and Exchange Commission, Article 3, Section F, Sub-section 1, Paragraph C, in relation to the functions of a corporation's board of directors states that it must, "ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices";

WHEREAS, Article 8 of the Revised Code of Corporate Governance of the Securities and Exchange Commission states, "It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of its stockholders and other stockholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and the Management.";

WHEREAS, Title VIII, Section 75 of the Batas Pambansa Bilang 68 also known as the Corporation Code states, "Within ten (10) days from receipt of a written request of any stockholder or member, the corporation shall furnish to him its most recent financial statement, which shall include a balance sheet as of the end of the last taxable year and a profit or loss

statement for said taxable year, showing in reasonable detail its assets and liabilities and the result of its operation.”;

WHEREAS, apart from the recent financial statement of the company, stockholders should really also have the ability to access all the company’s books and records, even at their cost, upon receipt of a written request of any stockholder or member;

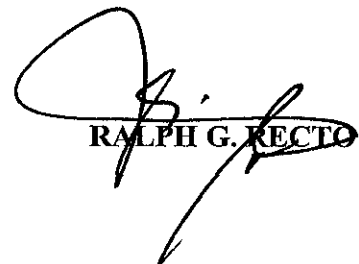
WHEREAS, with the ASEAN integration, the influx of local and foreign investors will contribute to the development of the Philippine economy by 7.3% until 2050¹;

WHEREAS, to sustain foreign direct investments, the rule of law should be adhered to thereby making it vital for monitoring and compliance to be performed consistently by government regulators;

WHEREAS, in fulfilling its mandate of regulating a competitive free market, the Philippine Stock Exchange and Securities and Exchange Commission should perform their roles as regulators by supervising corporations and imposing sanctions for violations committed by a corporation or its Board;

WHEREFORE, BE IT RESOLVED, by the Philippine Senate to direct the Committee on Banks, Financial Institutions and Currencies to conduct an inquiry, in aid of legislation, on the implementation of the Corporation Code and Code of Corporate Governance with regard to minority shareholders’ rights.

Adopted,



RALPH G. RECTO

¹ The Wealth Report (2012) Retrieved from <http://www.thewealthreport.net/>