


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



Senate  
Office of the Secretary

'15 SEP -8 P6:27

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 247

Submitted by the Committee on Trade, Commerce and Entrepreneurship on  
SEP 08 2015.

Re: Senate Bill No. 2945 prepared by the Committees

Recommending its approval in substitution of Senate Bill Nos. 1636, 1921, 2104, 2175,  
2194 and 2465

Sponsor: Senator Aquino IV

**Mr. President:**

The Committee on Trade, Commerce and Entrepreneurship, to which were referred Senate Bill No. 1636, introduced by Senator Ejercito-Estrada, *entitled:*

“AN ACT  
AMENDING SECTION 144 OF BATAS PAMBANSA BLG. 68, OTHERWISE KNOWN  
AS THE CORPORATION CODE OF THE PHILIPPINES BY INCREASING THE RANGE  
OF PENALTIES FOR VIOLATION OF ITS PROVISIONS AND FOR OTHER  
PURPOSES”

Senate Bill No. 1921, introduced by Senator Defensor Santiago, *entitled:*

“AN ACT  
AMENDING BATAS PAMBANSA BLG. 68, OTHERWISE KNOWN AS THE  
CORPORATION CODE, SECTION 37, GRANTING STOCKHOLDERS THE  
RIGHT OF APPRAISAL WHEN THE TERM OF CORPORATE EXISTENCE  
IS EXTENDED”

Senate Bill No. 2104, introduced by Senator Escudero, *entitled:*

“AN ACT  
ALLOWING ONE PERSON CORPORATIONS, AMENDING FOR THE  
PURPOSE PERTINENT PROVISIONS OF BATAS PAMBANSA BLG. 68 OR  
THE CORPORATION CODE OF THE PHILIPPINES, AS AMENDED”

Senate Bill No. **2175**, introduced by Senator Binay, *entitled*:

“AN ACT  
CLARIFYING THE REQUIREMENTS FOR ENGAGING IN ACTIVITIES  
COVERED BY THE SECONDARY PURPOSE CLAUSE OF  
CORPORATIONS, AMENDING BATAS PAMBANSA BLG. 68 OTHERWISE  
KNOWN AS THE CORPORATION CODE OF THE PHILIPPINES”

Senate Bill No. **2194**, introduced by Senator Angara, *entitled*:

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

and Senate Bill No. **2465**, introduced by Senator Aquino IV, *entitled*:

“AN ACT  
AMENDING BATAS PAMBANSA BLG. 68 OTHERWISE KNOWN AS THE  
CORPORATION CODE OF THE PHILIPPINES”

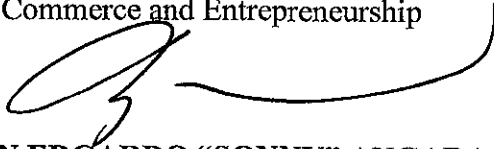
have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, S.B. No. 2945, prepared by the Committees, *entitled*:

“AN ACT  
AMENDING BATAS PAMBANSA BLG. 68 OTHERWISE KNOWN AS THE  
CORPORATION CODE OF THE PHILIPPINES”


be approved in substitution of Senate Bill Nos. **1636, 1921, 2104, 2175, 2194 and 2465**, with Senators Ejercito-Estrada, Defensor Santiago, Escudero, Binay, Angara and Aquino IV, as author thereof.

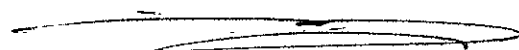
Respectfully submitted:

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**PAOLO BENIGNO "BAM" AQUINO IV**  
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**ALAN PETER "Compañero" S.  
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*Majority Floor Leader*

**JUAN PONCE ENRILE**  
*Minority Floor Leader*

  
**VICENTE C. SOTTO III**  
*Acting Minority Floor Leader*

**FRANKLIN M. DRILON**  
*Senate President*  
Senate of the Philippines  
Pasay City



1 **FROM THE PUBLIC, WHETHER PUBLICLY LISTED OR NOT**, shall not  
2 be permitted to issue no-par value shares of stock.

3 Preferred shares of stock issued by any corporation may be given  
4 preference in the distribution of the assets of the corporation in case of liquidation  
5 and in the distribution of dividends, or such other preferences as may be stated in  
6 the articles of incorporation which are not violative of the provisions of this Code:  
7 *Provided*, That preferred shares of stock may be issued only with a stated par  
8 value. The board of directors, where authorized in the articles of incorporation,  
9 may fix the terms and conditions of preferred shares of stock or any series  
10 thereof: *Provided*, That such terms and conditions shall be effective upon [filing  
11 of a certificate thereof with the Securities and Exchange Commission] **THE**  
12 **ISSUANCE BY THE SECURITIES AND EXCHANGE COMMISSION,**  
13 **HEREINAFTER REFERRED TO AS THE “COMMISSION”, OF A**  
14 **CERTIFICATE THAT THE TERMS AND CONDITIONS OF THE**  
15 **PREFERRED SHARES ARE NOT INCONSISTENT WITH THE**  
16 **PROVISIONS OF THIS CODE, THE CONSTITUTION OF THE**  
17 **PHILIPPINES, AND OTHER EXISTING LAWS, RULES AND**  
18 **REGULATIONS.**

19 xxx xxx xxx”

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

21 “Sec. 7. *Founders' shares.* - Founders' shares classified as such in the  
22 articles of incorporation may be given certain rights and privileges not enjoyed by  
23 the owners of other stocks, provided that where the exclusive right to vote and be  
24 voted for in the election of directors is granted, it must be for a limited period not  
25 to exceed five (5) years **FROM THE DATE OF THE** approval of the [Securities  
26 and Exchange] Commission. **PROVIDED, THAT THE EXCLUSIVE RIGHT**

1 TO VOTE OR BE VOTED FOR SHALL NOT BE ALLOWED IF ITS  
2 EXERCISE WILL VIOLATE THE RULES AND REGULATIONS OF  
3 THE COMMISSION, COMMONWEALTH ACT NO. 108, AND  
4 REPUBLIC ACT 7042; *PROVIDED, FURTHER*, THAT THE SAID RIGHT  
5 SHALL BE GRANTED ONLY ONCE.

6 AFTER THE LAPSE OF THE FIVE-YEAR PERIOD, THE  
7 SHARES SHALL AUTOMATICALLY HAVE THE SAME VOTING  
8 RIGHTS AND PRIVILEGES AS COMMON SHARES.”

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

10 “Sec. 8. *Redeemable shares.* – Redeemable shares may be issued by the  
11 corporation when expressly so provided in the articles of incorporation. [They  
12 may be purchased or taken up by the corporation upon the expiration of a fixed  
13 period, regardless of the existence of unrestricted retained earnings in the books  
14 of the corporation, and upon such other terms and conditions as may be stated in  
15 the articles of incorporation, which terms and conditions must also be stated in  
16 the certificate of stock representing said shares.] **THE CORPORATION MAY  
17 REDEEM THE SAID SHARES ONLY IF, AFTER SUCH REDEMPTION,  
18 IT SHALL STILL HAVE SUFFICIENT ASSETS IN ITS BOOKS TO  
19 COVER LIABILITIES INCLUSIVE OF THE SUBSCRIBED CAPITAL  
20 STOCK, AND SUCH REDEMPTION IS IN ACCORDANCE WITH THE  
21 TERMS AND CONDITIONS STATED IN THE ARTICLES OF  
22 INCORPORATION AND/OR THE CERTIFICATE OF STOCK  
23 REPRESENTING SAID SHARES SUBJECT TO SUCH OTHER RULES  
24 AND REGULATIONS THAT MAY BE ISSUED BY THE COMMISSION.**

25 **EXCEPT AS PROVIDED IN THE IMMEDIATELY PRECEDING**  
26 **PARAGRAPH, NO CORPORATION SHALL REDEEM, REPURCHASE**

1           OR REACQUIRE ITS OWN SHARES OF WHATEVER CLASS, UNLESS,  
2           AFTER SUCH REDEMPTION, REPURCHASE OR REACQUISITION, IT  
3           HAS SUFFICIENT LIQUID ASSETS IN ITS BOOKS TO COVER  
4           LIABILITIES INCLUSIVE OF THE SUBSCRIBED CAPITAL STOCK;  
5           **PROVIDED**, THAT SUCH REQUIREMENT SHALL NOT APPLY IF THE  
6           REDEMPTION, REPURCHASE OR REACQUISITION IS MADE UNDER  
7           ANY OF THE FOLLOWING CIRCUMSTANCES:

8                   A) PURSUANT TO A CONVERSION RIGHT PROVIDED FOR IN  
9           THE ARTICLES OF INCORPORATION;

10                   B) TO EFFECT A DECREASE IN THE AUTHORIZED CAPITAL  
11           STOCK OF THE CORPORATION AS APPROVED BY THE  
12           COMMISSION; AND

13                   C) UPON INSTRUCTION TO A CLOSE CORPORATION BY THE  
14           COMMISSION TO RESOLVE A DEADLOCK

15                   D) A DACION EN PAGO IN FAVOR OF THE CORPORATION OR  
16           CONVEYANCE OF SHARES TO THE CORPORATION IN PAYMENT  
17           OR SATISFACTION OF A DEBT OR LIABILITY TO THE  
18           CORPORATION.”

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

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

1           **CORPORATION WITH ONLY A SINGLE STOCKHOLDER, WHETHER**  
2           **NATURAL OR JURIDICAL, IS CONSIDERED A ONE PERSON**  
3           **CORPORATION COVERED BY TITLE XII, CHAPTER III, AND A**  
4           **CORPORATION WITH TOTAL ASSETS MORE THAN THREE**  
5           **MILLION PESOS (PHP3,000,000.00) BUT NOT MORE THAN FIFTEEN**  
6           **MILLION PESOS (PHP15,000,000.00), THE AMOUNTS OF WHICH MAY**  
7           **BE REVISED BY THE COMMISSION, REGARDLESS OF THE NUMBER**  
8           **OF INCORPORATORS IS CONSIDERED A SMALL CORPORATION.”**

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

10           “Sec. 11. *Corporate term.* - **UNLESS SOONER DISSOLVED,** a  
11           corporation shall exist [for a period] **PERPETUALLY, OR AS OTHERWISE**  
12           **STATED IN THE ARTICLES OF INCORPORATION. A TERM LESS**  
13           **THAN PERPETUAL** [not exceeding fifty (50) years from the date of  
14           incorporation unless sooner dissolved or unless said period is] **MAY BE** extended  
15           [. The corporate term as originally stated in the articles of incorporation may be  
16           extended for periods not exceeding fifty (50) years in any single instance] by an  
17           amendment of the articles of incorporation, in accordance with this Code;  
18           Provided, That no extension can be made earlier than [five (5)] **THREE (3)** years  
19           prior to the original or subsequent expiry date(s) unless there are justifiable  
20           reasons for an earlier extension as may be determined by the [Securities and  
21           Exchange] Commission; **PROVIDED, FURTHER, THAT SUCH**  
22           **EXTENSION OF THE CORPORATE TERM SHALL TAKE EFFECT**  
23           **ONLY ON THE DAY FOLLOWING THE ORIGINAL OR SUBSEQUENT**  
24           **EXPIRY DATE(S).**

25           **THE CORPORATE TERM MAY BE SHORTENED OR**  
26           **EXTENDED BY AN AMENDMENT OF THE ARTICLES OF**  
27           **INCORPORATION IN ACCORDANCE WITH THIS CODE.**



1           A CORPORATION WHOSE TERM EXPIRED OR LAPSED  
2           WITHIN TEN YEARS PRIOR TO THE EFFECTIVITY OF THIS CODE,  
3           AND WHICH HAS NOT REINCORPORATED, MAY APPLY WITH THE  
4           COMMISSION FOR THE REVIVAL OF ITS CERTIFICATE OF  
5           INCORPORATION IF IT CAN SHOW THAT REINCORPORATION  
6           WOULD BE DIFFICULT OR DELETERIOUS TO IT AND THAT IT  
7           CONTINUES TO BE A GOING CONCERN OR CAN READILY REVIVE  
8           ITS OPERATIONS. UPON APPROVAL BY THE COMMISSION AND  
9           SUBJECT TO THE CORPORATION'S COMPLIANCE WITH THE  
10          COMMISSION'S REQUIREMENTS OR CONDITIONS FOR REVIVAL  
11          AND THE PAYMENT OF THE PRESCRIBED FEES, THE COMMISSION  
12          SHALL REVIVE THE CORPORATION'S CERTIFICATE OF  
13          INCORPORATION AND THE CORPORATION SHALL THENCEFORTH  
14          EXIST IN ACCORDANCE WITH THIS SECTION."

15          SECTION 6. A new section is hereby included as Section 12 in Title II,  
16          Incorporation and Organization of Private Corporations, to be worded as follows:

17  
18           "SEC. 12. *REGULAR MONITORING.* - A CORPORATION WITH A  
19          PERPETUAL TERM OR A TERM EXCEEDING TWENTY-FIVE YEARS  
20          SHALL BE SUBJECT TO A PERIODIC REVIEW BY THE COMMISSION  
21          AND SHALL SUBMIT PROOF OF ITS INTENTION TO CONTINUE  
22          OPERATIONS BY COMPLYING WITH THE REPORTORIAL  
23          REQUIREMENTS THE COMMISSION MAY PRESCRIBE THEREFOR ON  
24          THE TWENTY-FIFTH YEAR AND EVERY TWENTY-FIVE YEARS  
25          THEREAFTER, OR AT SUCH INTERVALS AS THE COMMISSION MAY  
26          LATER DETERMINE. THE COMMISSION SHALL CHARGE SUCH  
27          PENALTIES AS IT MAY DEEM APPROPRIATE AND WITHHOLD  
28          ACTION ON ANY MATTER BROUGHT BY THE CORPORATION,

1 INCLUDING BUT NOT LIMITED TO APPLICATIONS FOR THE  
2 AMENDMENT OF THE ARTICLES OF INCORPORATION AND/OR BY-  
3 LAWS AND THE ISSUANCE OF CERTIFICATIONS OF GOOD STANDING  
4 OR THOSE REQUIRED FOR TRANSACTIONS WITH OTHER  
5 GOVERNMENT AGENCIES, UNTIL FULL COMPLIANCE WITH THE  
6 COMMISSION'S REPORTORIAL REQUIREMENTS IS MADE."

7  
8 SECTION 7. Section 12 of the Code is hereby renumbered as Section 13 and  
9 amended to read as follows:

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

23 SECTION 8. Section 13 of the Code is hereby renumbered as Section 14 and  
24 amended to read as follows:

25 "Sec. 14. *Amount of capital stock to be subscribed and paid for purposes*  
26 *of incorporation.* – EXCEPT WITH RESPECT TO ONE PERSON  
27 CORPORATIONS AND SMALL CORPORATIONS WHOSE CAPITAL

1           **STOCK SHALL BE PAID IN FULL UPON SUBSCRIPTION, at least**  
2           twenty-five (25%) percent of the **NUMBER OF SHARES OF THE** authorized  
3           capital stock as stated in the articles of incorporation must be subscribed at the  
4           time of incorporation, and at least twenty-five (25%) percent of the **VALUE OF**  
5           **THE** total subscription must be paid upon subscription, the balance to be payable  
6           on a date or dates fixed in the contract of subscription without need of call, or in  
7           the absence of a fixed date or dates, upon call for payment by the board of  
8           directors: *Provided, however,* That in no case shall the paid-up capital be less than  
9           [five thousand (P5,000.00) pesos.] **SIXTY TWO THOUSAND FIVE**  
10          **HUNDRED (P62,500.00) PESOS, OR SUCH AMOUNT AS MAY BE**  
11          **DETERMINED BY THE COMMISSION OR REQUIRED IN OTHER**  
12          **LAWS; PROVIDED, HOWEVER, THAT WITH RESPECT TO NO PAR**  
13          **VALUE SHARES, AT LEAST TWENTY-FIVE PERCENT (25%) OF SAID**  
14          **SHARES OF THE AUTHORIZED CAPITAL STOCK MUST BE**  
15          **SUBSCRIBED AND FULLY PAID UPON SUBSCRIPTION.”**

16          **SECTION 9.**     Section 14 of the Code is hereby renumbered as Section 15 and  
17          amended to read as follows:

18                 “Sec. 15. *Contents of articles of incorporation.* - All corporations  
19                 organized under this Code shall file with the [Securities and Exchange]  
20                 Commission articles of incorporation in any of the official languages, duly signed  
21                 and acknowledged by all of the incorporators, containing substantially the  
22                 following matters, except as otherwise prescribed by this Code or by special law:

23                         1. The name of the corporation;

24                                 xxx     xxx     xxx



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[The Securities and Exchange Commission shall not accept the articles of incorporation of any stock corporation unless accompanied by a sworn statement of the Treasurer elected by the subscribers showing that at least twenty-five (25%) percent of the authorized capital stock of the corporation has been subscribed, and at least twenty-five (25%) of the total subscription has been fully paid to him in actual cash and/or in property the fair valuation of which is equal to at least twenty-five (25%) percent of the said subscription, such paid-up capital being not less than five thousand (P5,000.00) pesos.]

**ARTICLES OF INCORPORATION OR AMENDMENTS  
THERE TO MAY BE FILED IN THE FORM OF AN ELECTRONIC  
DOCUMENT, IN ACCORDANCE WITH THE RULES AND  
REGULATIONS OF THE COMMISSION ON THE USE OF  
ELECTRONIC DATA MESSAGES.”**

**SECTION 10.** Section 15 of the Code is hereby renumbered as Section 16 and amended to delete the form on the Treasurer’s Affidavit and to read as follows:

“Sec. 16. *Form[s] of articles of incorporation; Filing.* - Unless otherwise prescribed by special law, articles of incorporation of all domestic corporations shall comply substantially with the following form:

ARTICLES OF INCORPORATION  
OF  
\_\_\_\_\_  
(Name of Corporation)

KNOW ALL [MEN] PERSONS BY THESE PRESENTS:



1 IN WITNESS WHEREOF, we have hereunto signed these Articles of  
2 Incorporation, this ..... day of ....., [19] 20..... in the  
3 City/Municipality of ....., Province of  
4 ....., Republic of the Philippines.

5 xxx xxx xxx

6 [TREASURER'S AFFIDAVIT

7 xxx xxx xxx

8 NOTARY PUBLIC

9 My commission expires on ....., 19 .....

10 Doc. No. ....;

11 Page No. ....;

12 Book No. ....;

13 Series of 19 .....]

14 **SECTION 11.** Section 16 of the Code is hereby renumbered as Section 17 and  
15 amended to delete “Securities and Exchange” from “Securities and Exchange Commission” in  
16 each instance.

17 **SECTION 12.** Section 17 of the Code is hereby renumbered as Section 18 and  
18 amended to read as follows:

19 “Sec. 18. *Grounds when articles of incorporation or amendment may be*  
20 *rejected or disapproved.* – The [Securities and Exchange] Commission may reject  
21 the articles of incorporation or disapprove any amendment thereto if the same is  
22 not in compliance with the requirements of this Code: Provided, That the  
23 Commission shall give the incorporators, **DIRECTORS, TRUSTEES OR**

1           **OFFICERS** a reasonable time within which to correct or modify the objectionable  
2 portions of the articles or amendment. The following are grounds for such  
3 rejection or disapproval:

4                   1. That the articles of incorporation or any amendment thereto is not  
5 substantially in accordance with the form prescribed herein;

6   xxx                   xxx                   xxx

7           No articles of incorporation or amendment to articles of incorporation of banks,  
8 banking and quasi-banking institutions, building and loan associations, trust  
9 companies and other financial intermediaries and insurance companies shall be  
10 accepted or approved by the Commission unless accompanied by a favorable  
11 recommendation of the appropriate government agency to the effect that such  
12 articles or amendment is in accordance with law.

13                   **THE COMMISSION MAY REQUIRE AN ENDORSEMENT OR**  
14 **FAVORABLE RECOMMENDATION FROM OTHER APPROPRIATE**  
15 **GOVERNMENT AGENCIES.**

16           **SECTION 13.**   Section 18 of the Code is hereby amended to read as follows:

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



1           THE COMMISSION SHALL DETERMINE WHETHER A NAME  
2 IS DISTINGUISHABLE FROM ANOTHER NAME FOR PURPOSES OF  
3 THIS CODE. WITHOUT EXCLUDING OTHER NAMES WHICH MAY  
4 NOT CONSTITUTE DISTINGUISHABLE NAMES AS DETERMINED BY  
5 THE COMMISSION, AND SUBJECT TO THE RULES OR GUIDELINES  
6 THE COMMISSION MAY SET WITH RESPECT THERETO, A NAME IS  
7 NOT CONSIDERED DISTINGUISHABLE FOR PURPOSES OF THIS  
8 CODE SOLELY BECAUSE IT CONTAINS ONE OR MORE OF THE  
9 FOLLOWING:

10           1.     THE WORD "CORPORATION", "COMPANY",  
11           "INCORPORATED", OR "LIMITED", "LIMITED  
12           LIABILITY" OR AN ABBREVIATION OF ONE OF SUCH  
13           WORDS;

14  
15           2.     PUNCTUATIONS, ARTICLES, CONJUNCTIONS,  
16           CONTRACTIONS, ABBREVIATIONS, DIFFERENT TENSES,  
17           SPACING OR NUMBER OF THE SAME WORD OR PHRASE.

18           THE FACT THAT A CORPORATE NAME COMPLIES WITH  
19 THIS SECTION DOES NOT CREATE SUBSTANTIVE RIGHTS TO THE  
20 USE OF THAT CORPORATE NAME. THE COMMISSION SHALL  
21 HAVE THE AUTHORITY TO SUMMARILY REMOVE FROM  
22 REGISTRATION OR RESERVATION ANY NAME WHICH IT LATER  
23 DETERMINES TO BE NOT DISTINGUISHABLE AS STATED ABOVE.

24           WHEN A CORPORATE NAME IS REMOVED FROM  
25 REGISTRATION, THE CORPORATION SHALL IMMEDIATELY  
26 CEASE FROM USING THE SAME AND APPLY FOR THE  
27 REGISTRATION OF A NEW CORPORATE NAME. SIMILARLY, A

1           **CORPORATION DIRECTED BY FINAL JUDGMENT TO CHANGE ITS**  
2           **CORPORATE NAME SHALL NOT USE THE SAME IN ITS**  
3           **OPERATIONS OR IN ANY OTHER WAY, EVEN AFTER ITS**  
4           **DISSOLUTION OR REVOCATION AS A CORPORATION.**

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

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

25          **SECTION 14.** Section 19 of the Code is hereby renumbered as Section 20 and  
26          amended to read as follows:

1           “Sec. 20. *REGISTRATION, INCORPORATION AND commencement of*  
2 *corporate existence.* – A PERSON OR GROUP OF PERSONS DESIRING  
3 TO INCORPORATE SHALL SUBMIT THE INTENDED CORPORATE  
4 NAME TO THE COMMISSION FOR VERIFICATION. IF THE  
5 COMMISSION FINDS THAT THE NAME IS DISTINGUISHABLE, THE  
6 NAME SHALL BE RESERVED IN FAVOR OF THE INCORPORATORS.  
7 THE INCORPORATORS SHALL THEN: (A) SUBMIT, AS MAY BE  
8 APPLICABLE, THEIR ARTICLES OF INCORPORATION, THEIR BY-  
9 LAWS, AND SUCH OTHER DOCUMENTS AND/OR INFORMATION AS  
10 MAY BE REQUIRED BY THE COMMISSION; AND (B) PAY THE  
11 PRESCRIBED FEES.

12           INCORPORATORS SHALL HAVE THE OPTION OF  
13 RESERVING A CORPORATE NAME, SUBMITTING THE  
14 REQUIREMENTS FOR INCORPORATION AND PAYING THE  
15 PRESCRIBED FEES EITHER THROUGH THE MANUAL PROCESS AT  
16 THE OFFICE OF THE COMMISSION OR THROUGH ANY OTHER  
17 SYSTEM OF REGISTRATION AND INCORPORATION WHICH THE  
18 COMMISSION MAY ESTABLISH, SUBJECT TO THE  
19 CORRESPONDING RULES AND PROCEDURES THE COMMISSION  
20 SHALL PRESCRIBE THEREFOR.

21           IF THE COMMISSION FINDS THAT THE SUBMITTED  
22 DOCUMENTS, INFORMATION AND PAYMENT ARE COMPLETE  
23 AND IN FULL COMPLIANCE OF THE REQUIREMENTS UNDER THIS  
24 CODE AND THE RULES OF THE COMMISSION, AND THERE IS NO  
25 OTHER GROUND TO REJECT OR DISAPPROVE ANY OF THE  
26 SUBMISSIONS, THE COMMISSION SHALL ISSUE THE

1           **CORRESPONDING CERTIFICATE OF INCORPORATION AND**  
2           **REGISTER THE CORPORATE NAME EARLIER RESERVED.**

3           A private corporation formed or organized under this Code commences to  
4           have corporate existence and juridical personality and is deemed incorporated  
5           from the date the [Securities and Exchange] Commission issues [a] **THE**  
6           certificate of incorporation under its official seal; **PROVIDED, THAT THE**  
7           **COMMISSION MAY ISSUE THE CERTIFICATE OF INCORPORATION**  
8           **IN THE FORM OF AN ELECTRONIC DOCUMENT, IN ACCORDANCE**  
9           **WITH THE RULES AND REGULATIONS OF THE COMMISSION ON**  
10          **THE USE OF ELECTRONIC DATA MESSAGES;** and thereupon the  
11          incorporators, stockholders/members and their successors shall constitute a body  
12          politic and corporate under the name stated in the articles of incorporation for the  
13          period of time mentioned therein, unless said period is extended or the  
14          corporation is sooner dissolved in accordance with law.

15          **SECTION 15.** Section 20 and 21 of the Code are hereby renumbered as Section 21  
16          and 22, respectively.

17          **SECTION 16.** Section 22 of the Code is hereby renumbered as Section 23 and  
18          amended to read as follows:

19                 *“Sec. 23. Effects of non-use of corporate charter and continuous*  
20                 *inoperation of a corporation; DELINQUENCY AND REVOCATION.* – If a  
21                 corporation does not formally organize and commence [the transaction of] its  
22                 business or the construction of its works within [two (2)] **FIVE (5)** years from the  
23                 date of its incorporation, its [corporate powers cease and the corporation]  
24                 **CERTIFICATE OF INCORPORATION** shall be deemed [dissolved]  
25                 **REVOKED AS OF THE DAY FOLLOWING THE END OF SAID FIVE-**

1           **YEAR PERIOD, WITHOUT NEED OF FURTHER ACTION BY THE**  
2           **COMMISSION.**

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

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

1           ONCE COMPLIANCE WITH THE COMMISSION'S  
2           REQUIREMENTS AND PAYMENT OF FINES AND PENALTIES ARE  
3           COMPLETED, THE COMMISSION SHALL ISSUE AN ORDER LIFTING  
4           THE DELINQUENCY STATUS. FAILURE TO RESUME OPERATIONS,  
5           COMPLY WITH THE COMMISSION'S REQUIREMENTS, AND PAY  
6           THE PENALTIES PRESCRIBED WITHIN THE PERIOD GIVEN BY  
7           THE COMMISSION OR ANY EXTENSION GRANTED BY IT,  
8           HOWEVER, SHALL RENDER THE CORPORATION'S CERTIFICATE  
9           OF INCORPORATION REVOKED AS OF THE LAPSE OF SAID  
10          PERIOD WITHOUT NEED OF FURTHER ACTION BY THE  
11          COMMISSION.

12           THE COMMISSION SHALL REVOKE THE CERTIFICATE OF  
13          INCORPORATION OF A CORPORATION WHEN DIRECTED BY  
14          FINAL JUDGMENT OF A COMPETENT COURT OR WHEN, AFTER  
15          DUE NOTICE AND HEARING, THE COMMISSION DETERMINES  
16          THAT THE CORPORATION COMMITTED VIOLATIONS OF THIS  
17          CODE OR ITS RULES WHICH WARRANT THE REVOCATION OF ITS  
18          CERTIFICATE OF INCORPORATION.

19           ONCE THE REVOCATION BECOMES FINAL, *I.E.* AFTER THE  
20          LAPSE OF FIFTEEN DAYS FROM THE DATE OF REVOCATION, THE  
21          CORPORATION SHALL BE BANNED FROM ANY FURTHER USE OF  
22          THE CORPORATE NAME AND SHALL BE DISSOLVED IN  
23          ACCORDANCE WITH THE PROVISIONS ON DISSOLUTION UNDER  
24          TITLE XIV OF THIS CODE.

25           [The provision shall not apply if the failure to organize, commence the  
26          transaction of its business or the construction of its works, or to continuously

1 operate is due to causes beyond the control of the corporation as may be  
2 determined by the Securities and Exchange Commission].”

3 **SECTION 17.** Section 23 of the Code is hereby renumbered as Section 24 and  
4 amended to read as follows:

5 “Sec. 24. *The board of directors or trustees.* - Unless otherwise provided  
6 in this Code, the corporate powers of all corporations formed under this Code  
7 shall be exercised, all business conducted and all property of such corporations  
8 controlled and held by the board of directors or trustees [to be elected from  
9 among the holders of stocks, or where there is no stock, from among the members  
10 of the corporation,] who shall hold office for one (1) year until their successors  
11 are elected and qualified.

12 **ONE PERSON CORPORATIONS SHALL HAVE ONLY ONE (1)**  
13 **DIRECTOR OR TRUSTEE. SMALL CORPORATIONS SHALL HAVE AS**  
14 **MANY DIRECTORS AS THERE ARE INCORPORATORS, NOT**  
15 **EXCEEDING THREE (3). A CORPORATION SHALL BE DEEMED TO**  
16 **BE A SMALL CORPORATION WHEN IT HAS ONLY TWO (2) OR**  
17 **THREE (3) INCORPORATORS AND ITS TOTAL ASSETS DO NOT**  
18 **EXCEED FIFTEEN MILLION PESOS (PHP15,000,000.00) OR SUCH**  
19 **OTHER AMOUNT THAT THE COMMISSION MAY DETERMINE.**

20 **CORPORATIONS IMBUED WITH PUBLIC INTEREST, AS MAY**  
21 **BE DEFINED BY THE COMMISSION, SHALL HAVE AT LEAST ONE (1)**  
22 **INDEPENDENT DIRECTOR OR TRUSTEE, OR SUCH OTHER**  
23 **MINIMUM NUMBER WHICH THE COMMISSION MAY DETERMINE**  
24 **AS NECESSARY FOR GOOD CORPORATE GOVERNANCE. THE**  
25 **COMMISSION SHALL FURTHER PRESCRIBE THE MINIMUM**

1           **STANDARDS OR CRITERIA IN DETERMINING THE INDEPENDENCE**  
2           **OF A DIRECTOR.**

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

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

15           A majority of the directors or trustees of all corporations organized under  
16           this Code, **INCLUSIVE OF INDEPENDENT DIRECTORS OR TRUSTEES,**  
17           must be residents of the Philippines.

18           **IT SHALL BE THE DUTY OF ALL DIRECTORS OR TRUSTEES**  
19           **TO ATTEND ALL MEETINGS OF THE BOARD AND OF THE**  
20           **STOCKHOLDERS OR MEMBERS AND THEIR ABSENCE MAY BE**  
21           **EXCUSED ONLY FOR JUSTIFIABLE REASONS. WHEN RELATED**  
22           **PARTY TRANSACTIONS OR SELF-DEALINGS OF A DIRECTOR ARE**  
23           **TAKEN UP, THE CONCERNED DIRECTOR SHALL ABSENT HIMSELF**  
24           **FROM THE MEETING AND HIS ABSENCE SHALL NOT BE COUNTED**  
25           **AGAINST HIM. DIRECTORS AND TRUSTEES SHALL HAVE SUCH**  
26           **OTHER DUTIES AND RESPONSIBILITIES PROVIDED IN THE**



1           **CORPORATION’S BY-LAWS AND AS MAY BE PRESCRIBED BY THE**  
2           **COMMISSION FOR GOOD CORPORATE GOVERNANCE.**

3           **SECTION 18.** Section 24 of the Code is hereby renumbered as Section 25 and  
4 amended to read as follows:

5           “Sec. 25. *Election of directors or trustees.* – **OTHER THAN IN**  
6           **INSTANCES WHEN THE EXCLUSIVE RIGHT IS RESERVED FOR**  
7           **HOLDERS OF FOUNDERS’ SHARES UNDER SECTION 7, EACH**  
8           **STOCKHOLDER OR MEMBER SHALL HAVE THE RIGHT TO**  
9           **NOMINATE ANY DIRECTOR OR TRUSTEE WHO POSSESSES ALL OF**  
10          **THE QUALIFICATIONS AND NONE OF THE DISQUALIFICATIONS**  
11          **SET FORTH IN THIS CODE OR IN THE RULES OF THE**  
12          **COMMISSION.**

13           **EXCEPT AS PROVIDED IN SECTION 27 OF THIS CODE,** at all  
14 elections of directors or trustees, there must be present, either in person, **BY**  
15 **REMOTE COMMUNICATION,** or by representative authorized to act by  
16 written proxy, the owners of a majority of the outstanding capital stock, or if there  
17 be no capital stock, a majority of the members entitled to vote; **PROVIDED**  
18 **THAT WHEN A VOTE IS CAST *IN ABSENTIA*, THE STOCKHOLDER**  
19 **OR MEMBER WHO CAST THE VOTE SHALL BE DEEMED PRESENT**  
20 **FOR PURPOSES OF QUORUM.**

21           **EACH STOCKHOLDER OR MEMBER SHALL HAVE THE**  
22 **RIGHT TO VOTE IN PERSON, BY REMOTE COMMUNICATION, BY**  
23 **PROXY, AND/OR *IN ABSENTIA*; PROVIDED THAT VOTING BY**  
24 **REMOTE COMMUNICATION OR *IN ABSENTIA* MAY BE RESORTED**  
25 **TO ONLY WHEN ALLOWED EITHER BY THE BY-LAWS OF THE**  
26 **CORPORATION OR BY A MAJORITY OF THE BOARD OF**

1 DIRECTORS AND WHEN THE CORPORATION HAS INSTITUTED  
2 REASONABLE MEASURES TO VERIFY THAT THE PERSON  
3 PERMITTED TO PARTICIPATE OR VOTE BY REMOTE  
4 COMMUNICATION OR *IN ABSENTIA* IS A STOCKHOLDER OR  
5 MEMBER, OR A HOLDER OF A PROXY FROM A STOCKHOLDER OR  
6 MEMBER, AND TO RECORD ALL VOTES AND OTHER ACTIONS  
7 TAKEN AT THE MEETING. WHEN ATTENDANCE AT THE MEETING  
8 IS BY REMOTE COMMUNICATION, THE CORPORATION SHALL  
9 PROVIDE THE STOCKHOLDER OR MEMBER, OR PROXY-HOLDER,  
10 A REASONABLE OPPORTUNITY TO PARTICIPATE IN THE  
11 MEETING, HEAR OR SEE THE PROCEEDINGS AS WELL AS BE  
12 HEARD OR SEEN BY OTHER STOCKHOLDERS OR MEMBERS, AND  
13 TO CAST THEIR VOTE SUBSTANTIALLY CONCURRENTLY WITH  
14 SUCH PROCEEDINGS. WHEN VOTING *IN ABSENTIA*, IS ALLOWED,  
15 THE CORPORATION SHALL INSTITUTE REASONABLE MEASURES  
16 TO TIMELY PROVIDE THE STOCKHOLDER OR MEMBER WITH  
17 INFORMATION ON THE NOMINEES AND GIVE THEM A  
18 REASONABLE OPPORTUNITY TO ASK QUESTIONS BEFORE  
19 CASTING THEIR VOTES. THE COMMISSION SHALL PRESCRIBE  
20 THE MINIMUM STANDARDS OR GUIDELINES TO MAKE  
21 ATTENDANCE BY REMOTE COMMUNICATION AND VOTING *IN*  
22 *ABSENTIA* EFFICIENT AND ACCESSIBLE FORA FOR  
23 STOCKHOLDERS OR MEMBERS.

24 The election must be by ballot if requested by any voting stockholder or  
25 member.

26 In stock corporations, every stockholder entitled to vote shall have the  
27 right to vote [in person or by proxy] the number of shares of stock standing, at the

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

14 **IT SHALL BE UNDERSTOOD THAT CANDIDATES FOR**  
15 **DIRECTOR OR TRUSTEE** receiving the highest number of votes **FROM**  
16 **AMONG THE NOMINEES FOR REGULAR DIRECTORS OR**  
17 **TRUSTEES** shall be declared elected **AND THAT, IN THE ELECTION OF**  
18 **INDEPENDENT DIRECTORS, THE CANDIDATE FOR INDEPENDENT**  
19 **DIRECTOR RECEIVING THE HIGHEST NUMBER OF VOTES FROM**  
20 **AMONG THE NOMINEES FOR INDEPENDENT DIRECTORS SHALL**  
21 **BE DECLARED ELECTED.**

22 [Any meeting of the stockholders or members called for an election may  
23 adjourn from day to day or from time to time but not sine die or indefinitely] If,  
24 for any reason, no election is held, or if there are not present or represented by  
25 proxy, at the meeting, the owners of a majority of the outstanding capital stock, or  
26 if there be no capital stock, a majority of the members entitled to vote, **THE**

1           **MEETING MAY BE ADJOURNED AND THE CORPORATION SHALL**  
2           **PROCEED IN ACCORDANCE WITH SECTION 26 OF THIS CODE.”**

3           **SECTION 19.** Section 25 of the Code is hereby renumbered as Section 26 and  
4 amended to read as follows:

5           “Sec. 26. *Corporate officers; quorum.* - Immediately after their election,  
6 the directors of a corporation must formally organize by the election of a  
7 president **OR CHIEF EXECUTIVE OFFICER**, who shall be a director, a  
8 treasurer **OR CHIEF FINANCIAL OFFICER**, who **SHALL** be a director, a  
9 secretary who shall be a resident and citizen of the Philippines, **AND, IF THE**  
10 **CORPORATION IS IMBUED WITH PUBLIC INTEREST, A**  
11 **COMPLIANCE OFFICER, WHO SHALL REPORT DIRECTLY TO A**  
12 **COMPLIANCE COMMITTEE COMPOSED OF AT LEAST THREE (3)**  
13 **DIRECTORS**, and such other officers as may be provided for in the by-laws.  
14 Any two (2) or more positions may be held concurrently by the same person,  
15 except that no one shall act as president and secretary or as president and  
16 treasurer at the same time.

17           [The directors or trustees and officers to be elected shall perform the  
18 duties enjoined on them by law and by the by-laws of the corporation.] Unless the  
19 articles of incorporation or the by-laws provide for a greater majority, a majority  
20 of the number of directors or trustees as fixed in the articles of incorporation shall  
21 constitute a quorum for the transaction of corporate business, and every decision  
22 of at least a majority of the directors or trustees present at a meeting at which  
23 there is a quorum shall be valid as a corporate act, except for the election of  
24 officers which shall require the vote of a majority of all the members of the board.

25           [Directors or trustees cannot attend or vote by proxy at board meetings];  
26 **HOWEVER, WHEN ALLOWED BY THE BY-LAWS, THEY CAN**

1           ATTEND       BOARD       MEETINGS       THROUGH       REMOTE  
2           COMMUNICATION       SUCH       AS       VIDEOCONFERENCING,  
3           TELECONFERENCING OR OTHER TECHNOLOGY THAT ALLOWS  
4           THEM A REASONABLE OPPORTUNITY TO PARTICIPATE.”

5           **SECTION 20.**   Section 26 of the Code is hereby renumbered as Section 27 and  
6           amended to read as follows:

7                   “Sec. 27. *Report of election of directors, trustees and officers*], **NON-**  
8           **HOLDING OF ELECTION AND CESSATION FROM OFFICE.** - Within  
9           thirty (30) days after the election of the directors, trustees and officers of the  
10          corporation, the secretary, or any other officer of the corporation, shall submit to  
11          the [Securities and Exchange] Commission, the names, nationalities,  
12          **SHAREHOLDINGS** and residences of the directors, trustees, and officers  
13          elected.

14                   **THE NON-HOLDING OF ANY ELECTION AND THE REASONS**  
15           **THEREFOR, SHALL BE REPORTED TO THE COMMISSION WITHIN**  
16           **TEN (10) DAYS FROM THE DATE OF THE SCHEDULED ELECTION;**  
17           **PROVIDED THAT, THE NOTICE OF NON-HOLDING MAY BE**  
18           **SUBMITTED IN THE FORM OF AN ELECTRONIC DOCUMENT, IN**  
19           **ACCORDANCE WITH THE RULES AND REGULATIONS OF THE**  
20           **COMMISSION ON THE USE OF ELECTRONIC DATA MESSAGES.**

21                   **WHEN PERTAINING TO THE ORIGINAL SCHEDULE, THE**  
22           **REPORT OF NON-HOLDING SHALL FURTHER SPECIFY A NEW**  
23           **DATE FOR THE ELECTION, WHICH SHALL NOT BE LATER THAN**  
24           **THIRTY DAYS FROM THE ORIGINAL DATE.**

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

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

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

10           **IN ELECTING DIRECTORS OR TRUSTEES TO FILL**  
11 **VACANCIES, THE PROCEDURE SET FORTH IN SECTION 25 AND IN**  
12 **THIS SECTION SHALL APPLY.”**

13           **SECTION 21.** Section 27 of the Code is hereby renumbered as Section 28 and  
14 amended to read as follows:

15           “Sec. 28. *Disqualification of directors, trustees or officers.* – **THE**  
16 **FOLLOWING PERSONS SHALL BE DISQUALIFIED FROM BEING**  
17 **ELECTED AS DIRECTOR, TRUSTEE OR OFFICER OF ANY**  
18 **CORPORATION:**

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

24           **2. THOSE WHO, BY FINAL JUDGMENT, ARE CONVICTED OF,**  
25 **OR FOUND ADMINISTRATIVELY LIABLE FOR, ANY OFFENSE**

1 INVOLVING MORAL TURPITUDE, FRAUD, EMBEZZLEMENT,  
2 THEFT, ESTAFA, COUNTERFEITING, MISAPPROPRIATION,  
3 FORGERY, BRIBERY, FALSE OATH, PERJURY AND OTHER  
4 FRAUDULENT ACTS;

5 3. THOSE CONVICTED BY FINAL JUDGMENT OF A FOREIGN  
6 COURT OR EQUIVALENT REGULATORY AUTHORITY OF ACTS,  
7 VIOLATIONS OR MISCONDUCT THE SAME AS OR SIMILAR TO  
8 THOSE ENUMERATED IN PARAGRAPHS 1 AND 2 ABOVE; AND

9 4. THOSE WHO HAVE BEEN CONVICTED BY FINAL  
10 JUDGMENT OF ANY THREE OF THE OFFENSES AND/OR  
11 VIOLATIONS IN PARAGRAPHS 1 TO 3 ABOVE, REGARDLESS OF  
12 WHEN THE JUDGMENTS BECAME FINAL.

13 THE MAXIMUM NUMBER OF BOARD REPRESENTATIONS  
14 ANY INDEPENDENT DIRECTOR OR TRUSTEE SHALL HAVE IN  
15 OTHER CORPORATIONS SHALL BE FIVE (5), OR SUCH LOWER  
16 NUMBER AS MAY BE PROVIDED IN THE BY-LAWS OF THE  
17 CORPORATION OR AS THE COMMISSION MAY LATER PRESCRIBE.

18 THE FOREGOING IS WITHOUT PREJUDICE TO  
19 QUALIFICATIONS OR OTHER DISQUALIFICATIONS WHICH THE  
20 COMMISSION MAY IMPOSE IN ITS PROMOTION OF, AMONG  
21 OTHERS, GOOD CORPORATE GOVERNANCE.”

22 SECTION 22. Section 28 of the Code is hereby renumbered as Section 29 and  
23 amended to read as follows:

24 “Sec. 29. *Removal of directors or trustees.* - Any director or trustee of a  
25 corporation may be removed from office by a vote of the stockholders holding or



1 representing at least two-thirds (2/3) of the outstanding capital stock, or if the  
2 corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of  
3 the members entitled to vote: Provided, That such removal shall take place either  
4 at a regular meeting of the corporation or at a special meeting called for the  
5 purpose, and in either case, after previous notice to stockholders or members of  
6 the corporation of the intention to propose such removal at the meeting. A special  
7 meeting of the stockholders or members of a corporation for the purpose of  
8 removal of directors or trustees, or any of them, must be called by the secretary  
9 on order of the president or on the written demand of the stockholders  
10 representing or holding at least a majority of the outstanding capital stock, or, if it  
11 be a non-stock corporation, on the written demand of a majority of the members  
12 entitled to vote. Should the secretary fail or refuse to call the special meeting  
13 upon such demand or fail or refuse to give the notice, or if there is no secretary,  
14 the call for the meeting may be addressed directly to the stockholders or members  
15 by any stockholder or member of the corporation signing the demand. Notice of  
16 the time and place of such meeting, as well as of the intention to propose such  
17 removal, must be given by publication or by written notice prescribed in this  
18 Code. Removal may be with or without cause: Provided, That removal without  
19 cause may not be used to deprive minority stockholders or members of the right  
20 of representation to which they may be entitled under Section 25 of this Code.

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

1           **UPON SHOWING OF A WILLFUL OR DELIBERATE CONCEALMENT**  
2           **OF THE DISQUALIFICATION. ”**

3           **SECTION 23.** Section 29 of the Code is hereby renumbered as Section 30 and  
4 amended to read as follows:

5           “Sec. 30. *Vacancies in the office of director or trustee.* - Any vacancy  
6 occurring in the board of directors or trustees other than by removal by the  
7 stockholders or members or by expiration of term, may be filled by the vote of at  
8 least a majority of the remaining directors or trustees, if still constituting a  
9 quorum; otherwise, said vacancies must be filled by the stockholders in a regular  
10 or special meeting called for that purpose.

11           **WHEN THE VACANCY IS DUE TO EXPIRATION OF TERM,**  
12 **THE ELECTION SHALL BE HELD NO LATER THAN THE DAY OF**  
13 **SUCH EXPIRATION OF TERM AT A MEETING CALLED FOR THAT**  
14 **PURPOSE. WHEN THE VACANCY ARISES AS A RESULT OF**  
15 **REMOVAL BY THE STOCKHOLDERS OR MEMBERS, THE**  
16 **ELECTION MUST BE HELD ON THE SAME DAY OF THE MEETING**  
17 **AUTHORIZING THE REMOVAL AND THIS FACT MUST BE SO**  
18 **STATED IN THE AGENDA AND NOTICE OF SAID MEETING. IN ALL**  
19 **OTHER CASES, THE ELECTION MUST BE HELD NO LATER THAN**  
20 **FORTY-FIVE (45) DAYS FROM WHEN THE VACANCY ARISES. A**  
21 director or trustee so elected to fill a vacancy shall be elected only for the  
22 unexpired term of his predecessor in office.

23           **HOWEVER, WHEN THE VACANCY PREVENTS THE**  
24 **REMAINING DIRECTORS FROM CONSTITUTING A QUORUM AND**  
25 **EMERGENCY ACTION IS REQUIRED TO PREVENT GRAVE,**  
26 **SUBSTANTIAL AND IRREPARABLE LOSS OR DAMAGE TO THE**

1           **CORPORATION, THE VACANCY MAY BE TEMPORARILY FILLED**  
2           **BY UNANIMOUS VOTE OF THE REMAINING DIRECTORS OR**  
3           **TRUSTEES FROM AMONG THE OFFICERS OF THE CORPORATION,**  
4           **PROVIDED THAT ACTION BY THE APPOINTED DIRECTOR OR**  
5           **TRUSTEE SHALL BE LIMITED TO THE EMERGENCY ACTION**  
6           **NECESSARY TO PREVENT GRAVE, SUBSTANTIAL OR**  
7           **IRREPARABLE LOSS TO THE COMPANY AND HIS TERM SHALL**  
8           **NOT CONTINUE FOR LONGER THAN REASONABLY NECESSARY**  
9           **AFTER THE TERMINATION OF THE EMERGENCY.**

10           Any directorship or trusteeship to be filled by reason of an increase in the  
11           number of directors or trustees shall be filled only by an election at a regular or at  
12           a special meeting of stockholders or members duly called for the purpose, or in  
13           the same meeting authorizing the increase of directors or trustees if so stated in  
14           the notice of the meeting.

15           **IN ALL ELECTIONS TO FILL VACANCIES UNDER THIS**  
16           **SECTION, THE PROCEDURE SET FORTH IN SECTIONS 25 AND 27**  
17           **SHALL APPLY.”**

18           **SECTION 24.** Section 30 of the Code is hereby renumbered as Section 31 and  
19           amended to read as follows:

20           “Sec. 31. *Compensation of directors.* – In the absence of any provision in  
21           the by-laws fixing **THE PARAMETERS OF** their compensation, the directors  
22           **OR TRUSTEES** shall not receive any compensation[,] as such directors **OR**  
23           **TRUSTEES**, except for reasonable per diems: *Provided, however,* That any such  
24           compensation other than per diems may be granted to directors **OR TRUSTEES**  
25           by the vote of the stockholders representing at least a majority of the outstanding

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

3 **NO DIRECTOR OR TRUSTEE SHALL PARTICIPATE IN THE**  
4 **DETERMINATION OF HIS OWN PER DIEMS OR COMPENSATION.**  
5 **PER DIEMS OR COMPENSATION GRANTED TO DIRECTORS OR**  
6 **TRUSTEES 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**  
9 **MEMBERS 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 the  
12 net income before income tax of the corporation during the preceding year.

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

16 **SECTION 25.** Sections 31 to 34 are hereby renumbered as Sections 32 to 35,  
17 respectively.

18 **SECTION 26.** Section 35 of the Code is hereby renumbered as Section 36 and  
19 amended to read as follows:

20 *“Sec. 36. Executive committee AND OTHER SPECIAL COMMITTEES.*

21 - The by-laws of a corporation may create an executive committee, composed of  
22 not less than three members of the board, to be appointed by the board. Said  
23 committee may act, by majority vote of all its members, on such specific matters  
24 within the competence of the board, as may be delegated to it in the by-laws or on  
25 a majority vote of the board, except with respect to: (1) approval of any action for

1 which shareholders' approval is also required; (2) the filling of vacancies in the  
2 board; (3) the amendment or repeal of by-laws or the adoption of new by-laws;  
3 (4) the amendment or repeal of any resolution of the board which by its express  
4 terms is not so amendable or repealable; and (5) a distribution of cash dividends  
5 to the shareholders.

6 **FOR MERITORIOUS REASONS, THE BOARD MAY, UPON DUE**  
7 **AMENDMENT OF THE BY-LAWS, ORDER THE FORMATION OF**  
8 **OTHER SPECIAL COMMITTEES AND DETERMINE THE MEMBERS'**  
9 **TERM, COMPENSATION, POWERS AND RESPONSIBILITIES.**

10 **WHEN NECESSARY TO ENSURE GOOD CORPORATE**  
11 **GOVERNANCE AND/OR COMBAT GRAFT AND CORRUPT**  
12 **PRACTICES, OR WHEN THE PARAMOUNT INTEREST OF THE**  
13 **PUBLIC OTHERWISE REQUIRES, THE COMMISSION SHALL HAVE**  
14 **THE POWER TO REQUIRE THE FORMATION OF OTHER**  
15 **COMMITTEES AND DESIGNATE THEIR POWERS AND**  
16 **RESPONSIBILITIES; PROVIDED THAT THE TERM AND**  
17 **COMPENSATION OF SUCH COMMITTEES SHALL BE DETERMINED**  
18 **BY THE BOARD AND THE CORPORATION'S BY-LAWS SHALL BE**  
19 **AMENDED ACCORDINGLY WITHIN THE PERIOD PRESCRIBED BY**  
20 **THE COMMISSION."**

21 **SECTION 27.** Section 36 of the Code is hereby renumbered as Section 37 and  
22 amended to read as follows:

23 *"Sec. 37. Corporate powers and capacity. - Every corporation*  
24 *incorporated under this Code has the power and capacity:*

- 25 1. To sue and be sued in its corporate name;





1 Commission and attached to the original articles of incorporation. From and after  
2 approval by the [Securities and Exchange] Commission and the issuance by the  
3 Commission of its certificate of filing, the capital stock shall stand increased or  
4 decreased and the incurring, creating or increasing of any bonded indebtedness  
5 authorized, as the certificate of filing may declare: Provided, That the [Securities  
6 and Exchange] Commission shall not accept for filing any certificate of increase  
7 of capital stock unless accompanied by the sworn statement of the treasurer of the  
8 corporation lawfully holding office at the time of the filing of the certificate,  
9 showing that at least twenty-five (25%) percent of [such increased] **THE**  
10 **INCREASE IN** capital stock has been subscribed and that at least twenty-five  
11 (25%) percent of the amount subscribed has been paid either in actual cash to the  
12 corporation or that there has been transferred to the corporation property the  
13 valuation of which is equal to twenty-five (25%) percent of the subscription:  
14 Provided, further, That no decrease of the capital stock shall be approved by the  
15 Commission if its effect shall prejudice the rights of corporate creditors.

16 xxx xxx xxx

17 Bonds issued by a corporation shall be registered with the [Securities and  
18 Exchange] Commission, which shall have the authority to determine the  
19 sufficiency of the terms thereof.”

20 **SECTION 30.** Section 39 is hereby renumbered as Section 40.

21 **SECTION 31.** Section 40 of the Code is hereby renumbered as Section 41 and  
22 amended to read as follows:

23 “Sec. 41. *Sale or other disposition of assets.* - Subject to the provisions of  
24 existing laws on illegal combinations and monopolies **AND SUBJECT,**  
25 **FURTHER, TO SEC. 81 OF THIS CODE ON DE FACTO MERGERS,** a



1 corporation may, by a majority vote of its board of directors or trustees, sell,  
2 lease, exchange, mortgage, pledge or otherwise dispose of [all or substantially all  
3 of] its property and assets, including its goodwill, upon such terms and conditions  
4 and for such consideration, which may be money, stocks, bonds or other  
5 instruments for the payment of money or other property or consideration, as its  
6 board of directors or trustees may deem expedient.

7 **WHEN THE SALE IS OF ALL OR SUBSTANTIALLY ALL OF**  
8 **THE CORPORATION'S PROPERTY AND ASSETS, IT MUST BE [when]**  
9 authorized by the vote of the stockholders representing at least two-thirds (2/3) of  
10 the outstanding capital stock, or in case of non-stock corporation, by the vote of at  
11 least to two-thirds (2/3) of the members, in a stockholder's or member's meeting  
12 duly called for the purpose. In non-stock corporations where there are no  
13 members with voting rights, the vote of at least a majority of the trustees in office  
14 will be sufficient authorization for the corporation to enter into any transaction  
15 authorized by this section.

16 Written notice of the proposed action and of the time and place of the  
17 meeting shall be addressed to each stockholder or member at his place of  
18 residence as shown on the books of the corporation and deposited to the addressee  
19 in the post office with postage prepaid, or served personally: Provided, That any  
20 dissenting stockholder may exercise his appraisal right under the conditions  
21 provided in this Code.

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

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

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

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

16           **SECTION 32.** Section 41 and 42 are hereby renumbered as Section 42 and 43,  
17 respectively.

18           **SECTION 33.** Section 43 of the Code is hereby renumbered as Section 44 and  
19 amended to read as follows:

20           “Sec. 44. *Power to declare dividends.* - The board of directors of a stock  
21 corporation may declare dividends out of the unrestricted retained earnings which  
22 **SHALL BE DETERMINED IN ACCORDANCE WITH THE**  
23 **GUIDELINES SET BY THE COMMISSION ON UNREALIZED**  
24 **EARNINGS AND LOSSES. SUCH DIVIDENDS** shall be payable in cash, in  
25 property, or in stock to all stockholders on the basis of outstanding stock held by

1           them: Provided, That any cash dividends due on delinquent stock shall first be  
2           applied to the unpaid balance on the subscription plus costs and expenses, while  
3           stock dividends shall be withheld from the delinquent stockholder until his unpaid  
4           subscription is fully paid: Provided, further, That no stock dividend shall be  
5           issued without the approval of stockholders representing not less than two-thirds  
6           (2/3) of the outstanding capital stock at a regular or special meeting duly called  
7           for the purpose.

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

17          **SECTION 34.**   Section 44 and 45 are hereby renumbered as Section 45 and 46,  
18          respectively.

19          **SECTION 35.**   Section 46 of the Code is hereby renumbered as Section 47 and  
20          amended to read as follows:

21                     “Sec. 47. *Adoption of by-laws.* - Every corporation formed under this  
22          Code must, within one (1) month after receipt of official notice of the issuance of  
23          its certificate of incorporation by the [Securities and Exchange] Commission,  
24          adopt a code of by-laws for its government not inconsistent with this Code. For  
25          the adoption of by-laws by the corporation the affirmative vote of the  
26          stockholders representing at least a majority of the outstanding capital stock, or of

1 at least a majority of the members in case of non-stock corporations, shall be  
2 necessary. The by-laws shall be signed by the stockholders or members voting for  
3 them and shall be kept in the principal office of the corporation, subject to the  
4 inspection of the stockholders or members during office hours. A copy thereof,  
5 duly certified to by a majority of the directors or trustees countersigned by the  
6 secretary of the corporation, shall be filed with the [Securities and Exchange]  
7 Commission which shall be attached to the original articles of incorporation.

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

12 **BY-LAWS OR AMENDMENTS THERETO MAY BE FILED IN**  
13 **THE FORM OF AN ELECTRONIC DOCUMENT, IN ACCORDANCE**  
14 **WITH THE RULES AND REGULATIONS OF THE COMMISSION ON**  
15 **THE USE OF ELECTRONIC DATA MESSAGES.**

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

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



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

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

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

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

1 (A); AND/OR (C) THOSE WHO RAISE CONCERNS ABOUT THREATS  
2 OF OR POSSIBLE ACTS CONSTITUTING ANY OF THE ACTS IN (A)  
3 ABOVE;

4 13. A SYSTEM, INCLUDING THE APPOINTMENT OF A  
5 COMPLIANCE OFFICER, THAT WILL MONITOR COMPLIANCE  
6 WITH THE RULES AND REGULATIONS ON GOOD CORPORATE  
7 GOVERNANCE; AND

8 [10] 14. Such other matters as may be necessary for the proper or  
9 convenient transaction of its corporate business and affairs OR AS MAY BE  
10 DEEMED NECESSARY BY THE COMMISSION FOR THE  
11 PROMOTION OF GOOD GOVERNANCE AND/OR ITS POLICY  
12 AGAINST GRAFT AND CORRUPTION.

13 THE COMMISSION SHALL FORMULATE AND MAKE  
14 AVAILABLE SAMPLE BY-LAWS WITH THE FOREGOING  
15 REQUIREMENTS.”

16 SECTION 37. Section 48 of the Code is hereby renumbered as Section 49 and  
17 amended to read as follows:

18 Section 49. Amendment to by-laws. – The board of directors or trustees,  
19 by a majority vote thereof, and the owners of at least [a majority] TWO-  
20 THIRDS (2/3) of the outstanding capital stock, or at least [a majority] TWO-  
21 THIRDS (2/3) of the members of a non-stock corporation, at a regular or special  
22 meeting duly called for the purpose, may amend or repeal any by-laws or adopt  
23 new by-laws. The owners of two-thirds (2/3) of the outstanding capital stock or  
24 two-thirds (2/3) of the members in a non-stock corporation may delegate to the  
25 board of directors or trustees the power to amend or repeal any by-laws or adopt

1 new by-laws: Provided, That any power delegated to the board of directors or  
2 trustees to amend or repeal any by-laws or adopt new by-laws shall be considered  
3 as revoked whenever stockholders owning or representing a majority of the  
4 outstanding capital stock or a majority of the members in non-stock corporations,  
5 shall so vote at a regular or special meeting.

6 Whenever any amendment or new by-laws are adopted, such amendment  
7 or new by-laws shall be attached to the original by-laws in the office of the  
8 corporation, and a copy thereof, duly certified under oath by the corporate  
9 secretary and a majority of the directors or trustees, **INCLUDING THE**  
10 **STOCKHOLDERS' OR MEMBERS' RESOLUTION ON THE**  
11 **DELEGATION OF THE POWER TO AMEND OR ADOPT NEW BY-**  
12 **LAWS OR ON THE REVOCATION OF SUCH DELEGATION, IF ANY,**  
13 shall be filed with the [Securities and Exchange] Commission the same to be  
14 attached to the original articles of incorporation and original by-laws.

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

18 **SECTION 38.** Section 49 is hereby renumbered as Section 50.

19 **SECTION 39.** Section 50 of the Code is hereby renumbered as Section 51 and  
20 amended to read as follows:

21 “Sec. 51. *Regular and special meetings of stockholders or members.* -  
22 Regular meetings of stockholders or members shall be held annually on a date  
23 fixed in the by-laws, or if not so fixed, on any date in April of every year as  
24 determined by the board of directors or trustees.: *Provided,* That written notice of  
25 regular meetings shall be sent to all stockholders or members of record at least



1 [two (2)] **THIRTY (30) DAYS** prior to the meeting, unless a [different]  
2 **LONGER** period is required by the by-laws **OR BY ANY RELEVANT LAW**  
3 **OR REGULATION, AND IN SUCH A MANNER AS TO BE RECEIVED**  
4 **AT LEAST FIVE DAYS BEFORE THE SCHEDULED MEETING.**

5 **AT EACH REGULAR MEETING OF STOCKHOLDERS OR**  
6 **MEMBERS, THE BOARD OF DIRECTORS OR TRUSTEES SHALL,**  
7 **AMONG OTHERS, PRESENT TO SUCH STOCKHOLDERS OR**  
8 **MEMBERS THE FOLLOWING:**

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

11 **(i) A DESCRIPTION OF THE VOTING AND**  
12 **VOTE TABULATION PROCEDURES USED AND TO BE**  
13 **USED IN THE CURRENT MEETING,**

14 **(ii) THE OPPORTUNITY GIVEN TO**  
15 **STOCKHOLDERS OR MEMBERS TO ASK QUESTIONS,**  
16 **AS WELL AS A RECORD OF THE QUESTIONS THEY**  
17 **ASKED AND THE ANSWERS RECEIVED,**

18 **(iii) THE MATTERS DISCUSSED AND**  
19 **RESOLUTIONS REACHED,**

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

22 **(v) A LIST OF THE DIRECTORS OR TRUSTEES,**  
23 **OFFICERS AND STOCKHOLDERS OR MEMBERS WHO**  
24 **ATTENDED THE MEETING;**

1           b.    A MEMBERS' LIST FOR NON-STOCK  
2           CORPORATIONS AND, FOR STOCK CORPORATIONS,  
3           MATERIAL INFORMATION ON THE CURRENT STOCK  
4           OWNERSHIP STRUCTURE AND VOTING RIGHTS, INCLUDING  
5           GROUP STRUCTURES, INTRA-GROUP RELATIONS,  
6           OWNERSHIP DATA, AND BENEFICIAL OWNERSHIP WITH  
7           SPECIFIC DISCLOSURES ON THE DIRECT AND INDIRECT  
8           STOCKHOLDINGS OF DIRECTORS AND OFFICERS;

9           c.    A DETAILED, DESCRIPTIVE, BALANCED AND  
10           COMPREHENSIBLE ASSESSMENT OF THE CORPORATION'S  
11           PERFORMANCE WHICH SHALL INCLUDE INFORMATION ON  
12           THE CHANGES IN THE CORPORATION OR ITS BUSINESS  
13           AND ITS STRATEGY;

14           d.    A FINANCIAL REPORT OF THE OPERATIONS OF  
15           THE CORPORATION FOR THE PRECEDING YEAR, WHICH  
16           SHALL INCLUDE FINANCIAL STATEMENTS DULY SIGNED  
17           AND CERTIFIED IN ACCORDANCE WITH THIS CODE AND  
18           THE RULES THE COMMISSION MAY PRESCRIBE, A  
19           STATEMENT ON THE ADEQUACY OF THE CORPORATION'S  
20           INTERNAL CONTROLS OR RISK MANAGEMENT SYSTEMS,  
21           AND A STATEMENT OF ALL EXTERNAL AUDIT AND NON-  
22           AUDIT FEES;

23           e.    AN EXPLANATION OF THE DIVIDEND POLICY  
24           AND THE FACT OF PAYMENT OF DIVIDENDS OR THE  
25           REASONS FOR NON-PAYMENT THEREOF;

1           **f.     DIRECTOR OR TRUSTEE PROFILES WHICH**  
2 **SHALL INCLUDE, AMONG OTHERS, THEIR QUALIFICATIONS**  
3 **AND RELEVANT EXPERIENCE, LENGTH OF SERVICE IN THE**  
4 **CORPORATION, THE TRAININGS AND CONTINUING**  
5 **EDUCATION THEY ATTENDED, AND THE NUMBER OF THEIR**  
6 **BOARD REPRESENTATIONS IN OTHER CORPORATIONS;**

7           **g.     A DIRECTOR OR TRUSTEE ATTENDANCE**  
8 **REPORT, INDICATING THE ATTENDANCE OF EACH**  
9 **DIRECTOR OR TRUSTEE AT EACH OF THE MEETINGS OF**  
10 **THE BOARD AND ITS COMMITTEES AND IN REGULAR OR**  
11 **SPECIAL STOCKHOLDER MEETINGS;**

12          **h.     A BOARD APPRAISAL OR PERFORMANCE**  
13 **REPORT AND THE STANDARDS OR CRITERIA AND**  
14 **PROCEDURE USED TO ASSESS THE BOARD;**

15          **i.     A DIRECTOR OR TRUSTEE APPRAISAL OR**  
16 **PERFORMANCE REPORT AND THE STANDARDS OR**  
17 **CRITERIA AND PROCEDURE USED TO ASSESS EACH**  
18 **DIRECTOR OR TRUSTEE;**

19          **j.     A DIRECTOR OR TRUSTEE COMPENSATION**  
20 **REPORT PREPARED IN ACCORDANCE WITH THIS CODE**  
21 **AND THE RULES THE COMMISSION MAY PRESCRIBE;**

22          **k.     DIRECTOR DISCLOSURES ON SELF-DEALINGS**  
23 **AND RELATED PARTY TRANSACTIONS;**

24          **l.     THE PROFILES OF DIRECTORS NOMINATED OR**  
25 **SEEKING ELECTION OR RE-ELECTION;**

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

6                   n.     **DETAILS OF THE ORIENTATION PROGRAM FOR**  
7                   **NEW DIRECTORS.**

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

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

1           **ATTENDANCE AT A MEETING SHALL CONSTITUTE A WAIVER OF**  
2           **NOTICE OF SUCH MEETING, EXCEPT WHEN THE PERSON**  
3           **ATTENDS A MEETING FOR THE EXPRESS PURPOSE OF**  
4           **OBJECTING AT THE BEGINNING OF THE MEETING, TO THE**  
5           **TRANSACTION OF ANY BUSINESS BECAUSE THE MEETING IS NOT**  
6           **LAWFULLY CALLED OR CONVENED.**

7           Whenever, for any cause, there is no person authorized to call a meeting,  
8           the [Securities and Exchange] Commission, upon petition of a stockholder or  
9           member on a showing of good cause therefor, may issue an order to the  
10          petitioning stockholder or member directing him to call a meeting of the  
11          corporation by giving proper notice required by this Code or by the by-laws. The  
12          petitioning stockholder or member shall preside thereat until at least a majority of  
13          the stockholders or members present have chosen one of their number as  
14          presiding officer.

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

19          **IN CASE OF POSTPONEMENT OF STOCKHOLDERS' OR**  
20          **MEMBERS' MEETINGS, WRITTEN NOTICE THEREOF AND THE**  
21          **REASON THEREFOR SHALL BE SENT TO ALL STOCKHOLDERS OR**  
22          **MEMBERS OF RECORD AT LEAST TWO (2) WEEKS PRIOR TO THE**  
23          **DATE OF THE MEETING, UNLESS A DIFFERENT PERIOD IS**  
24          **REQUIRED BY THE BY-LAWS OR BY ANY RELEVANT LAW OR**  
25          **REGULATION, AND IN SUCH A MANNER AS TO BE RECEIVED AT**  
26          **LEAST FIVE DAYS BEFORE THE DATE OF THE MEETING."**

1           **SECTION 40.** Section 51 of the Code is hereby renumbered as Section 52 and  
2 amended to read as follows:

3           Sec. 52. *Place and time of meetings of stockholders of members.* -  
4 Stockholder's or member's meetings, whether regular or special, shall be held in  
5 the **PRINCIPAL OFFICE OF THE CORPORATION AS SET FORTH IN**  
6 **THE ARTICLES OF INCORPORATION, OR, IF NOT PRACTICABLE,**  
7 **IN THE** city or municipality where the principal office of the corporation is  
8 located [, and if practicable in the principal office of the corporation]: Provided,  
9 That Metro Manila shall, for purposes of this section, be considered a city or  
10 municipality.

11           **WHEN ALLOWED BY THE BY-LAWS OR BY A MAJORITY OF**  
12 **THE BOARD OF DIRECTORS OR TRUSTEES, ATTENDANCE AT**  
13 **REGULAR OR SPECIAL MEETINGS MAY BE BY REMOTE**  
14 **COMMUNICATION AND VOTING MAY BE MADE *IN ABSENTIA*.**  
15 **WHEN ATTENDANCE BY REMOTE COMMUNICATION IS**  
16 **ALLOWED, THE CORPORATION SHALL PROVIDE THE**  
17 **STOCKHOLDER OR MEMBER, OR PROXY-HOLDER, A**  
18 **REASONABLE OPPORTUNITY TO PARTICIPATE IN THE MEETING,**  
19 **TO HEAR OR SEE THE PROCEEDINGS AS WELL AS BE HEARD OR**  
20 **SEEN BY OTHER STOCKHOLDERS OR MEMBERS, AND TO CAST**  
21 **THEIR VOTE SUBSTANTIALLY CONCURRENTLY WITH SUCH**  
22 **PROCEEDINGS. WHEN VOTING *IN ABSENTIA*, IS ALLOWED, THE**  
23 **CORPORATION SHALL INSTITUTE REASONABLE MEASURES TO**  
24 **TIMELY PROVIDE THE STOCKHOLDER OR MEMBER WITH**  
25 **INFORMATION ON THE MATTERS TO BE TAKEN UP AT THE**  
26 **MEETING AND GIVE THEM A REASONABLE OPPORTUNITY TO**  
27 **ASK QUESTIONS BEFORE CASTING THEIR VOTES. THE**

1           **COMMISSION SHALL PRESCRIBE THE MINIMUM STANDARDS OR**  
2           **GUIDELINES TO MAKE ATTENDANCE BY REMOTE**  
3           **COMMUNICATION AND VOTING *IN ABSENTIA* EFFICIENT AND**  
4           **ACCESSIBLE FORA FOR STOCKHOLDERS OR MEMBERS.**

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

8           **(A) THE AGENDA FOR THE MEETING;**

9           **(B) A PROXY FORM;**

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

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

19          **(E) WHEN THE MEETING IS FOR THE ELECTION OF**  
20          **DIRECTORS OR TRUSTEES, THE REQUIREMENTS**  
21          **AND PROCEDURE FOR NOMINATING AND THE**  
22          **CURRICULUM VITAE OR OTHER RELEVANT**  
23          **INFORMATION OF THOSE ALREADY NOMINATED**  
24          **INCLUDING, BUT NOT LIMITED TO, SUCH NOMINEES'**

1                   **OTHER EXECUTIVE FUNCTIONS OR MEMBERSHIP IN**  
2                   **OTHER BOARDS;**

3           **(F) OTHER EXPLANATORY MATERIALS OR A**  
4           **STATEMENT THAT SUCH EXPLANATORY**  
5           **MATERIALS ARE AVAILABLE FOR INSPECTION**  
6           **DURING OFFICE HOURS AT THE CORPORATION'S**  
7           **PRINCIPAL OFFICE AND/OR ONLINE AT THE**  
8           **CORPORATION'S WEBSITE, OR THAT SOFT COPIES**  
9           **THEREOF MAY BE SENT TO A STOCKHOLDER OR**  
10           **MEMBER UPON HIS REQUEST; AND**

11           **(G) THE PROCEDURE FOR MAKING INQUIRIES OR**  
12           **SOLICITING ADDITIONAL INFORMATION ABOUT**  
13           **THE AGENDA ITEMS BEFORE THE MEETING.**

14           **WHEN ALLOWED BY THE BY-LAWS OF THE CORPORATION,**  
15           **NOTICES OF MEETING MAY BE SENT ELECTRONICALLY,**  
16           **PROVIDED THAT THE SAME IS DONE IN ACCORDANCE WITH THE**  
17           **RULES OF THE COMMISSION AND, PROVIDED FURTHER, THAT**  
18           **ANY STOCKHOLDER OR MEMBER MAY, AT ANY TIME, OPT OUT**  
19           **OF RECEIVING NOTICE BY ELECTRONIC COMMUNICATION AND**  
20           **REQUEST THAT WRITTEN NOTICE BE SENT IN A TRADITIONAL**  
21           **MANNER, I.E. BY PERSONAL SERVICE, BY POST OR BY COURIER.**

22           All proceedings had and any business transacted at any meeting of the  
23           stockholders or members, if within the powers or authority of the corporation,  
24           shall be valid even if the meeting be improperly held or called, provided all the  
25           stockholders or members of the corporation are present or duly represented at the  
26           meeting **AND NONE OF THEM EXPRESSLY STATE AT THE**



1           **BEGINNING OF THE MEETING THAT THE PURPOSE OF THEIR**  
2           **ATTENDANCE IS TO OBJECT TO THE TRANSACTION OF ANY**  
3           **BUSINESS BECAUSE THE MEETING IS NOT LAWFULLY CALLED**  
4           **OR CONVENED.”**

5           **SECTION 41.**    Section 52 is hereby renumbered as Section 53.

6           **SECTION 42.**    Section 53 of the Code is hereby renumbered as Section 54 and  
7 amended to read as follows:

8                    “*Sec. 54. Regular and special meetings of directors or trustees.* - Regular  
9 meetings of the board of directors or trustees of every corporation shall be held  
10 monthly, unless the by-laws provide otherwise.

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

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

20                   **DIRECTORS OR TRUSTEES CANNOT ATTEND OR VOTE BY**  
21 **PROXY AT BOARD MEETINGS; HOWEVER, WHEN ALLOWED BY**  
22 **THE BY-LAWS, THEY CAN ATTEND BOARD MEETINGS THROUGH**  
23 **REMOTE COMMUNICATION SUCH AS VIDEOCONFERENCING,**  
24 **TELECONFERENCING OR OTHER TECHNOLOGY THAT ALLOWS**  
25 **THEM A REASONABLE OPPORTUNITY TO PARTICIPATE.**

1           **SECTION 43.** Sections 54 to 57 are hereby renumbered as Section 55 to 58,  
2 respectively.

3           **SECTION 44.** Section 58 of the Code is hereby renumbered as Section 59 and  
4 amended to read as follows:

5           Sec. 59. ***MANNER OF VOTING; Proxies.*** - Stockholders and members  
6 may vote in person, *IN ABSENTIA* or by proxy in all meetings of stockholders  
7 or members. **VOTING DONE WHEN ATTENDANCE IS BY REMOTE**  
8 **COMMUNICATION SHALL BE EQUIVALENT TO VOTING IN**  
9 **PERSON. A STOCKHOLDER OR MEMBER MAY VOTE WITHOUT**  
10 **ATTENDING THE MEETING FOR AS LONG AS THE VOTE IS CAST**  
11 **AND RECEIVED ON OR BEFORE THE TALLY OF VOTES IS**  
12 **COMPLETED AT THE MEETING, AND THE VOTE IS MADE IN**  
13 **ACCORDANCE WITH THE CORPORATION'S REQUIREMENTS AND**  
14 **PROCEDURES FOR VOTING *IN ABSENTIA*. THE COMMISSION**  
15 **SHALL PRESCRIBE THE MINIMUM STANDARDS AND GUIDELINES**  
16 **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 filed  
19 before the scheduled meeting with the corporate secretary. Unless otherwise  
20 provided in the proxy, it shall be valid only for the meeting for which it is  
21 intended. No proxy shall be valid and effective for a period longer than five (5)  
22 years at any one time.”

23           **SECTION 45.** Section 59 of the Code is hereby renumbered as Section 60 and  
24 amended to read as follows:

1           Section 60. *Voting Trusts.* – One or more stockholders of a stock  
2 corporation may create a voting trust for the purpose of conferring upon a trustee  
3 or trustees the right to vote and other rights pertaining to the shares for a period  
4 not exceeding five (5) years at any time: Provided, That in the case of a voting  
5 trust specifically required as a condition in a loan agreement, said voting trust  
6 may be for a period exceeding five (5) years but shall automatically expire upon  
7 full payment of the loan. A voting trust agreement must be in writing and  
8 notarized, and shall specify the terms and conditions thereof. A certified copy of  
9 such agreement shall be filed with the corporation and with the [Securities and  
10 Exchange] Commission [; otherwise, said agreement is ineffective and  
11 unenforceable] **AND SHALL BE EFFECTIVE AND ENFORCEABLE**  
12 **ONLY UPON APPROVAL THEREOF BY THE COMMISSION.** The  
13 certificate or certificates of stock covered by the voting trust agreement shall be  
14 cancelled and new ones shall be issued in the name of the trustee or trustees  
15 stating that they are issued pursuant to said agreement. In the books of the  
16 corporation, it shall be noted that the transfer in the name of the trustee or trustees  
17 is made pursuant to said voting trust agreement.

18       **SECTION 46.** Section 60 is hereby renumbered as Section 61.

19       **SECTION 47.** Section 61 of the Code is hereby renumbered as Section 62 and  
20 amended to delete “Securities and Exchange” from “Securities and Exchange Commission”.

21       **SECTION 48.** Section 62 of the Code is hereby renumbered as Section 63 and  
22 amended to read as follows:

23           “Sec. 62. *Consideration for stocks.* - Stocks shall not be issued for a  
24 consideration less than the par or issued price thereof. Consideration for the  
25 issuance of stock may be any or a combination of any two or more of the  
26 following:





1       **RELATIVE TO THE CORPORATION INCLUDING, BUT NOT LIMITED**  
2       **TO: (a) THE ARTICLES OF INCORPORATION AND BY-LAWS OF THE**  
3       **CORPORATION AND ALL THEIR AMENDMENTS, (b) THE CURRENT**  
4       **OWNERSHIP STRUCTURE AND VOTING RIGHTS OF THE**  
5       **CORPORATION, INCLUDING LISTS OF STOCKHOLDERS OR**  
6       **MEMBERS, GROUP STRUCTURES, INTRA-GROUP RELATIONS,**  
7       **OWNERSHIP DATA, AND BENEFICIAL OWNERSHIP, (c) THE NAMES**  
8       **AND ADDRESSES OF ALL THE MEMBERS OF THE BOARD OF**  
9       **DIRECTORS OR TRUSTEES AND OF THE EXECUTIVE OFFICERS, (d)**  
10       a record of all business transactions, **(e) A RECORD OF THE RESOLUTIONS**  
11       **OF THE BOARD OF DIRECTORS OR TRUSTEES AND OF THE**  
12       **STOCKHOLDERS OR MEMBERS, (f) COPIES OF THE LATEST**  
13       **REPORTORIAL REQUIREMENTS SUBMITTED TO THE**  
14       **COMMISSION, and (g) THE** minutes of all meetings of stockholders or  
15       members, or of the board of directors or trustees[.]. **SUCH MINUTES** [in  
16       which] shall [be] set forth in detail, **AMONG OTHERS:** the time and place of  
17       holding the meeting, how authorized, the notice given, **THE AGENDA**  
18       **THEREFOR,** whether the meeting was regular or special, if special its object,  
19       those present and absent, **THE VOTING AND VOTE TABULATION**  
20       **PROCEDURES USED AND THE RESULTS OF ALL VOTING DONE,**  
21       **THE OPPORTUNITY GIVEN TO STOCKHOLDERS OR MEMBERS TO**  
22       **ASK QUESTIONS, AS WELL AS A RECORD OF THE QUESTIONS**  
23       **THEY ASKED AND THE ANSWERS RECEIVED,** and every act done or  
24       ordered done at the meeting. Upon the demand of any director, trustee,  
25       stockholder or member, the time when any director, trustee, stockholder or  
26       member entered or left the meeting must be noted in the minutes; and on a similar  
27       demand, the yeas and nays must be taken on any motion or proposition, and a  
28       record thereof carefully made. The protest of any director, trustee, stockholder or  
29       member on any action or proposed action must be recorded in full on his demand.

1           The **FOREGOING** records **SHALL BE RETAINED FOR SUCH**  
2 **PERIODS AS THE COMMISSION MAY PRESCRIBE BY RULE AND,** [of  
3 all business transactions of the corporation and the minutes of any meetings]  
4 **REGARDLESS OF THE FORM IN WHICH THEY ARE STORED,** shall be  
5 open to inspection by any director, trustee, stockholder or member of the  
6 corporation, **IN PERSON OR BY COUNSEL OR OTHER**  
7 **REPRESENTATIVE POSSESSING AND EXHIBITING DUE**  
8 **AUTHORITY,** at reasonable hours on business days and he may demand, in  
9 writing, for [a copy of] **COPIES of SUCH RECORDS OR** excerpts from said  
10 records [or minutes,] at his expense. **THE INSPECTING OR**  
11 **REPRODUCING PARTY UNDER THIS SECTION SHALL REMAIN**  
12 **BOUND BY CONFIDENTIALITY UNDER PREVAILING LAWS.**

13           **IF A REQUEST FOR INSPECTION AND/OR REPRODUCTION IS**  
14 **DENIED, THE AGGRIEVED PARTY MAY REPORT THE DENIAL TO**  
15 **THE COMMISSION. WITHIN FIVE (5) DAYS FROM RECEIPT OF**  
16 **SUCH REPORT, THE COMMISSION SHALL CONDUCT A SUMMARY**  
17 **INVESTIGATION AND ISSUE AN ORDER EITHER DIRECTING THE**  
18 **INSPECTION/REPRODUCTION REQUESTED OR FINDING THAT**  
19 **THE REQUESTING PARTY, NOT BEING A STOCKHOLDER OR**  
20 **MEMBER OF RECORD, IS NOT ENTITLED TO THE RIGHT.**

21           Any officer or agent of the corporation who shall refuse to allow [any  
22 director, trustee, stockholder or member of the corporation to examine and/OR  
23 copy excerpts from its records or minutes,] **THE INSPECTION AND/OR**  
24 **REPRODUCTION OF RECORDS** in accordance with the provisions of this  
25 Code, shall be liable to such director, trustee, stockholder or member for  
26 damages, and in addition, shall be guilty of an offense which shall be punishable  
27 under Section 163 of this Code: Provided, That if such refusal is made pursuant to

1 a resolution or order of the board of directors or trustees, the liability under this  
2 section for such action shall be imposed upon the directors or trustees who voted  
3 for such refusal: and [Provided, further, That it shall be a defense to any action  
4 under this section that the person demanding to examine and copy excerpts from  
5 the corporation's records and minutes has improperly used any information  
6 secured through any prior examination of the records or minutes of such  
7 corporation or of any other corporation, or was not acting in good faith or for a  
8 legitimate purpose in making his demand.]

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

25 Stock corporations must also keep a book to be known as the "stock and  
26 transfer book", in which must be kept a record of all stocks in the names of the  
27 stockholders alphabetically arranged; the installments paid and unpaid on all



1 stock for which subscription has been made, and the date of payment of any  
2 installment; a statement of every alienation, sale or transfer of stock made, the  
3 date thereof, and by and to whom made; and such other entries as the by-laws  
4 may prescribe. The stock and transfer book shall be kept in the principal office of  
5 the corporation or in the office of its stock transfer agent and shall be open for  
6 inspection by any director or stockholder of the corporation at reasonable hours  
7 on business days.

8 No stock transfer agent or one engaged principally in the business of  
9 registering transfers of stocks in behalf of a stock corporation shall be allowed to  
10 operate in the Philippines unless he secures a license from the [Securities and  
11 Exchange] Commission and pays a fee as may be fixed by the Commission,  
12 which shall be renewable annually: Provided, That a stock corporation is not  
13 precluded from performing or making transfers of its own stocks, in which case  
14 all the rules and regulations imposed on stock transfer agents, except the payment  
15 of a license fee herein provided, shall be applicable[.]; **PROVIDED,**  
16 **FURTHER, THAT THE COMMISSION MAY REQUIRE AN**  
17 **INDEPENDENT TRANSFER AGENT IN THE CASE OF STOCK**  
18 **CORPORATIONS WHICH TRANSFER AND/OR TRADE STOCKS IN**  
19 **SECONDARY MARKETS.”**

20 **SECTION 52.** Section 75 of the Code is hereby renumbered as Section 76 and  
21 amended to read as follows:

22 “Sec. 76. *Right to financial statements.* - Within ten (10) days from receipt  
23 of a written request of any stockholder or member, the corporation shall furnish to  
24 him its most recent financial statement, **IN THE FORM AND SUBSTANCE**  
25 **OF THE FINANCIAL REPORTING REQUIRED BY THE COMMISSION,**  
26 [which shall include a balance sheet as of the end of the last taxable year and a

1 profit or loss statement for said taxable year, showing in reasonable detail its  
2 assets and liabilities and the result of its operations.]

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

9 However, if the [paid-up capital] **TOTAL ASSETS OR TOTAL**  
10 **LIABILITIES** of the corporation [is] **ARE** less than [P50,000.00] **P500,000.00**  
11 **OR SUCH HIGHER AMOUNT AS MAY BE LATER SET BY THE**  
12 **COMMISSION**, the financial statements shall be certified under oath by the  
13 **CORPORATION'S** treasurer OR CHIEF FINANCIAL OFFICER AND  
14 PRESIDENT OR CHIEF EXECUTIVE OFFICER.

15 **SECTION 53.** Section 76 of the Code is hereby renumbered as Section 77.

16 **SECTION 54.** Section 77 of the Code is hereby renumbered as Section 78 and  
17 amended to read as follows:

18 *Sec. 78. Stockholder's or member's approval.* - Upon approval by majority  
19 vote of each of the board of directors or trustees of the constituent corporations of  
20 the plan of merger or consolidation, the same shall be submitted for approval by  
21 the stockholders or members of each of such corporations at separate corporate  
22 meetings duly called for the purpose. Notice of such meetings shall be given to all  
23 stockholders or members of the respective corporations **IN THE SAME**  
24 **MANNER AS NOTICE OF REGULAR OR SPECIAL MEETINGS UNDER**  
25 **SECTION 51.** [, at least two (2) weeks prior to the date of the meeting, either

1 personally or by registered mail.] Said notice shall state, **IN ADDITION TO**  
2 **THE REQUIREMENTS FOR NOTICE OF REGULAR OR SPECIAL**  
3 **MEETINGS UNDER SECTION 51**, the purpose of the meeting and shall  
4 include a copy or a summary of the plan of merger or consolidation.

5 xxx xxx xxx”

6 **SECTION 55.** Section 78 of the Code is hereby renumbered as Section 79 and  
7 amended to read as follows:

8 “Sec. 79. *Articles of merger or consolidation.* - After the approval by the  
9 stockholders or members as required by the preceding section, articles of merger  
10 or articles of consolidation shall be executed by each of the constituent  
11 corporations, to be signed by the president or vice-president and certified by the  
12 secretary or assistant secretary of each corporation setting forth:

13 1. The plan of the merger or the plan of consolidation;

14 2. As to stock corporations, the number of shares outstanding,  
15 or in the case of non-stock corporations, the number of members; [and]

16 3. As to each corporation, the number of shares or members  
17 voting for and against such plan, respectively[.];

18 4. **THE CARRYING AMOUNTS AND FAIR VALUES**  
19 **OF THE ASSETS AND LIABILITIES OF THE RESPECTIVE**  
20 **COMPANIES AS OF CUT-OFF DATE AGREED BY THE**  
21 **PARTIES;**

1           **5. THE METHOD THAT WILL BE USED IN THE**  
2           **MERGER OR CONSOLIDATION OF ACCOUNTS OF THE**  
3           **COMPANIES;**

4           **6. THE PROVISIONAL OR PRO-FORMA VALUES, AS**  
5           **MERGED OR CONSOLIDATED, USING THE ACCOUNTING**  
6           **METHOD; AND**

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

9           **SECTION 56.** Section 79 of the Code is hereby renumbered as Section 80 and  
10 amended to read as follows:

11           “Sec. 80. *Effectivity of merger or consolidation.* - The articles of merger  
12 or of consolidation, signed and certified as herein above required, shall be  
13 submitted to the [Securities and Exchange] Commission in quadruplicate for its  
14 approval: Provided, That in the case of merger or consolidation of banks or  
15 banking institutions, building and loan associations, trust companies, insurance  
16 companies, public utilities, educational institutions and other special corporations  
17 governed by special laws, the favorable recommendation of the appropriate  
18 government agency shall first be obtained[.]; **PROVIDED, FURTHER, THAT**  
19 **THE SUBMISSION OF ARTICLES OF MERGER OR CONSOLIDATION,**  
20 **IN THE FORM OF AN ELECTRONIC DOCUMENT, SHALL BE IN**  
21 **ACCORDANCE WITH THE RULES AND REGULATIONS OF THE**  
22 **COMMISSION ON THE USE OF ELECTRONIC DATA MESSAGES.** If  
23 the Commission is satisfied that the merger or consolidation of the corporations  
24 concerned is not inconsistent with the provisions of this Code and existing laws, it  
25 shall issue a certificate of merger or of consolidation, at which time the merger or  
26 consolidation shall be effective.

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

8           **SECTION 57.**   Section 80 of the Code is hereby renumbered as Section 81.

9           **SECTION 58.**   A new provision is inserted in the Code as Section 82 as follows:

10           **SEC. 82. DE FACTO MERGERS. – A SALE OF THE ASSETS OF A**  
11 **CORPORATION, WHETHER EFFECTUATED THROUGH A SINGLE**  
12 **OR A SERIES OF TRANSACTIONS, SHALL BE DEEMED A DE FACTO**  
13 **MERGER AND TREATED AS A MERGER OR CONSOLIDATION**  
14 **UNDER THIS CODE WHEN THE BUYER AND SELLER**  
15 **CORPORATIONS ENGAGE IN THE SAME OR SIMILAR BUSINESS,**  
16 **WHETHER WHOLE OR IN PART, AND THE TRANSACTION IS**  
17 **COUPLED WITH OR RESULTS IN ANY, SOME, OR ALL OF THE**  
18 **FOLLOWING OR OTHER SIMILAR CIRCUMSTANCES:**

19           1.       **THE SALE IS OF ALL OR SUBSTANTIALLY ALL OF THE**  
20 **ASSETS OF THE CORPORATION. A SALE SHALL BE DEEMED TO**  
21 **BE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE**  
22 **CORPORATION WHEN:**

23           a.       **AT LEAST EIGHTY PERCENT (80%) OF THE**  
24 **SELLER CORPORATION’S ASSETS ARE INCLUDED IN THE**  
25 **SALE,**

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

3           **c. THE REMAINING ASSETS ARE NOT SUFFICIENT**  
4           **FOR THE CONTINUATION OF THE SELLER CORPORATION'S**  
5           **ORDINARY OPERATIONS, OR**

6           **d. UNDER CIRCUMSTANCES CONGRUOUS TO THE**  
7           **FOREGOING.**

8           **2. THE TRANSACTION RESULTS IN THE CESSATION OF**  
9           **THE ORDINARY BUSINESS OF THE SELLER CORPORATION. SUCH**  
10           **CESSATION SHALL BE DEEMED TO EXIST DESPITE THE NON-**  
11           **DISSOLUTION OF THE SELLER CORPORATION WHEN:**

12           **a. THE SELLER CORPORATION BECOMES**  
13           **MERELY A SHELL CORPORATION,**

14           **b. THE SELLER CORPORATION HAS NO**  
15           **OPERATIONS WHICH ARE BY THEMSELVES**  
16           **ECONOMICALLY VIABLE,**

17           **c. THE SELLER CORPORATION IS RENDERED**  
18           **INCAPABLE OF DOING BUSINESS EXCEPT THROUGH THE**  
19           **BUYER CORPORATION, OR**

20           **d. UNDER CIRCUMSTANCES CONGRUOUS TO THE**  
21           **FOREGOING.**

22           **3. THERE IS AN INTEGRATION OF THE SELLER**  
23           **CORPORATION'S PRODUCTIVE ASSETS AND OPERATIONS INTO**  
24           **THE BUYER CORPORATION'S OWN BUSINESS OR A CONTINUITY**  
25           **OF THE SELLER CORPORATION'S BUSINESS IN THE BUSINESS OF**  
26           **THE BUYER CORPORATION. SUCH INTEGRATION OR**  
27           **CONTINUITY SHALL BE DEEMED TO EXIST WHEN THE BUYER**

1 CORPORATION, WHETHER WHOLLY OR IN PART, CONTINUES  
2 THE SELLER CORPORATION'S BUSINESS IN TERMS OF  
3 MANAGEMENT, PERSONNEL, PHYSICAL LOCATION, ASSETS,  
4 PROCESS, TECHNOLOGY ACTIVITIES, OR GENERAL BUSINESS  
5 OPERATIONS, OR INTEGRATES AND COMBINES THESE ASPECTS  
6 WITH ITS OWN BUSINESS MODEL, WHETHER OR NOT THERE IS A  
7 COMPLETE IDENTITY OR UNIFORMITY IN EVERY MATERIAL  
8 CHARACTERISTIC.

9 4. THERE IS AN ASSUMPTION BY THE BUYER  
10 CORPORATION OF THE SELLER CORPORATION'S LIABILITIES  
11 WHICH WOULD ORDINARILY BE NECESSARY TO CONTINUE THE  
12 SELLER CORPORATION'S BUSINESS OPERATIONS WITHOUT  
13 INTERRUPTION.

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

16 6. UNDER THE TERMS OF THE SALE OF THE ASSETS,  
17 THE SELLER CORPORATION IS PROHIBITED BY THE BUYER  
18 CORPORATION FROM CONTINUING OR ENGAGING IN THE SAME  
19 OR SIMILAR BUSINESS.

20 THIS PROVISION SHALL APPLY WHETHER THE BUYER  
21 CORPORATION CARRIES OUT THE WHOLE OR A PART OF THE  
22 TRANSACTION OR SERIES OF TRANSACTIONS IN ITS OWN NAME  
23 OR THROUGH ANY OF ITS WHOLLY OWNED AND CONTROLLED  
24 SUBSIDIARIES OR OTHER RELATED PARTIES.

25 SECTION 59. Section 81 of the Code is hereby renumbered as Section 83 and  
26 amended to read as follows:

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

5                     1.       In case any amendment to the articles of incorporation has  
6                     the effect of changing or restricting the rights of any stockholder or class  
7                     of shares, or of authorizing preferences in any respect superior to those of  
8                     outstanding shares of any class, or of extending or shortening the term of  
9                     corporate existence;

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

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

15                    4.       **WHEN THE CORPORATION SUBMITS FALSE OR**  
16                    **INACCURATE FINANCIAL STATEMENTS AND/OR**  
17                    **REPORTORIAL REQUIREMENTS OR WHEN THEY CONTAIN**  
18                    **MISSTATEMENTS OR MISREPRESENTATIONS;**

19                    5.       **WHEN THE CORPORATION REFUSES TO HOLD**  
20                    **THE REGULAR MEETINGS OF STOCKHOLDERS OR UNDULY**  
21                    **PREVENTS ANY STOCKHOLDER FROM PARTICIPATING IN**  
22                    **MEETINGS HELD;**

23                    6.       **WHEN STOCKHOLDERS REPRESENTING A**  
24                    **MAJORITY APPOINT THEIR NOMINEES AS DIRECTORS,**  
25                    **WITHOUT HOLDING ELECTIONS;**



1                   7.     **WHEN DIRECTORS AUTHORIZE PAYMENTS TO**  
2                   **ENTITIES RELATED TO THEM OR OTHERWISE ENGAGE IN**  
3                   **RELATED PARTY TRANSACTIONS**

4                   8.     WHEN DIRECTORS ENGAGE IN SELF-DEALING OR  
5                   THERE IS NO OR INADEQUATE DISCLOSURE OF MATERIAL  
6                   FACTS AND THEIR FINANCIAL IMPACT; AND

7                   9.     **IN INSTANCES WHEN THE CORPORATION IS**  
8                   **VIOLATING THE PROVISIONS OF THIS CODE, ITS RULES, OR**  
9                   **OTHER LAWS.”**

10           **SECTION 60.**   Sections 82 and 83 of the Code are hereby renumbered as Sections 84  
11 and 85, respectively.

12           **SECTION 61.**   Section 84 of the Code is hereby renumbered as Section 86 and  
13 amended to delete “Securities and Exchange” from “Securities and Exchange Commission” in  
14 each instance.

15           **SECTION 62.**   Sections 85 to 88 of the Code are hereby renumbered as Sections 87 to  
16 90 accordingly.

17           **SECTION 63.**   Section 89 of the Code is hereby renumbered as Section 91 and  
18 amended to read as follows:

19                   “Sec. [89]91. *Right to vote.* – **EXCEPT AS OTHERWISE PROVIDED**  
20           **IN THIS CODE**, the right of the members of any class or classes to vote may be  
21 limited, broadened or denied to the extent specified in the articles of incorporation  
22 or the by-laws. Unless so limited, broadened or denied, each member, regardless  
23 of class, shall be entitled to one vote.

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

4 [Voting by mail or other similar means by members of non-stock  
5 corporations may be authorized by the by-laws of non-stock corporations with the  
6 approval of, and under such conditions which may be prescribed by, the  
7 Securities and Exchange Commission.]”

8 **SECTION 64.** Sections 90 and 91 of the Code are hereby renumbered as Sections 92  
9 and 93, respectively.

10 **SECTION 65.** Section 92 of the Code is hereby renumbered as Section 94 and  
11 amended to read as follows:

12 “Sec. [92]94. *Election and term of trustees.* – [Unless otherwise provided  
13 in the articles of incorporation or the by-laws,] The board of trustees of non-stock  
14 corporations **SHALL BE IN SUCH NUMBER AS MAY BE FIXED IN THE**  
15 **ARTICLES OF INCORPORATION OR BY-LAWS** [, which may be more  
16 than] **NOT EXCEEDING** fifteen (15) [in number as may be fixed in their  
17 articles of incorporation or by-laws, shall]. **THEY SHALL HOLD OFFICE**  
18 **FOR ONE YEAR UNTIL THEIR SUCCESSORS ARE ELECTED AND**  
19 **QUALIFIED.** [as soon as organized, so classify themselves that the term of  
20 office of one-third (1/3) of their number shall expire every year ; and subsequent  
21 elections of trustees comprising one-third (1/3) of the board of trustees shall be  
22 held annually and trustees so elected shall have a term of three (3) years.]  
23 Trustees [thereafter] elected to fill vacancies occurring before the expiration of a  
24 particular term shall hold office only for the unexpired period.

1           **EXCEPT WITH RESPECT TO INDEPENDENT TRUSTEES**  
2           **UNDER SECTION 24**, no person shall be elected as trustee unless he is a  
3           member of the corporation.

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

6           **SECTION 66.** Section 93 of the Code is hereby renumbered as Section 95 and  
7           amended to read as follows:

8           “Sec. [93]95. [*Place of meetings*] **LIST OF MEMBERS AND PROXIES.**  
9           – **THE CORPORATION SHALL, AT ALL TIMES, KEEP A LIST OF ITS**  
10           **MEMBERS AND THEIR PROXIES ON SITE AT ITS PRINCIPAL**  
11           **OFFICE, IN THE FORM THE COMMISSION MAY REQUIRE, WHICH**  
12           **LIST SHALL BE UPDATED IN A MANNER AS TO REFLECT THE**  
13           **MEMBERS AND PROXIES OF RECORD AS OF TWENTY DAYS PRIOR**  
14           **TO ANY SCHEDULED ELECTION.** [The by-laws may provide that the  
15           members of a non-stock corporation may hold their regular or special meetings at  
16           any place even outside the place where the principal office of the corporation is  
17           located: Provided, That proper notice is sent to all members indicating the date,  
18           time and place of the meeting: and Provided, further, That the place of meeting  
19           shall be within the Philippines.]

20           **SECTION 67.** Section 94 of the Code is hereby renumbered as Section 96 and  
21           amended to read as follows:

22           “Sec. [94]96. *Rules of distribution.* - In case of dissolution of a non-stock  
23           corporation in accordance with the provisions of this Code **FOR REASONS**  
24           **OTHER THAN THOSE SET FORTH IN SECTION 137 (4) (B) to (I)**, its  
25           assets shall be applied and distributed as follows:

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**SECTION 68.** Sections 95 to 103 of the Code are hereby renumbered as Sections 97 to 105 accordingly.

**SECTION 69.** Sections 104, 105, and 107 of the Code are hereby amended by deleting “Securities and Exchange” from “Securities Exchange Commission” in each instance and, in Section 107, changing “Ministry of Education and Culture” to “Department of Education Culture and Sports”. Further Sections 104 to 107 are renumbered as Sections 106 to 109 accordingly.

**SECTION 70.** Section 108 of the Code is hereby deleted.

**SECTION 71.** Section 109 and 110 of the Code is hereby renumbered as Sections 110 and 111, respectively.

**SECTION 72.** Sections 111, 112, 113, 114, 115, and 116 of the Code are hereby amended by deleting “Securities and Exchange” from “Securities Exchange Commission” in each instance. Further Sections 111 to 116 are renumbered as Sections 112 to 117 accordingly.

**SECTION 73.** A new chapter is hereby added to Title XIII on Special Corporations and the succeeding provisions are renumbered accordingly.

**CHAPTER III**

**ONE PERSON CORPORATIONS**

**SEC. 118. *APPLICABILITY OF PROVISIONS TO ONE PERSON CORPORATIONS.* – THE PROVISIONS OF THIS CODE ARE APPLICABLE TO ONE PERSON CORPORATIONS EXCEPT AS**

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

3               **SEC. 119. *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. 120. *SINGLE STOCKHOLDER.* – FOR PURPOSES OF THIS**  
8       **CODE, THE FOLLOWING SHALL BE DEEMED A SINGLE**  
9       **STOCKHOLDER:**

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

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

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

23               **SEC. 121. *MINIMUM AMOUNT OF CAPITAL STOCK TO BE PAID***  
24       ***FOR PURPOSES OF INCORPORATION.* – THE MINIMUM AMOUNT OF**  
25       **AUTHORIZED CAPITAL STOCK FOR A ONE PERSON**

1 CORPORATION IS ONE MILLION PESOS (PHP1,000,000.00), THE  
2 PAYMENT OF WHICH SHALL BE MADE BY THE SINGLE  
3 STOCKHOLDER IN ONE LUMP SUM AT THE TIME OF  
4 INCORPORATION AND PHYSICALLY SEPARATED FROM THE  
5 PERSONAL FUNDS OF THE SINGLE STOCKHOLDER.

6 SEC. 122. *ARTICLES OF INCORPORATION; BY-LAWS NOT*  
7 *REQUIRED.* – INsofar AS APPLICABLE, A ONE PERSON  
8 CORPORATION SHALL FILE ARTICLES OF INCORPORATION IN  
9 ACCORDANCE WITH THE REQUIREMENTS UNDER SECTION 14 OF  
10 THIS CODE, SUBJECT TO THE FOLLOWING:

11 (1) THERE SHALL BE A STATEMENT AS TO  
12 WHETHER THE CAPITAL STOCK IS THE SOLE  
13 INVESTMENT OF A NATURAL OR OF A JURIDICAL  
14 PERSON, OR OF A TRUST, ESTATE OR ACCOUNT;

15 (2) IF THE SINGLE STOCKHOLDER IS A  
16 JURIDICAL PERSON, IT SHALL CLEARLY INDICATE  
17 THE NAME, NATIONALITY AND RESIDENCE OF THE  
18 NATURAL PERSON AUTHORIZED TO ACT ON ITS  
19 BEHALF AND ATTACH PROOF OF SUCH AUTHORITY;

20 (3) IF THE SINGLE STOCKHOLDER IS A  
21 TRUST, ESTATE OR ACCOUNT, IT SHALL CLEARLY  
22 INDICATE THE NAME, NATIONALITY AND RESIDENCE  
23 OF THE TRUSTEE, ADMINISTRATOR, EXECUTOR,  
24 GUARDIAN, CONSERVATOR, CUSTODIAN OR OTHER  
25 PERSON EXERCISING FIDUCIARY CAPACITIES AND  
26 ATTACH PROOF OF SUCH AUTHORITY TO ACT ON  
27 BEHALF OF THE TRUST, ESTATE OR ACCOUNT;

1           (4)    IN ACCORDANCE WITH SECTION 127, IT  
2           SHALL DESIGNATE A NOMINEE AND ALTERNATE  
3           NOMINEE AND ATTACH THERETO THEIR PRIOR  
4           WRITTEN CONSENT, AS WELL AS STATE THE  
5           COMPENSATION THEY SHALL RECEIVE AND THE  
6           EXTENT OF OR LIMITATIONS ON THEIR AUTHORITY;

7           (5)    THE ARTICLES OF INCORPORATION  
8           SHALL BE ACCOMPANIED BY A SWORN STATEMENT  
9           BY THE STOCKHOLDER AS TO THE AMOUNT OF THE  
10          CAPITAL STOCK AND THAT THE SAME HAS BEEN  
11          PAID IN FULL AND MAINTAINED IN AN ACCOUNT  
12          SEPARATE FROM THAT OF THE STOCKHOLDER;

13          (6)    THERE SHALL BE ATTACHED TO THE  
14          ARTICLES OF INCORPORATION A CODE OF ETHICS  
15          OR STANDARDS OF CONDUCT AS SET FORTH IN  
16          SECTION 47, SUBPARAGRAPH 11 OF THIS CODE; AND

17          (7)    THERE SHALL BE ATTACHED TO THE  
18          ARTICLES OF INCORPORATION INTERNAL  
19          PROCEDURES FOR WHISTLEBLOWERS AS SET FORTH  
20          IN SECTION 47, SUBPARAGRAPH 12 OF THIS CODE.

21                THE ONE PERSON CORPORATION SHALL BE EXEMPT FROM  
22                THE FILING OF BY-LAWS.

23                **SEC. 123. PROHIBITION AGAINST MULTIPLE ONE PERSON**  
24                **CORPORATIONS.** – ANY PERSON, TRUST, ESTATE OR ACCOUNT  
25                MAY ONLY INCORPORATE AND MAINTAIN ONE ONE PERSON  
26                CORPORATION AT ANY GIVEN INSTANCE. A ONE PERSON

1 CORPORATION MAY NOT INCORPORATE A NEW ONE PERSON  
2 CORPORATION.

3 SEC. 124. *DISPLAY OF CORPORATE NAME.* – A ONE PERSON  
4 CORPORATION SHALL INDICATE EITHER BELOW OR AT THE END  
5 OF ITS CORPORATE NAME, THE WORDS “ONE PERSON  
6 CORPORATION” OR THE LETTERS “OPC”, WHEREVER ITS NAME  
7 IS PRINTED, AFFIXED, ENGRAVED OR OTHERWISE PRESENTED.

8 SEC. 125. *SINGLE STOCKHOLDER AS DIRECTOR, PRESIDENT*  
9 *AND TREASURER.* – THE SINGLE STOCKHOLDER SHALL BE THE  
10 SOLE DIRECTOR, PRESIDENT (OR CHIEF EXECUTIVE OFFICER)  
11 AND TREASURER (OR CHIEF FINANCE OFFICER) OF THE ONE  
12 PERSON CORPORATION.

13 SEC. 126. *CORPORATE SECRETARY AND OTHER OFFICERS.* –  
14 WITHIN FIFTEEN DAYS FROM THE ISSUANCE OF ITS  
15 CERTIFICATE OF INCORPORATION, THE ONE PERSON  
16 CORPORATION SHALL APPOINT A CORPORATE SECRETARY,  
17 WHO SHALL BE OTHER THAN THE SINGLE STOCKHOLDER, AND  
18 NOTIFY THE COMMISSION THEREOF WITHIN FIVE DAYS FROM  
19 APPOINTMENT.

20 THE ONE PERSON CORPORATION MAY APPOINT SUCH  
21 OTHER OFFICERS AS IT MAY DEEM NECESSARY.

22 SEC. 127. *SPECIAL FUNCTIONS OF THE CORPORATE*  
23 *SECRETARY.* – IN ADDITION TO THE FUNCTIONS DESIGNATED BY  
24 THE ONE PERSON CORPORATION AND REQUIRED ELSEWHERE IN  
25 THIS CODE, THE CORPORATE SECRETARY SHALL:



- 1           **(a) BE RESPONSIBLE FOR MAINTAINING THE MINUTES-**  
2           **BOOK OF THE CORPORATION;**
- 3           **(b) NOTIFY THE NOMINEE, OR ALTERNATE NOMINEE AS**  
4           **THE CASE MAY BE, OF THE DEATH OR INCAPACITY**  
5           **OF THE SINGLE STOCKHOLDER, WHICH NOTICE**  
6           **SHALL BE GIVEN NOT LATER THAN FIVE (5) DAYS**  
7           **FROM THE SINGLE STOCKHOLDER'S DEATH OR**  
8           **INCAPACITY;**
- 9           **(c) NOTIFY THE COMMISSION OF THE DEATH OF THE**  
10           **SINGLE STOCKHOLDER WITHIN A PERIOD OF FIVE (5)**  
11           **DAYS FROM SUCH DEATH AND STATING IN SUCH**  
12           **NOTICE THE NAMES, RESIDENCES AND CONTACT**  
13           **DETAILS OF ALL KNOWN LEGAL HEIRS; AND**
- 14           **(d) CALL THE NOMINEE OR ALTERNATIVE NOMINEE TO**  
15           **A MEETING WITH THE KNOWN LEGAL HEIRS AND**  
16           **GIVE GUIDANCE ON THE OPTIONS OF THE LEGAL**  
17           **HEIRS WITH REGARD TO THE ONE PERSON**  
18           **CORPORATION, INCLUDING THE ELECTION OF A**  
19           **NEW DIRECTOR, AMENDING THE ARTICLES OF**  
20           **INCORPORATION AND OTHER ANCILLARY AND/OR**  
21           **CONSEQUENTIAL MATTERS.**

22           **SEC. 128. *NOMINEE AND ALTERNATE NOMINEE.* – THE**  
23           **SINGLE STOCKHOLDER SHALL DESIGNATE A NOMINEE AND AN**  
24           **ALTERNATE NOMINEE WHO SHALL, IN THE EVENT OF THE**  
25           **SINGLE STOCKHOLDER'S DEATH OR INCAPACITY AND AFTER**  
26           **RECEIVING DUE NOTICE THEREOF FROM THE CORPORATE**  
27           **SECRETARY, TAKE THE PLACE OF THE SINGLE STOCKHOLDER**

1 AS DIRECTOR AND MANAGE THE AFFAIRS OF THE  
2 CORPORATION AS PROVIDED IN THE ARTICLES OF  
3 INCORPORATION.

4 THE ARTICLES OF INCORPORATION SHALL STATE THE  
5 NAMES, RESIDENCES AND CONTACT DETAILS OF THE NOMINEE  
6 AND ALTERNATE NOMINEE, THE COMPENSATION THEY SHALL  
7 BE ENTITLED TO RECEIVE, AS WELL AS THE EXTENT OF AND  
8 LIMITATIONS ON THEIR AUTHORITY IN MANAGING THE AFFAIRS  
9 OF THE ONE PERSON CORPORATION.

10 THE WRITTEN CONSENT OF THE NOMINEE AND  
11 ALTERNATE NOMINEE SHALL BE SUBMITTED TO THE  
12 COMMISSION TOGETHER WITH THE FILING OF THE ONE PERSON  
13 CORPORATION'S ARTICLES OF INCORPORATION. SUCH  
14 CONSENT MAY BE WITHDRAWN IN WRITING BY FURNISHING  
15 COPIES THEREOF TO THE SINGLE STOCKHOLDER AND THE  
16 COMMISSION ANYTIME BEFORE THE DEATH OR INCAPACITY OF  
17 THE SINGLE STOCKHOLDER.

18 THE NOMINEE SHALL, IN THE EVENT OF THE SINGLE  
19 STOCKHOLDER'S DEATH OR INCAPACITY AND AFTER  
20 RECEIVING DUE NOTICE THEREOF FROM THE CORPORATE  
21 SECRETARY, TAKE THE PLACE OF THE SINGLE STOCKHOLDER  
22 AS DIRECTOR AND MANAGE THE AFFAIRS OF THE ONE PERSON  
23 CORPORATION.

24 *SEC. 129. TERM OF NOMINEE AND ALTERNATE NOMINEE. --*  
25 WHEN THE INCAPACITY OF THE SINGLE STOCKHOLDER IS  
26 TEMPORARY, THE NOMINEE SHALL SIT AS DIRECTOR AND

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

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

17           **SEC. 130. CHANGE OF NOMINEE OR ALTERNATE NOMINEE. –**  
18          THE SINGLE STOCKHOLDER MAY, AT ANY TIME, CHANGE THE  
19          NAME OF THE NOMINEE OR ALTERNATE NOMINEE BY  
20          SUBMITTING NEW NAMES AND NEW WRITTEN CONSENTS TO THE  
21          COMMISSION, WHICH SHALL BE APPENDED TO THE ONE PERSON  
22          CORPORATION'S ARTICLES OF INCORPORATION. THE ARTICLES  
23          OF INCORPORATION NEED NOT BE AMENDED FOR SUCH CHANGE  
24          IN NOMINEE OR ALTERNATE NOMINEE.

25           **SEC. 131. RECORDS IN LIEU OF MEETINGS. – NO**  
26          STOCKHOLDERS MEETING NEED BE HELD IN A ONE PERSON  
27          CORPORATION. WHEN ACTION IS NEEDED ON ANY MATTER, IT

1 SHALL BE SUFFICIENT, FOR PURPOSES OF VALIDITY, IF THE  
2 RESOLUTION THEREON IS MADE IN WRITING, SIGNED AND  
3 DATED BY THE SINGLE STOCKHOLDER/DIRECTOR, AND  
4 RECORDED IN THE MINUTES-BOOK OF THE ONE PERSON  
5 CORPORATION. THE DATE RECORDED IN THE MINUTES-BOOK  
6 SHALL BE DEEMED TO BE THE DATE OF THE MEETING FOR ALL  
7 PURPOSES UNDER THIS CODE.

8 SEC. 132. *MINUTES-BOOK.* – EACH ONE PERSON  
9 CORPORATION SHALL MAINTAIN A MINUTES-BOOK IN WHICH  
10 SHALL BE ENTERED IN WRITING ALL ACTIONS, DECISIONS,  
11 RESOLUTIONS TAKEN BY THE ONE PERSON CORPORATION,  
12 SIGNED AND DATED BY THE SINGLE STOCKHOLDER/DIRECTOR,  
13 AT THE TIME THE ACTION, DECISION OR RESOLUTION IS MADE.

14 SEC. 133. *CO-MINGLING OF PROPERTY.* – WHERE THE  
15 SINGLE STOCKHOLDER CANNOT PROVE THAT THE PROPERTY  
16 OF THE ONE PERSON CORPORATION IS INDEPENDENT OF HIS  
17 OWN PROPERTY, HE SHALL ASSUME THE JOINT AND SEVERAL  
18 LIABILITY FOR THE DEBTS AND OTHER LIABILITIES OF THE ONE  
19 PERSON CORPORATION.

20 SEC. 134. *REPORTORIAL SUBMISSIONS.* – THE ONE PERSON  
21 CORPORATION SHALL SUBMIT THE FOLLOWING TO THE  
22 COMMISSION ANNUALLY AND WITHIN SUCH PERIODS AS THE  
23 COMMISSION MAY PRESCRIBE:

- 24 1. FINANCIAL STATEMENTS CERTIFIED BY THE CHIEF  
25 EXECUTIVE OFFICER AND CORPORATE SECRETARY  
26 AND DULY AUDITED BY AN INDEPENDENT CERTIFIED

1 PUBLIC ACCOUNTANT ACCREDITED BY THE BOARD OF  
2 ACCOUNTANCY;

3 2. A REPORT CONTAINING EXPLANATIONS OR COMMENTS  
4 BY THE CHIEF EXECUTIVE DIRECTOR ON EVERY  
5 QUALIFICATION, RESERVATION OR ADVERSE REMARK  
6 OR DISCLAIMER MADE BY THE AUDITOR IN HIS  
7 REPORT; AND

8 3. A DISCLOSURE OF ALL SELF-DEALINGS AND RELATED  
9 PARTY TRANSACTIONS ENTERED INTO BETWEEN THE  
10 ONE PERSON CORPORATION AND THE SINGLE  
11 STOCKHOLDER.

12 FOR PURPOSES OF THIS PROVISION, THE FISCAL YEAR OF  
13 A ONE PERSON CORPORATION SHALL BE THAT SET FORTH IN ITS  
14 ARTICLES OF INCORPORATION OR, IN THE ABSENCE THEREOF,  
15 THE CALENDAR YEAR.

16 **SEC. 135. CHANGE OF STATUS FROM A REGULAR STOCK**  
17 **CORPORATION TO A ONE PERSON CORPORATION. – WHEN A**  
18 **SINGLE STOCKHOLDER, AS DEFINED UNDER THIS TITLE,**  
19 **ACQUIRES ALL THE STOCKS OF A REGULAR STOCK**  
20 **CORPORATION, THE LATTER MAY APPLY FOR CONVERSION**  
21 **INTO A ONE PERSON CORPORATION, SUBJECT TO THE**  
22 **SUBMISSION OF SUCH DOCUMENTS THE SEC MAY REQUIRE. IF**  
23 **THE APPLICATION FOR CONVERSION IS APPROVED, THE SEC**  
24 **SHALL FORTHWITH ISSUE AN AMENDED CERTIFICATE OF**  
25 **INCORPORATION REFLECTING THE CONVERSION. THE ONE**  
26 **PERSON CORPORATION CONVERTED FROM A REGULAR STOCK**  
27 **CORPORATION SHALL SUCCEED TO AND BE LEGALLY**

1 RESPONSIBLE FOR ALL THE LATTER'S OUTSTANDING  
2 LIABILITIES AS OF THE DATE OF CONVERSION.

3 SEC. 136. *CHANGE IN STATUS OF A ONE PERSON*  
4 *CORPORATION.* – A ONE PERSON CORPORATION MAY BE  
5 CONVERTED INTO A REGULAR STOCK CORPORATION AFTER  
6 DUE NOTICE TO THE SEC OF SUCH FACT, OF THE  
7 CIRCUMSTANCES LEADING TO THE CONVERSION, AND OF  
8 COMPLIANCE WITH ALL OTHER REQUIREMENTS FOR STOCK  
9 CORPORATIONS UNDER THIS CODE AND APPLICABLE RULES.  
10 SUCH NOTICE SHALL BE FILED WITH THE SEC WITHIN SIXTY (60)  
11 DAYS FROM THE OCCURRENCE OF THE CIRCUMSTANCES  
12 LEADING TO THE CONVERSION INTO A REGULAR STOCK  
13 CORPORATION. IF ALL REQUIREMENTS HAVE BEEN DULY  
14 COMPLIED WITH, THE SEC SHALL FORTHWITH ISSUE AN  
15 AMENDED CERTIFICATE OF INCORPORATION REFLECTING THE  
16 CONVERSION.

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

1       **DISSOLVE THE ONE PERSON CORPORATION OR CONVERT IT**  
2       **INTO A REGULAR STOCK CORPORATION.**

3               **THE REGULAR STOCK CORPORATION CONVERTED FROM A**  
4       **ONE PERSON CORPORATION SHALL SUCCEED TO AND BE**  
5       **LEGALLY RESPONSIBLE FOR ALL THE LATTER'S OUTSTANDING**  
6       **LIABILITIES AS OF THE DATE OF CONVERSION.**

7       **SECTION 74.**   Section 117 of the Code is hereby renumbered as Section 137 and  
8       amended to read as follows:

9                               **“TITLE XIV – DISSOLUTION”**

10               “Sec. [117]137. *Methods of dissolution; EFFECTIVE DATE OF*  
11       ***DISSOLUTION.*** - A corporation formed or organized under the provisions of  
12       this Code may be dissolved **IN ANY OF THE FOLLOWING WAYS:**  
13       [voluntarily or involuntarily.]

14               **1.   AUTOMATICALLY BY EXPIRATION OF THE**  
15       **CORPORATE TERM STATED IN THE ARTICLES OF**  
16       **INCORPORATION, AS ORIGINALLY STATED, OR AS LENGTHENED**  
17       **OR SHORTENED IN ACCORDANCE WITH THE PROVISIONS OF**  
18       **THIS CODE.**

19               **2.   BY ACTION OF A MAJORITY OF THE**  
20       **INCORPORATORS OR A MAJORITY OF THE DIRECTORS OR**  
21       **TRUSTEES WHEN THE CORPORATION:**

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

1           b.    **BEING A STOCK CORPORATION, HAS NOT**  
2           **ISSUED SHARES,**

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

4           d.    **HAS RECEIVED NO PAYMENTS ON**  
5           **SUBSCRIPTIONS FOR SHARES IN THE CASE OF STOCK**  
6           **CORPORATIONS, OR CONTRIBUTIONS IN THE CASE OF**  
7           **NON-STOCK CORPORATIONS, OR, HAVING RECEIVED**  
8           **THEM, HAS RETURNED THEM TO THOSE ENTITLED**  
9           **THERE TO, LESS AMOUNTS DISBURSED FOR LAWFUL**  
10          **EXPENSES.**

11          **3.    BY ACTION OF THE BOARD OF DIRECTORS AND**  
12          **STOCKHOLDERS, OR THE BOARD OF TRUSTEES AND MEMBERS**  
13          **AS THE CASE MAY BE, WHEN:**

14               a.    **NOT QUALIFYING UNDER SECTION 137 (2)**  
15               **ABOVE, THE CORPORATION FAILS TO COMMENCE OR**  
16               **CONTINUE ITS BUSINESS OR THE CONSTRUCTION OF ITS**  
17               **WORKS AND ITS CERTIFICATE OF INCORPORATION HAS**  
18               **NOT YET BEEN REVOKED IN ACCORDANCE WITH SECTION**  
19               **22 OF THIS CODE, OR**

20               b.    **FOR ANY OTHER REASON PROPOSED AND**  
21               **VOTED UPON BY THEM AT A MEETING CALLED**  
22               **SPECIFICALLY FOR THAT PURPOSE.**

23          **4.    BY ORDER OF THE COMMISSION WHEN THE**  
24          **CORPORATION:**



1           a.     **FAILED TO COMMENCE OR CONTINUE ITS**  
2 **BUSINESS OR THE CONSTRUCTION OF ITS WORKS AND THE**  
3 **REVOCAION OF ITS CERTIFICATE OF INCORPORATION**  
4 **HAS ATTAINED FINALITY IN ACCORDANCE WITH SECTION**  
5 **23 OF THIS CODE;**

6           b.     **HAS BEEN FOUND TO HAVE PROCURED ITS**  
7 **ORGANIZATION THROUGH FRAUD;**

8           c.     **HAS BEEN FOUND TO HAVE BEEN CREATED**  
9 **FOR THE PURPOSE OF COMMITTING OR CONCEALING, OR**  
10 **AIDING IN THE COMMISSION OR CONCEALMENT OF,**  
11 **SECURITIES VIOLATIONS, SMUGGLING, TAX EVASION,**  
12 **MONEY LAUNDERING, OR GRAFT AND CORRUPT**  
13 **PRACTICES;**

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

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

1           f.     HAS BEEN FOUND TO HAVE REPEATEDLY AND  
2           KNOWINGLY TOLERATED THE COMMISSION OF GRAFT  
3           AND CORRUPT PRACTICES OR OTHER FRAUDULENT OR  
4           ILLEGAL ACTS BY ITS DIRECTORS, TRUSTEES, OFFICERS,  
5           OR EMPLOYEES, FAILING TO SANCTION THEM, REPORT  
6           THEIR ACTIONS TO THE PROPER AGENCIES, AND/OR FILE  
7           THE APPROPRIATE ACTION AGAINST THEM;

8           g.     HAS BEEN FOUND TO HAVE REPEATEDLY AND  
9           WILLFULLY EXCEEDED THE AUTHORITY CONFERRED  
10          UPON IT BY LAW;

11          h.     HAS BEEN FOUND TO HAVE REPEATEDLY AND  
12          WILLFULLY FALSIFIED, MISSTATED OR OTHERWISE  
13          MISREPRESENTED INFORMATION CONTAINED IN ITS  
14          REPORTORIAL REQUIREMENTS;

15          i.     HAS BEEN FOUND TO HAVE REPEATEDLY AND  
16          WILLFULLY CONDUCTED ITS BUSINESS IN A FRAUDULENT  
17          OR OTHERWISE UNLAWFUL MANNER; OR

18          j.     HAS BEEN FOUND TO HAVE OTHERWISE  
19          VIOLATED THE PROVISIONS OF THIS CODE.

20          5.     BY ORDER OF THE COMMISSION WHEN, BY FINAL  
21          JUDGMENT, A COURT ORDERS THE DISSOLUTION OF THE  
22          CORPORATION.

23          IN THE CASE OF EXPIRATION OF CORPORATE TERM UNDER  
24          SECTION 137 (1) ABOVE, DISSOLUTION SHALL AUTOMATICALLY  
25          TAKE EFFECT ON THE DAY FOLLOWING THE LAST DAY OF THE

1 CORPORATE TERM STATED IN THE ARTICLES OF  
2 INCORPORATION, WITHOUT NEED FOR THE ISSUANCE BY THE  
3 COMMISSION OF A CERTIFICATE OF DISSOLUTION. IN ALL  
4 OTHER CASES, THE DISSOLUTION SHALL TAKE EFFECT ONLY  
5 UPON AND AS OF THE ISSUANCE BY THE COMMISSION OF A  
6 CERTIFICATE OF DISSOLUTION, AND SHALL BE WITHOUT  
7 PREJUDICE TO SECTION 142 OF THIS CODE.”

8 SECTION 75. Section 118 of the Code is hereby renumbered as Section 138 and  
9 amended to read as follows:

10 “Sec. [118]138. [*Voluntary dissolution*] **DISSOLUTION** where no  
11 *creditors are affected*; **PROCEDURE.** – DISSOLUTION PURSUANT TO  
12 SECTION 136 (2) OF THIS CODE MAY BE MADE BY FILING A  
13 VERIFIED REQUEST FOR DISSOLUTION WITH THE COMMISSION:

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

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

19 c. ATTESTING TO THE EXISTENCE AND  
20 CONCURRENCE OF ALL THE CONDITIONS SET FORTH IN  
21 SECTION 137 (2) (A) TO (D) OF THIS CODE;

22 d. STATING THE NAMES OF THE  
23 INCORPORATORS, OR OF THE DIRECTORS OR TRUSTEES,  
24 CONSTITUTING A MAJORITY, WHO APPROVED THE  
25 DISSOLUTION AND THE DATE, PLACE, AND TIME OF THE

1 MEETING IN WHICH THE VOTE WAS MADE, WHICH  
2 REQUIREMENT MAY BE DISPENSED WITH IF THE REQUEST  
3 ITSELF IS DULY VERIFIED BY SUCH MAJORITY; AND

4 e. WHEN APPLICABLE, ATTACHING: (i) A LIST OF  
5 THE NAMES AND ADDRESSES OF THE PERSONS ENTITLED  
6 TO A RETURN OF PAID SUBSCRIPTIONS OR  
7 CONTRIBUTIONS AS SET FORTH IN SECTION 137 (2) (D), (ii) A  
8 SUMMARY OF THE AMOUNTS OF THEIR PAID  
9 SUBSCRIPTIONS OR CONTRIBUTIONS, (iii) A SUMMARY OF  
10 THE AMOUNTS DISBURSED FOR LAWFUL EXPENSES WITH  
11 COPIES OF THE OFFICIAL RECEIPTS THEREFOR, AND (iv) A  
12 SUMMARY OF THE AMOUNTS RETURNED WITH PROOF  
13 THAT THEY WERE DULY RECEIVED BY THOSE ENTITLED  
14 THERETO.

15 If dissolution of a corporation PURSUANT TO SECTION 137 (3) OF  
16 THIS CODE does not prejudice the rights of any creditor having a claim against  
17 it, the dissolution may be effected by majority vote of the board of directors or  
18 trustees, and by a resolution duly adopted by the affirmative vote of the  
19 stockholders owning at least two-thirds (2/3) of the outstanding capital stock or of  
20 at least two-thirds (2/3) of the members of a meeting to be held upon call of the  
21 directors or trustees.

22 AT LEAST THIRTY (30) DAYS PRIOR TO THE MEETING, NOTICE  
23 SHALL BE GIVEN TO EACH SHAREHOLDER OR MEMBER OF  
24 RECORD, WHETHER OR NOT ENTITLED TO VOTE AT THE  
25 MEETING, IN THE MANNER PROVIDED IN SECTION 50 OF THIS  
26 CODE AND SHALL STATE THAT THE PURPOSE OF THE MEETING  
27 IS TO VOTE ON THE DISSOLUTION OF THE CORPORATION. [after

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

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

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

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

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

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

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

1                   e.     **STATING WHEN THE NOTICES TO**  
2                   **SHAREHOLDERS OR MEMBERS WERE GIVEN, THE MANNER**  
3                   **AND FORM IN WHICH THEY WERE GIVEN, THE DETAILS OF**  
4                   **PUBLICATION AND ATTACHING PROOF THEREOF, AND THE**  
5                   **DATE, PLACE, AND TIME OF THE MEETING IN WHICH THE**  
6                   **VOTE WAS MADE; AND**

7                   f.     **ATTACHING THERETO** a copy of the resolution  
8                   authorizing the dissolution **WHICH shall HAVE BEEN** certified by a  
9                   majority of the board of directors or trustees and countersigned by the  
10                  secretary of the corporation.

11  
12                  **WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF THE VERIFIED**  
13                  **REQUEST FOR DISSOLUTION, AND IN THE ABSENCE OF ANY**  
14                  **WITHDRAWAL WITHIN SAID PERIOD, [The Securities and Exchange]**  
15                  **THE Commission shall APPROVE THE REQUEST AND** thereupon issue the  
16                  certificate of dissolution.”

17                  **SECTION 76.** Section 119 of the Code is hereby renumbered as Section 139 and  
18                  amended to read as follows:

19                  “Sec. [119]139. [*Voluntary dissolution*] **DISSOLUTION** where creditors  
20                  are affected; **PROCEDURE AND CONTENTS OF PETITION.** - Where the  
21                  dissolution of a corporation may prejudice the rights of any creditor, [the petition]  
22                  **A VERIFIED PETITION** for dissolution shall be filed with the [Securities and  
23                  Exchange] Commission. The petition shall be signed by a majority of [its] **THE**  
24                  **CORPORATION’S** board of directors or trustees or other officers having the  
25                  management of its affairs, verified by its president or secretary or one of its  
26                  directors or trustees, and shall set forth all claims and demands against it, and that  
27                  its dissolution was resolved upon by the affirmative vote of the stockholders

1 representing at least two-thirds (2/3) of the outstanding capital stock or by at least  
2 two-thirds (2/3) of the members at a meeting of its stockholders or members  
3 called for that purpose. **THE PETITION SHALL LIKEWISE STATE: (a)**  
4 **THE REASON FOR THE DISSOLUTION; (b) THE FORM, MANNER**  
5 **AND TIME WHEN THE NOTICES WERE GIVEN; AND (c) THE DATE,**  
6 **PLACE, AND TIME OF THE MEETING IN WHICH THE VOTE WAS**  
7 **MADE. THE PETITION SHALL HAVE AS ANNEXES (a) A COPY OF**  
8 **THE RESOLUTION AUTHORIZING THE DISSOLUTION, WHICH**  
9 **SHALL HAVE BEEN CERTIFIED BY A MAJORITY OF THE BOARD**  
10 **OF DIRECTORS OR TRUSTEES AND COUNTERSIGNED BY THE**  
11 **SECRETARY OF THE CORPORATION; AND (b) A LIST OF ALL ITS**  
12 **CREDITORS.**

13 If the petition is sufficient in form and substance, the Commission shall,  
14 by an order reciting the purpose of the petition, fix a date on or before which  
15 objections thereto may be filed by any person, which date shall not be less than  
16 thirty (30) days nor more than sixty (60) days after the entry of the order. Before  
17 such date, a copy of the order shall be published at least once a week for three (3)  
18 consecutive weeks in a newspaper of general circulation published in the  
19 municipality or city where the principal office of the corporation is situated, or if  
20 there be no such newspaper, then in a newspaper of general circulation in the  
21 Philippines, and a similar copy shall be posted for three (3) consecutive weeks in  
22 three (3) public places in such municipality or city.

23 Upon five (5) day's notice, given after the date on which the right to file  
24 objections as fixed in the order has expired, the Commission shall proceed to hear  
25 the petition and try any issue made by the objections filed; and if no such  
26 objection is sufficient, and the material allegations of the petition are true, it shall  
27 render judgment dissolving the corporation and directing such disposition of its

1 assets as justice requires, and may appoint a receiver to collect such assets and  
2 pay the debts of the corporation.”

3 **SECTION 77.** Section 120 of the Code is hereby renumbered as Section 140 and  
4 amended to read as follows:

5 “Sec. [120]140. **WITHDRAWAL OF REQUEST FOR** Dissolution [by  
6 shortening corporate term] **AND WITHDRAWAL OF PETITION FOR**  
7 **DISSOLUTION.** – [A voluntary dissolution may be effected by amending the  
8 articles of incorporation to shorten the corporate term pursuant to the provisions  
9 of this Code. A copy of the amended articles of incorporation shall be submitted  
10 to the Securities and Exchange Commission in accordance with this Code. Upon  
11 approval of the amended articles of incorporation of the expiration of the  
12 shortened term, as the case may be, the corporation shall be deemed dissolved  
13 without any further proceedings, subject to the provisions of this Code on  
14 liquidation.]

15 **A WITHDRAWAL OF THE REQUEST FOR DISSOLUTION**  
16 **SHALL:**

- 17 **a. BE MADE IN WRITING;**
- 18 **b. BE DULY VERIFIED BY ANY INCORPORATOR,**  
19 **DIRECTOR, SHAREHOLDER OR MEMBER;**
- 20 **c. HAVE THE SIGNATURES OF THE SAME NUMBER**  
21 **OF INCORPORATORS, DIRECTORS, SHAREHOLDERS OR**  
22 **MEMBERS NECESSARY TO REQUEST FOR A DISSOLUTION**  
23 **AS SET FORTH IN THE FOREGOING SECTIONS; AND**



1           d.     BE SUBMITTED WITHIN FIFTEEN (15) DAYS  
2           FROM THE RECEIPT BY THE COMMISSION OF THE  
3           REQUEST FOR DISSOLUTION.

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

8           a.     WITHHOLDING THE ISSUANCE OF THE  
9           CERTIFICATE OF DISSOLUTION AND DEEMING THE  
10          REQUEST FOR DISSOLUTION WITHDRAWN; OR

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

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

1       **ORDER EITHER APPROVING THE WITHDRAWAL OF THE**  
2       **REQUEST OR A CERTIFICATE OF DISSOLUTION OR PROCEEDING**  
3       **TO ACT ON SUCH REQUEST.**

4               **A MOTION FOR THE WITHDRAWAL OF THE PETITION FOR**  
5       **DISSOLUTION SHALL BE SIMILAR IN SUBSTANCE AS A**  
6       **WITHDRAWAL OF REQUEST FOR DISSOLUTION BUT SHALL BE**  
7       **VERIFIED AND FILED PRIOR TO PUBLICATION OF THE ORDER**  
8       **SETTING THE DATE FOR OBJECTIONS TO THE PETITION. THE**  
9       **COMMISSION SHALL RESOLVE THE MOTION WITHIN THE SAME**  
10       **PROCEEDINGS AS THE PETITION AND ISSUE AN ORDER DEEMING**  
11       **THE PETITION WITHDRAWN OR DENYING THE WITHDRAWAL**  
12       **AND PROCEEDING TO HEAR OBJECTIONS ON THE PETITION.”**

13       **SECTION 78.** Section 121 of the Code is hereby renumbered as Section 141 and  
14       amended to read as follows:

15               “Sec. [121]141. [Involuntary dissolution] **DISSOLUTION BY THE**  
16       **COMMISSION.** – [A corporation may be dissolved by the Securities and  
17       Exchange] **DISSOLUTION PROCEEDINGS PURSUANT TO THE**  
18       **GROUND SET FORTH IN SECTION 137 (4) AND (5), SECTION 174, OR**  
19       **WHEN PROVIDED IN OTHER LAWS, RULES AND REGULATIONS,**  
20       **MAY BE COMMENCED BY THE Commission *MOTU PROPRIO OR* upon**  
21       **filing of a verified complaint BY ANY INTERESTED PARTY. [ and after]**

22               **AFTER proper notice and hearing, THE COMMISSION MAY**  
23       **DISSOLVE THE CORPORATION OR ISSUE SUCH OTHER ORDER AS**  
24       **IT MAY DEEM APPROPRIATE IN ACCORDANCE WITH THE**  
25       **PROVISIONS OF THIS CODE OR THE RULES AND REGULATIONS**  
26       **OF THE COMMISSION.**





1 of stock in domestic corporations [registered] **LISTED** in the stock exchange, [or]  
2 shares of stock in domestic insurance companies and banks, **OR ANY**  
3 **FINANCIAL INSTRUMENT DETERMINED SUITABLE BY THE**  
4 **COMMISSION**, or any combination **THEREOF** [of these kinds of securities,] in  
5 the actual market value of at least [one] **FIVE** hundred thousand [(P100,000.)]  
6 **(P500,000)** pesos **OR SUCH OTHER AMOUNT THAT MAY BE SET BY**  
7 **THE COMMISSION**; Provided, however, That within six (6) months after each  
8 fiscal year of the licensee, the [Securities and Exchange] Commission shall require  
9 the licensee to deposit additional securities **OR FINANCIAL INSTRUMENTS**  
10 equivalent in actual market value to two (2%) percent of the amount by which the  
11 licensee's gross income for that fiscal year exceeds [five] **TEN** million  
12 [(P5,000,000.00)] **(P10,000,000.00)** pesos. The [Securities and Exchange]  
13 Commission shall also require **THE** deposit of additional securities **OR**  
14 **FINANCIAL INSTRUMENTS** if the actual market value of the securities **OR**  
15 **FINANCIAL INSTRUMENTS** on deposit has decreased by at least ten (10%)  
16 percent of their actual market value at the time they were deposited. The  
17 [Securities and Exchange] Commission may at its discretion release part of the  
18 additional [securities] deposit[ed with it] if the gross income of the licensee has  
19 decreased, or if the actual market value of the total [securities on] deposit has  
20 increased, by more than ten (10%) percent of the **IR** actual market value [of the  
21 securities] at the time they were deposited. The [Securities and Exchange]  
22 Commission may, from time to time, allow the licensee to **MAKE** substitute  
23 **DEPOSITS** [other securities] for those already on deposit as long as the licensee  
24 is solvent. Such licensee shall be entitled to collect the interest or dividends on  
25 [the] **SUCH** [securities] depositS[ed]. In the event the licensee ceases to do  
26 business in the Philippines, **ITS** [the securities] depositS[ed as aforesaid] shall be  
27 returned, upon the licensee's application therefor and upon proof to the satisfaction  
28 of the [Securities and Exchange] Commission that the licensee has no liability to  
29 Philippine residents, including the Government of the Republic of the Philippines.

1 FOR PURPOSES OF COMPUTING THE SECURITIES DEPOSIT, THE  
2 COMPOSITION OF GROSS INCOME AND ALLOWABLE DEDUCTIONS  
3 THEREFROM SHALL BE IN ACCORDANCE WITH THE RULES OF  
4 THE COMMISSION.”

5 SECTION 82. Sections 128, 130, 131, 132, 134, 135, and 136 of the Code are hereby  
6 amended to delete “Securities and Exchange” from “Securities and Exchange Commission” in  
7 each instance. Further, Sections 127 to 136 are hereby renumbered as Sections 147 to 156  
8 accordingly.

9 SECTION 83. A new title is inserted in the Code containing Sections 157 to 176,  
10 thus:

11 TITLE XVI – INVESTIGATIONS, OFFENSES  
12 AND PENALTIES

13 “Sec. 157. *INVESTIGATION AND PROSECUTION OF OFFENSES.*  
14 – THE COMMISSION MAY, UPON COMPLAINT OR *MOTU PROPRIO*,  
15 MAKE SUCH INVESTIGATIONS AS IT DEEMS NECESSARY TO  
16 DETERMINE WHETHER ANY PERSON HAS VIOLATED OR IS ABOUT  
17 TO VIOLATE ANY PROVISION OF THIS CODE, ANY RULE,  
18 REGULATION OR ORDER THEREUNDER, AND MAY REQUIRE OR  
19 PERMIT ANY PERSON TO FILE WITH IT A STATEMENT IN  
20 WRITING, UNDER OATH OR OTHERWISE, AS THE COMMISSION  
21 SHALL DETERMINE, AS TO ALL FACTS AND CIRCUMSTANCES  
22 CONCERNING THE MATTER TO BE INVESTIGATED.

23 THE COMMISSION MAY PUBLISH INFORMATION  
24 CONCERNING ANY SUCH VIOLATIONS, AND TO INVESTIGATE ANY  
25 FACT, CONDITION, PRACTICE OR MATTER WHICH IT MAY DEEM

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

20 **SEC. 158. ADMINISTRATION OF OATHS, AND SUBPOENA OF**  
21 ***WITNESSES AND DOCUMENTS.*** – FOR THE PURPOSE OF THE  
22 INVESTIGATIONS IN THE PRECEDING SECTION, OR ANY OTHER  
23 PROCEEDING UNDER THIS CODE, THE COMMISSION OR ANY  
24 OFFICER DESIGNATED BY IT IS EMPOWERED TO ADMINISTER  
25 OATHS AND AFFIRMATIONS, SUBPOENA WITNESSES, COMPEL  
26 ATTENDANCE, TAKE EVIDENCE, REQUIRE THE PRODUCTION OF  
27 ANY BOOK, PAPER, CORRESPONDENCE, MEMORANDUM, OR  
28 OTHER RECORD WHICH THE COMMISSION DEEMS RELEVANT OR

1 MATERIAL TO THE INQUIRY, AND TO PERFORM SUCH OTHER  
2 ACTS NECESSARY IN THE CONDUCT OF SUCH INVESTIGATION OR  
3 PROCEEDINGS.

4 SECTION 159. *CEASE AND DESIST ORDERS.* – WHENEVER IT  
5 SHALL APPEAR TO THE COMMISSION THAT ANY PERSON HAS  
6 ENGAGED OR IS ABOUT TO ENGAGE IN ANY ACT OR PRACTICE  
7 CONSTITUTING A VIOLATION OF ANY PROVISION OF THIS CODE,  
8 ANY RULE, REGULATION OR ORDER THEREUNDER, IT MAY ISSUE  
9 AN ORDER FOR SUCH PERSON TO DESIST FROM COMMITTING  
10 SUCH ACT OR PRACTICE. AFTER FINDING THAT SUCH PERSON  
11 HAS ENGAGED IN ANY SUCH ACT OR PRACTICE AND THAT THERE  
12 IS A REASONABLE LIKELIHOOD OF SUCH PERSON CONTINUING  
13 FURTHER OR FUTURE VIOLATIONS, THE COMMISSION MAY  
14 ISSUE, *EX PARTE* A CEASE AND DESIST ORDER ENJOINING SUCH  
15 PERSON FROM FURTHER OR FUTURE VIOLATIONS FOR A  
16 MAXIMUM PERIOD OF TWENTY (20) DAYS.

17 THEREAFTER, THE COMMISSION MAY PROCEED  
18 ADMINISTRATIVELY AGAINST SUCH PERSON IN ACCORDANCE  
19 WITH SECTION 161, AND/OR TRANSMIT SUCH EVIDENCE AS MAY  
20 BE AVAILABLE CONCERNING ANY VIOLATION OF ANY PROVISION  
21 OF THIS CODE, OR ANY RULE, REGULATION OR ORDER  
22 THEREUNDER, TO THE DEPARTMENT OF JUSTICE, WHICH MAY  
23 INSTITUTE THE APPROPRIATE CRIMINAL PROCEEDINGS UNDER  
24 THIS CODE, AND/OR TO THE PROPER COURT, TRIBUNAL, OR  
25 QUASI-JUDICIAL AGENCY IN INSTANCES WHERE THE LAW  
26 ALLOWS INDEPENDENT CIVIL OR CRIMINAL PROCEEDINGS OF  
27 VIOLATIONS ARISING FROM THE SAME ACT.



1           **SEC. 160. CONTEMPT. – ANY PERSON WHO, WITHIN HIS**  
2 **POWER BUT WITHOUT JUSTIFIABLE OR LAWFUL CAUSE, FAILS**  
3 **OR REFUSES TO COMPLY WITH ANY LAWFUL ORDER, DECISION**  
4 **OR SUBPOENA ISSUED BY THE COMMISSION SHALL, AFTER DUE**  
5 **NOTICE AND HEARING, BE GUILTY OF CONTEMPT OF THE**  
6 **COMMISSION. SUCH PERSON SHALL BE FINED IN SUCH AMOUNT**  
7 **AS THE COMMISSION MAY DETERMINE. WHEN THE FAILURE OR**  
8 **REFUSAL IS A CLEAR AND OPEN DEFIANCE OF THE**  
9 **COMMISSION’S ORDER, DECISION OR SUBPOENA, THE PERSON**  
10 **SHALL BE FINED ON A DAILY BASIS IN AN AMOUNT THE**  
11 **COMMISSION MAY DETERMINE AND DETAINED UNDER AN**  
12 **ARREST ORDER ISSUED BY THE COMMISSION UNTIL SUCH**  
13 **ORDER, DECISION OR SUBPOENA IS COMPLIED WITH.**

14           **SEC. 161. ADMINISTRATIVE SANCTIONS. – IF, AFTER DUE**  
15 **NOTICE AND HEARING INITIATED EITHER BY COMPLAINT OR**  
16 **MOTU PROPRIO, THE COMMISSION FINDS THAT ANY PROVISION**  
17 **OF THIS CODE, OR ANY OF THE COMMISSION’S RULES OR ORDERS**  
18 **HAS BEEN VIOLATED, THE COMMISSION MAY IMPOSE ANY OR**  
19 **ALL OF THE FOLLOWING SANCTIONS ON THOSE FOUND**  
20 **RESPONSIBLE FOR THE VIOLATION:**

21           **(A) A FINE RANGING FROM FIVE THOUSAND PESOS**  
22 **(PHP5,000.00) TO TWO MILLION PESOS (PHP2,000,000.00) PLUS**  
23 **NOT MORE THAN ONE THOUSAND PESOS (PHP1,000.00) FOR**  
24 **EACH DAY OF CONTINUING VIOLATION, IN NO CASE TO**  
25 **EXCEED TWO MILLION PESOS (PHP2,000,000.00);**

26           **(B) ARREST AND DETENTION IN CONNECTION**  
27 **WITH ITS CONTEMPT POWER UNDER SECTION 160;**

1           (C)    SUSPENSION   OR   REVOCAION   OF   THE  
2           CERTIFICATE OF INCORPORATION;

3           (D)    DISSOLUTION OF THE CORPORATION AND  
4           FORFEITURE OF ITS ASSETS UNDER THE CONDITIONS IN  
5           TITLE XV OF THIS CODE; AND

6           (E)    OTHER PENALTIES WITHIN THE POWER OF  
7           THE COMMISSION TO IMPOSE OR AS PRESCRIBED IN ITS  
8           RULES AND REGULATIONS.

9           THE IMPOSITION OF THE FOREGOING ADMINISTRATIVE  
10          SANCTIONS SHALL BE WITHOUT PREJUDICE TO THE FILING OF  
11          CIVIL COMPLAINTS AND/OR CRIMINAL CHARGES UNDER THIS  
12          CODE AND OTHER LAWS AGAINST THE CORPORATION AND/OR  
13          THOSE RESPONSIBLE FOR THE VIOLATION, IN INSTANCES WHERE  
14          THE LAW ALLOWS INDEPENDENT CIVIL OR CRIMINAL  
15          PROCEEDINGS OF VIOLATIONS ARISING FROM THE SAME ACT.

16          **SEC. 162. CONTINUED AND UNJUSTIFIED USE OF FORMER**  
17          **CORPORATE NAME; PENALTIES. – A CORPORATION THAT**  
18          **CONTINUES TO USE A CORPORATE NAME ALREADY PREVIOUSLY**  
19          **REMOVED FROM REGISTRATION OR RESERVATION SHALL BE**  
20          **PUNISHED WITH A FINE RANGING FROM FIFTY THOUSAND PESOS**  
21          **(PHP50,000.00) TO TWO HUNDRED THOUSAND PESOS (PHP200,000.00)**  
22          **AND/OR IMPRISONMENT OF SIX (6) MONTHS TO TWO (2) YEARS AT**  
23          **THE DISCRETION OF THE COURT; PROVIDED THAT THE**  
24          **CORPORATION MAY CLAIM THE DEFENSE THAT IT, OR ANY OF**  
25          **ITS STOCKHOLDERS OR OTHER DIRECTORS/OFFICERS EXERTED**  
26          **REASONABLE EFFORTS AGAINST THE CONTINUED AND**

1 UNJUSTIFIED USE OF THE FORMER CORPORATE NAME, IN WHICH  
2 CASE ONLY THE RESPONSIBLE DIRECTORS/OFFICERS SHALL BE  
3 HELD CRIMINALLY LIABLE UNDER THIS PROVISION.

4 **Sec. 163. *CONCEALMENT OF DISQUALIFICATION; PENALTIES.***

5 – EACH WILLFUL OR DELIBERATE CONCEALMENT BY A  
6 DIRECTOR OR TRUSTEE OF ANY DISQUALIFICATION UNDER  
7 SECTION 28 ALREADY EXISTING AT THE TIME HE ACCEPTED THE  
8 POST OR WHICH OCCURS WHILE HE HOLDS THE POST, SHALL BE  
9 PUNISHED BY A FINE RANGING FROM FIFTY THOUSAND PESOS  
10 (PHP50,000.00) TO TWO HUNDRED THOUSAND PESOS (PHP200,000.00)  
11 AND/OR IMPRISONMENT OF SIX (6) MONTHS TO TWO (2) YEARS AT  
12 THE DISCRETION OF THE COURT, AND BY A PERMANENT  
13 DISQUALIFICATION FROM FURTHER ACTING AS DIRECTOR OF  
14 ANY CORPORATION. FOR PURPOSES OF THIS SECTION,  
15 CONCEALMENT SHALL BE WILLFUL OR DELIBERATE WHEN,  
16 DESPITE HAVING KNOWLEDGE OF THE EXISTENCE OF THE  
17 DISQUALIFICATION, THE DIRECTOR OR TRUSTEE ACCEPTS OR  
18 RETAINS THE POST.

19 **Sec. 164. *VIOLATION OF DUTY TO KEEP OR MAINTAIN***  
20 ***RECORDS AND/OR ALLOW THEIR INSPECTION OR REPRODUCTION;***  
21 ***PENALTIES.*** – THE UNJUSTIFIED FAILURE OR REFUSAL BY THE  
22 CORPORATION, OR BY THOSE RESPONSIBLE FOR KEEPING AND  
23 MAINTAINING THE CORPORATION'S RECORDS, TO COMPLY WITH  
24 SECTIONS 47, 75, 95, 181 AND OTHER PROVISIONS OF THIS CODE  
25 AND THE RULES OF THE COMMISSION WITH RESPECT TO THE  
26 RETENTION, MAINTENANCE AND KEEPING OF RECORDS AND  
27 ALLOWING THEIR INSPECTION OR REPRODUCTION, AS THE CASE

1 MAY BE, SHALL BE PUNISHED WITH A FINE RANGING FROM FIFTY  
2 THOUSAND PESOS (PHP50,000.00) TO FIVE HUNDRED THOUSAND  
3 PESOS (PHP500,000.00) AND IMPRISONMENT OF THIRTY (30) DAYS  
4 TO TWO (2) YEARS AT THE DISCRETION OF THE COURT.

5 THE PENALTIES IMPOSED UNDER THIS SECTION SHALL BE  
6 IN ADDITION TO THE SANCTIONS IMPOSED BY THE COMMISSION  
7 IN THE EXERCISE OF ITS CONTEMPT POWERS UNDER SECTION 160  
8 TO COMPEL COMPLIANCE WITH THE DUTIES UNDER THE  
9 MENTIONED PROVISIONS.

10 SEC. 165. *KNOWING OR WILLFUL CERTIFICATION OF*  
11 *INCOMPLETE, INACCURATE, FALSE OR MISLEADING STATEMENTS*  
12 *OR REPORTS; PENALTIES.* – ANY PERSON WHO CERTIFIES ANY  
13 REPORT OR MATTER AS SET FORTH IN THIS CODE KNOWING, OR  
14 BEING IN A POSITION TO KNOW, THAT THE SAME IS INCOMPLETE,  
15 INACCURATE, OR CONTAINS FALSE OR MISLEADING  
16 INFORMATION OR STATEMENTS SHALL BE PUNISHED WITH A  
17 FINE RANGING FROM TWO HUNDRED THOUSAND PESOS  
18 (PHP200,000.00) TO TWO MILLION PESOS (PHP2,000,000.00) AND/OR  
19 IMPRISONMENT OF TWO (2) TO TEN (10) YEARS. WHEN THE  
20 VIOLATION IS WILLFUL, THE PENALTY SHALL BE A FINE  
21 RANGING FROM FOUR HUNDRED THOUSAND PESOS (PHP400,000.00)  
22 TO FOUR MILLION PESOS (PHP4,000,000.00) AND/OR  
23 IMPRISONMENT OF FOUR (4) TO TWENTY (20) YEARS.

24 SEC. 166. *INDEPENDENT AUDITOR COLLUSION; PENALTIES.* –  
25 WHEN AN INDEPENDENT AUDITOR COLLUDES WITH A  
26 CORPORATION OR ITS REPRESENTATIVES AND CERTIFIES THE  
27 CORPORATION'S FINANCIAL STATEMENTS WHICH ARE EITHER

1 INCOMPLETE OR WHICH CONTAIN INACCURATE, FALSE OR  
2 MISLEADING STATEMENTS OR REPORTS, OR WHICH DO NOT GIVE  
3 A FAIR AND ACCURATE PRESENTATION OF THE CORPORATION'S  
4 CONDITION, SUCH AUDITOR SHALL BE PUNISHED WITH A FINE  
5 RANGING FROM FOUR HUNDRED THOUSAND PESOS (PHP400,000.00)  
6 TO FOUR MILLION PESOS (PHP4,000,000.00) AND/OR  
7 IMPRISONMENT OF FOUR (4) TO TWENTY (20) YEARS.

8 SEC. 167. *PROCURING THE ORGANIZATION OF A*  
9 *CORPORATION THROUGH FRAUD; PENALTIES.* – THOSE  
10 RESPONSIBLE FOR PROCURING THE ORGANIZATION OF A  
11 CORPORATION THROUGH FRAUD, OR ASSISTING DIRECTLY OR  
12 INDIRECTLY THEREIN, SHALL BE PUNISHED WITH A FINE  
13 RANGING FROM FIVE HUNDRED THOUSAND PESOS (PHP500,000.00)  
14 TO TWO MILLION PESOS (PHP2,000,000.00) AND/OR IMPRISONMENT  
15 OF TWO (2) TO TEN (10) YEARS AT THE DISCRETION OF THE  
16 COURT.

17 Sec. 168. *FRAUDULENT OR UNLAWFUL CONDUCT OF*  
18 *BUSINESS; PENALTIES.* – A CORPORATION THAT WILLFULLY  
19 CONDUCTS ITS BUSINESS IN A FRAUDULENT OR OTHERWISE  
20 UNLAWFUL MANNER SHALL BE PUNISHED WITH A FINE RANGING  
21 FROM FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) TO TWO  
22 MILLION PESOS (PHP2,000,000.00) AND/OR IMPRISONMENT OF FIVE  
23 (5) TO TEN (10) YEARS AT THE DISCRETION OF THE COURT.

24 Sec. 169. *THEFT OF IDENTITY; PENALTIES.* – ANY  
25 CORPORATION WHO WILLFULLY OBTAINS ANY IDENTIFYING  
26 INFORMATION OF A PERSON, WHETHER NATURAL OR JURIDICAL,  
27 AND USES THAT INFORMATION FOR ANY UNLAWFUL PURPOSE,

1 INCLUDING BUT NOT LIMITED TO OBTAINING, OR ATTEMPTING  
2 TO OBTAIN, CREDIT, GOODS, SERVICES, OR REAL PROPERTY  
3 WITHOUT THE CONSENT OF THAT PERSON, SHALL BE PUNISHED  
4 WITH A FINE RANGING FROM ONE MILLION PESOS  
5 (PHP1,000,000.00) TO FIVE MILLION PESOS (PHP5,000,000.00) AND  
6 IMPRISONMENT OF TEN (10) YEARS. THE SAME PENALTY SHALL  
7 BE IMPOSED WHEN THE OFFENDER IS A NATURAL PERSON, OR A  
8 GROUP THEREOF, AND THE IDENTITY STOLEN IS THAT OF A  
9 CORPORATION.

10 **Sec. 170. *ACTING AS INTERMEDIARIES FOR GRAFT AND***  
11 ***CORRUPT PRACTICES; PENALTIES.*** – A CORPORATION CREATED  
12 FOR THE PURPOSE OF COMMITTING, OR AIDING IN THE  
13 COMMISSION OF, GRAFT AND CORRUPT PRACTICES OR IN THE  
14 CONCEALMENT THEREOF SHALL BE PUNISHED BY A FINE  
15 RANGING FROM ONE MILLION (PHP1,000,000.00) TO FIVE MILLION  
16 (PHP5,000,000.00) PESOS AND IMPRISONMENT OF TEN (10) YEARS.

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

26 **Sec. 171. *ENGAGING INTERMEDIARIES FOR GRAFT AND***  
27 ***CORRUPT PRACTICES; PENALTIES.*** – A CORPORATION THAT, FOR

1 THE PURPOSE OF SHIELDING ITSELF FROM LIABILITY FOR  
2 GRAFT AND CORRUPT PRACTICES, ENGAGES THE SERVICES OF  
3 AN INTERMEDIARY WHO COMMITS GRAFT AND CORRUPT  
4 PRACTICES FOR THE CORPORATION'S BENEFIT OR IN ITS  
5 INTEREST, SHALL BE PUNISHED BY A FINE OF ONE MILLION  
6 PESOS (PHP1,000,000.00) AND IMPRISONMENT OF TEN (10) YEARS.

7 THE CORPORATION'S FAILURE TO SHOW THAT IT HAS USED  
8 THE HIGHEST DEGREE OF DILIGENCE AND CARE WHEN  
9 ACQUIRING THE SERVICES OF AN INTERMEDIARY, THAT IT HAS  
10 SUFFICIENT KNOWLEDGE AND HAS INSTALLED SAFEGUARDS TO  
11 ENSURE THAT THE INTERMEDIARY IS CARRYING OUT THE  
12 CONTRACTED SERVICES IN A TRANSPARENT AND LAWFUL  
13 MANNER, AND THAT IT HAS INSTALLED POLICIES, CODES OF  
14 ETHICS AND PROCEDURES DESIGNED TO PREVENT GRAFT AND  
15 CORRUPTION, WHEN COUPLED WITH A FINDING OF GRAFT AND  
16 CORRUPT PRACTICES AGAINST THE INTERMEDIARY, SHALL BE  
17 PRIMA FACIE EVIDENCE OF LIABILITY UNDER THIS SECTION.

18 *Sec. 172. TOLERATING GRAFT AND CORRUPT PRACTICES;*  
19 *PENALTIES.* - A DIRECTOR, TRUSTEE, OR OFFICER OF THE  
20 CORPORATION WHO KNOWINGLY ALLOWS OR TOLERATES THE  
21 COMMISSION OF GRAFT AND CORRUPT PRACTICES OR OTHER  
22 FRAUDULENT ACTS BY ITS DIRECTORS, TRUSTEES, OFFICERS, OR  
23 EMPLOYEES, FAILING TO SANCTION THEM, REPORT THEIR  
24 ACTIONS TO THE PROPER AGENCIES, AND/OR FILE THE  
25 APPROPRIATE ACTION AGAINST THEM, SHALL BE PUNISHED BY A  
26 FINE OF ONE MILLION PESOS (PHP1,000,000.00) AND  
27 IMPRISONMENT TEN (10) YEARS.

1           **SEC. 173. RETALIATION AGAINST WHISTLEBLOWERS. –ANY**  
2 **PERSON WHO, KNOWINGLY AND WITH THE INTENT TO**  
3 **RETALIATE, TAKES ANY ACTION HARMFUL TO ANOTHER**  
4 **PERSON, INCLUDING BUT NOT LIMITED TO INTERFERENCE WITH**  
5 **THE LAWFUL EMPLOYMENT OR LIVELIHOOD OF ANY PERSON,**  
6 **FOR PROVIDING ANY TRUTHFUL INFORMATION RELATING TO**  
7 **THE COMMISSION OR POSSIBLE COMMISSION OF ANY OFFENSE**  
8 **OR VIOLATION UNDER THIS CODE, SHALL BE PUNISHED WITH A**  
9 **FINE RANGING FROM FIVE HUNDRED THOUSAND PESOS**  
10 **(PHP500,000.00) TO ONE MILLION PESOS (PHP1,000,000.00) AND/OR**  
11 **IMPRISONMENT OF FIVE (5) TO TEN (10) YEARS, AT THE**  
12 **DISCRETION OF THE COURT.**

13           **SEC. [144]174. OTHER VIOLATIONS OF THE CODE; SEPARATE**  
14 **LIABILITY. – VIOLATIONS OF ANY OF THE OTHER PROVISIONS OF**  
15 **THIS CODE OR ITS AMENDMENTS NOT OTHERWISE SPECIFICALLY**  
16 **PENALIZED HEREIN SHALL BE PUNISHED BY A FINE OF NOT LESS**  
17 **THAN [ONE] FIFTY THOUSAND [P1,000.00] (P50,000.00) PESOS BUT NOT**  
18 **MORE THAN ONE MILLION (P1,000,000.00) [TEN THOUSAND**  
19 **(P10,000.00)] PESOS AND/OR BY IMPRISONMENT [FOR] OF NOT LESS**  
20 **THAN THIRTY (30) DAYS BUT NOT MORE THAN FIVE (5) YEARS, OR**  
21 **BOTH, [IN] AT THE DISCRETION OF THE COURT. IF THE VIOLATION IS**  
22 **COMMITTED BY A CORPORATION, THE SAME MAY, AFTER NOTICE**  
23 **AND HEARING, BE DISSOLVED IN APPROPRIATE PROCEEDINGS**  
24 **BEFORE THE [SECURITIES AND EXCHANGE] COMMISSION: PROVIDED,**  
25 **THAT SUCH DISSOLUTION SHALL NOT PRECLUDE THE INSTITUTION**  
26 **OF APPROPRIATE ACTION AGAINST THE DIRECTOR, TRUSTEE OR**  
27 **OFFICER OF THE CORPORATION RESPONSIBLE FOR SAID VIOLATION:**  
28 **PROVIDED, FURTHER, THAT NOTHING IN THIS SECTION SHALL BE**



1 CONSTRUED TO REPEAL THE OTHER CAUSES FOR DISSOLUTION OF A  
2 CORPORATION PROVIDED IN THIS CODE.

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

7 **SEC. 175. LIABILITY OF DIRECTORS, TRUSTEES, OFFICERS OR**  
8 **OTHER EMPLOYEES. – IF THE OFFENDER IS A CORPORATION THE**  
9 **PENALTY MAY, AT THE DISCRETION OF THE COURT, BE IMPOSED**  
10 **UPON SUCH CORPORATION AND/OR UPON ITS DIRECTORS,**  
11 **TRUSTEES, STOCKHOLDERS, MEMBERS, OFFICERS OR**  
12 **EMPLOYEES RESPONSIBLE FOR THE VIOLATION OR**  
13 **INDISPENSABLE TO ITS COMMISSION.**

14 **SEC. 176. LIABILITY OF AIDERS AND ABETTORS AND OTHER**  
15 **SECONDARY LIABILITY. – ANYONE WHO SHALL AID, ABET,**  
16 **COUNSEL, COMMAND, INDUCE OR PROCURE ANY VIOLATION OF**  
17 **THIS CODE, OR ANY RULE, REGULATION OR ORDER OF THE**  
18 **COMMISSION OR WHO SHALL ASSIST THE ACT OR OMISSION OF**  
19 **ANY PERSON PRIMARILY LIABLE FOR THE VIOLATION, WITH**  
20 **KNOWLEDGE OR IN RECKLESS DISREGARD THAT SUCH ACT OR**  
21 **OMISSION IS WRONGFUL SHALL BE PUNISHED WITH A FINE**  
22 **AND/OR IMPRISONMENT NOT EXCEEDING THAT IMPOSED ON THE**  
23 **PRINCIPAL OFFENDERS, AT THE DISCRETION OF THE COURT**  
24 **AFTER TAKING INTO ACCOUNT THEIR PARTICIPATION IN THE**  
25 **OFFENSE.**

1           **SECTION 84.** Title XVI on Miscellaneous Provisions is hereby renumbered as Title  
2 XVII.

3           **SECTION 85.** Sections 137 and 138 of the Code are renumbered as Sections 177 and  
4 178, respectively.

5           **SECTION 86.** Section 139 of the Code is hereby renumbered as Section 179 and  
6 amended to read as follows:

7           “Sec. [139]179. *COLLECTION AND USE OF REGISTRATION, Incorporation*  
8 *and other fees.* – [The Securities and Exchange] **FOR A MORE EFFECTIVE**  
9 **AND EXPEDITIOUS IMPLEMENTATION OF THIS CODE, THE**  
10 Commission is hereby authorized to collect, [and] receive **AND RETAIN,**  
11 **WITHOUT NEED OF SEPARATE APPROVAL FROM ANY**  
12 **GOVERNMENT AGENCY, AND SUBJECT ONLY TO EXISTING**  
13 **ACCOUNTING AND AUDITING RULES AND REGULATIONS, ALL fees,**  
14 **FINES AND OTHER CHARGES, COLLECTED BY THE COMMISSION**  
15 **PURSUANT TO THIS CODE AND ITS RULES AND REGULATIONS.**  
16 **THIS AMOUNT, WHICH SHALL BE IN ADDITION TO THE**  
17 **COMMISSION’S ANNUAL BUDGET, SHALL BE DEPOSITED AND**  
18 **MAINTAINED IN A SEPARATE ACCOUNT OR FUND, WHICH MAY BE**  
19 **USED AND DISBURSED DIRECTLY BY THE COMMISSION.** [as  
20 authorized by law or by rules and regulations promulgated by the Commission.]

21           **THE COMMISSION SHALL USE SUCH RETENTION MONEY IN**  
22 **ITS OPERATIONS IN THE MANNER IT SHALL DEEM FIT**  
23 **INCLUDING, BUT NOT LIMITED TO:**

24           **(A) UPGRADING ITS FACILITIES AND EQUIPMENT**  
25 **OUTLAY;**

1           **(B) INCREASING THE COMPENSATION AND BENEFITS OF**  
2           **ITS EMPLOYEES AS APPROVED BY THE COMMISSION EN**  
3           **BANC, BASED ON JOB EVALUATION STUDIES AND**  
4           **COMPENSATION SURVEYS AND CONSISTENT WITH THE**  
5           **GENERAL PRINCIPLES LAID DOWN IN R.A. NO. 6758,**  
6           **OTHERWISE KNOWN AS “THE SALARY STANDARDIZATION**  
7           **LAW”;**

8           **(C) PROVIDING APPROPRIATE ALLOWANCES TO ITS**  
9           **EMPLOYEES, PROVIDED THAT SAID ALLOWANCES SHALL**  
10          **NOT EXCEED ONE HUNDRED PERCENT (100%) OF THEIR**  
11          **BASIC SALARY;**

12          **(D) PROVIDING OTHER EMPLOYEE BENEFITS AND**  
13          **PRIVILEGES SUCH AS**

14               **a. MEDICAL AND HOSPITALIZATION BENEFITS TO**  
15               **SUPPLEMENT STATUTORY HEALTH BENEFITS,**

16               **b. MANDATORY ANNUAL EXECUTIVE CHECK-UP**  
17               **OF THE CHAIRPERSON, COMMISSIONERS, DIRECTORS**  
18               **AND ASSISTANT DIRECTORS,**

19               **c. ACCIDENT INSURANCE FOR EMPLOYEES FOR**  
20               **TRAVELS DONE IN THE PERFORMANCE OF THEIR**  
21               **OFFICIAL DUTIES AND FUNCTIONS, AND**

22               **d. A PROVIDENT FUND CONSISTING OF JOINT**  
23               **CONTRIBUTIONS BY THE COMMISSION AND ITS**  
24               **EMPLOYEES;**

1           **(E) MAKING PROVISIONS FOR THE DEVELOPMENT OF**  
2           **ITS EMPLOYEES' KNOWLEDGE AND SKILLS AND/OR THE**  
3           **ENHANCEMENT OF THEIR ACADEMIC GROWTH THROUGH**

4           **a. THE GRANT OF SCHOLARSHIPS TO DESERVING**  
5           **EMPLOYEES, PROVIDED THAT SCHOLARS UNDER**  
6           **THIS PROVISION SHALL BE SELECTED ON THE BASIS**  
7           **OF COMPETITIVE EXAMINATION OR EVALUATION,**  
8           **AND THEIR ATTENDANCE SHALL NOT IMPEDE IN THE**  
9           **EFFICIENCY OF SERVICES RENDERED BY THE**  
10           **COMMISSION**

11           **b. THE COVERAGE OF REGISTRATION AND**  
12           **INCIDENTAL COSTS FOR ATTENDANCE AT SEMINARS,**  
13           **CONFERENCES AND WORKSHOPS WHETHER IN THE**  
14           **PHILIPPINES OR ABROAD, PROVIDED THAT SUCH**  
15           **ATTENDANCE SHALL NOT IMPEDE IN THE**  
16           **EFFICIENCY OF SERVICES RENDERED BY THE**  
17           **COMMISSION; AND**

18           **ALL OTHER REQUIREMENTS TO IMPROVE THE DELIVERY OF ITS**  
19           **SERVICES UNDER THIS CODE TO THE PUBLIC. EVERY FIVE (5)**  
20           **YEARS, THE COMMISSION SHALL DETERMINE WHETHER THE**  
21           **FEES, FINES AND CHARGES COLLECTED ARE SUFFICIENT TO MEET**  
22           **ITS BUDGETARY REQUIREMENTS FOR THE NEXT FIVE YEARS. IF**  
23           **SO, THE COMMISSION SHALL RECEIVE NO FUNDS FROM THE**  
24           **ANNUAL BUDGET OF THE NATIONAL GOVERNMENT FOR THAT**  
25           **PERIOD; IF NOT, THE COMMISSION SHALL CONTINUE TO RECEIVE**  
26           **ITS ANNUAL BUDGET UNTIL SUCH TIME AS THE FEES, FINES AND**

1 OTHER CHARGES FROM ITS COLLECTIONS ARE SUFFICIENT TO  
2 FULLY FUND ITS OPERATIONS.”

3  
4 SECTION 87. Section 140 of the Code is hereby renumbered as Section 180 and  
5 amended to read as follows:

6 “Sec. [140]180. NATIONALITY AND *Stock ownership OF [in certain]*  
7 *corporations.* – THE NATIONALITY OF A CORPORATION SHALL BE  
8 DETERMINED BY COMPUTING THE REQUIRED PERCENTAGE OF  
9 FILIPINO OWNERSHIP BASED ON BOTH (A) THE ENTIRE  
10 OUTSTANDING CAPITAL STOCK, AND (b) THE VOTING STOCKS,  
11 TAKING INTO CONSIDERATION THE FULL BENEFICIAL  
12 OWNERSHIP OF THE STOCKS.

13 EXCEPT WHEN THE CORPORATION IS REQUIRED BY THE  
14 CONSTITUTION OR BY STATUTE TO BE WHOLLY NATIONALIZED,  
15 OR WHEN THE CORPORATION HAS A CORPORATE  
16 STOCKHOLDER OWNING LESS THAN 60% OF BOTH ITS  
17 OUTSTANDING CAPITAL STOCK AND VOTING STOCKS, THE  
18 CONTROL TEST SHALL BE APPLIED WHEN DETERMINING ITS  
19 NATIONALITY.

20  
21 EXCEPT WHEN A MORE STRINGENT MEASURE IS REQUIRED IN  
22 THE CONSTITUTION OR OTHER LAWS, A CORPORATION SHALL  
23 BE DEEMED A PHILIPPINE NATIONAL WHEN:

24  
25 (A) IT IS ORGANIZED UNDER THE LAWS OF THE  
26 PHILIPPINES AND AT LEAST SIXTY PERCENT (60%) OF

1           THE CAPITAL STOCK OUTSTANDING AND ENTITLED  
2           TO VOTE IS OWNED AND HELD BY CITIZENS OF THE  
3           PHILIPPINES, PROVIDED, THAT WHERE A  
4           CORPORATION AND ITS NON-FILIPINO  
5           STOCKHOLDERS OWN STOCKS IN ANOTHER  
6           CORPORATION, AT LEAST SIXTY PERCENT (60%) OF  
7           THE CAPITAL STOCKS OUTSTANDING AND ENTITLED  
8           TO VOTE OF BOTH CORPORATIONS MUST BE OWNED  
9           AND HELD BY CITIZENS OF THE PHILIPPINES AND AT  
10           LEAST SIXTY PERCENT (60%) OF THE MEMBERS OF  
11           THE BOARD OF DIRECTORS OF BOTH  
12           CORPORATIONS MUST BE CITIZENS OF THE  
13           PHILIPPINES; OR

14           (B) ALTHOUGH ORGANIZED ABROAD, IT IS REGISTERED  
15           AS DOING BUSINESS IN THE PHILIPPINES UNDER THIS  
16           CODE AND ONE HUNDRED PERCENT (100%) OF THE  
17           CAPITAL STOCK OUTSTANDING AND ENTITLED TO  
18           VOTE IS WHOLLY OWNED BY FILIPINOS.

19  
20           [Pursuant to the duties specified by Article XIV of the Constitution, the] **THE**  
21           National Economic and Development Authority shall, from time to time, **UPON**  
22           **FINDING OR RECOMMENDATION FROM THE COMMISSION OR**  
23           **FROM OTHER APPROPRIATE GOVERNMENT AGENCIES**, make a  
24           determination of whether the corporate vehicle has been used by any corporation  
25           or by business or industry to frustrate the provisions thereof or of applicable laws,  
26           and shall submit to the [Batasang Pambansa] **CONGRESS**, whenever deemed  
27           necessary, a report of its findings, including recommendations for their prevention  
28           or correction.

1  
2 Maximum limits may be set by the [Batasang Pambansa] **CONGRESS** for  
3 stockholdings in corporations declared by it to be vested with a public interest  
4 pursuant to the provisions of this section, belonging to individuals or groups of  
5 individuals related to each other by consanguinity or affinity or by close business  
6 interests, or whenever it is necessary to achieve national objectives, prevent  
7 illegal monopolies or combinations in restraint or trade, or to implement national  
8 economic policies declared in laws, rules and regulations designed to promote the  
9 general welfare and foster economic development.

10  
11 In recommending to the [Batasang Pambansa] **CONGRESS** corporations,  
12 businesses or industries to be declared vested with a public interest and in  
13 formulating proposals for limitations on stock ownership, the National Economic  
14 and Development Authority shall consider the type and nature of the industry, the  
15 size of the enterprise, the economies of scale, the geographic location, the extent  
16 of Filipino ownership, the labor intensity of the activity, the export potential, as  
17 well as other factors which are germane to the realization and promotion of  
18 business and industry.”

19 **SECTION 88.** Section 141 of the Code is hereby renumbered as Section 181 and  
20 amended to read as follows:

21 “Sec. [141]181. [Annual report] **REPORTORIAL REQUIREMENTS** of  
22 *corporations*. – **EXCEPT AS OTHERWISE PROVIDED IN THIS CODE,**  
23 every corporation, domestic or foreign, [lawfully] doing business in the  
24 Philippines shall submit to the [Securities and Exchange] Commission, **IN THE**  
25 **FORM AND SUBSTANCE PRESCRIBED BY IT:**

26 [an annual report of its operations, together with a financial statement of  
27 its assets and liabilities, certified by any independent certified public accountant

1 in appropriate cases, covering the preceding fiscal year and such other  
2 requirements as the Securities and Exchange Commission may require.]

3 **1. ANNUAL FINANCIAL STATEMENTS DULY AUDITED BY**  
4 **AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT WHO IS**  
5 **ACCREDITED BY THE BOARD OF ACCOUNTANCY AND WHO**  
6 **POSSESSES SUCH OTHER ACCREDITATION AS THE COMMISSION**  
7 **MAY REQUIRE;**

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

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

11 **a. THE CORPORATION'S POLICY ON DIRECTOR**  
12 **OR TRUSTEE REMUNERATION, INCLUDING THE**  
13 **FRAMEWORK FOR DETERMINING THE REMUNERATION**  
14 **LEVELS FOR INDIVIDUAL DIRECTORS OR TRUSTEES;**

15 **b. A CLEAR, CONCISE AND EASILY**  
16 **UNDERSTANDABLE STATEMENT OF ALL FIXED AND**  
17 **VARIABLE COMPENSATION PAID AND ALL INCENTIVES,**  
18 **AWARDS, AND/OR OPTIONS GIVEN, DIRECTLY OR**  
19 **INDIRECTLY, TO DIRECTORS OR TRUSTEES DURING THE**  
20 **PRECEDING FISCAL YEAR; AND**

21 **c. A STATEMENT OF OTHER FORMS OF**  
22 **REMUNERATION AND/OR COMPENSATION**  
23 **ARRANGEMENTS NOT COVERED UNDER THE PRECEDING**  
24 **SUB-PARAGRAPHS;**



1           4.    A DIRECTOR OR TRUSTEE APPRAISAL OR  
2 PERFORMANCE REPORT AND THE STANDARDS OR CRITERIA  
3 USED TO ASSESS EACH DIRECTOR OR TRUSTEE;

4           5.    A DIRECTOR OR TRUSTEE ATTENDANCE REPORT,  
5 INDICATING THE ATTENDANCE OF EACH DIRECTOR OR TRUSTEE  
6 AT EACH OF THE MEETINGS OF THE BOARD AND ITS  
7 COMMITTEES;

8           6.    A STATEMENT OF ALL EXTERNAL AUDIT AND NON-  
9 AUDIT FEES;

10          7.    SUCH OTHER REPORTS THAT THE COMMISSION MAY  
11 REQUIRE BY RULE.

12           THE FOREGOING REPORTORIAL REQUIREMENTS SHALL  
13 BE ACCOMPANIED BY A CERTIFICATION FROM THE CHAIRMAN  
14 OF THE BOARD, THE PRESIDENT, THE TREASURER AND THE  
15 CORPORATE SECRETARY (OR THEIR EQUIVALENT) TO WIT:

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

23           2. AS TO THE GENERAL INFORMATION SHEET,  
24 THAT THE INFORMATION CONTAINED THEREIN IS  
25 COMPLETE, ACCURATE AND DOES NOT CONTAIN ANY

1 FALSE OR MISLEADING STATEMENT OR  
2 MISREPRESENTATION; AND

3 3. AS TO THE DIRECTOR OR TRUSTEE  
4 COMPENSATION REPORT, THAT THE INFORMATION  
5 CONTAINED THEREIN IS COMPLETE, FAIRLY AND  
6 ACCURATELY PRESENTS, IN ALL MATERIAL RESPECTS,  
7 THE CORPORATION'S POLICY ON DIRECTOR OR  
8 TRUSTEE REMUNERATION, THE ACTUAL  
9 REMUNERATIONS OF SUCH DIRECTORS OR TRUSTEES,  
10 AND DOES NOT CONTAIN ANY FALSE OR MISLEADING  
11 STATEMENT OR MISREPRESENTATION.

12 Such [report] REPORTORIAL REQUIREMENTS shall be submitted  
13 ANNUALLY AND within such period as may be prescribed by the [Securities  
14 and Exchange] Commission.

15 IF A CORPORATION FAILS TO SUBMIT ANY OF THE  
16 FOREGOING REPORTORIAL REQUIREMENTS THREE TIMES,  
17 WHETHER INTERMITTENTLY OR CONSECUTIVELY, WITHIN A  
18 PERIOD OF FIVE YEARS, THE COMMISSION MAY, AFTER DUE  
19 NOTICE AND HEARING, PUT THE CORPORATION ON  
20 DELINQUENCY STATUS OR REVOKE ITS CERTIFICATE OF  
21 INCORPORATION IN ACCORDANCE WITH SECTION 22."

22 SECTION 89. Section 142 of the Code is hereby renumbered as Section 182 and  
23 amended to read as follows:

24 "Sec. [142]182. *VISITORIAL POWER AND Confidential nature of*  
25 *examination results.* - THE COMMISSION SHALL EXERCISE

1 VISITORIAL POWERS OVER ALL CORPORATIONS REGISTERED  
2 WITH IT. THESE VISITORIAL POWERS SHALL INCLUDE, BUT NOT  
3 BE LIMITED TO EXAMINATION, INVESTIGATION, INSPECTION OF  
4 RECORDS REGARDLESS OF THE FORM IN WHICH THE  
5 INFORMATION IS CONTAINED, REGULATION AND SUPERVISION  
6 OF ACTIVITIES, ENFORCING COMPLIANCE AND IMPOSING  
7 SANCTIONS IN ACCORDANCE WITH THIS CODE.

8 ANY UNJUSTIFIED REFUSAL OR OBSTRUCTION BY A  
9 CORPORATION, OR ANYONE UNDER ITS EMPLOY, IN THE  
10 COMMISSION'S EXERCISE OF THE FOREGOING AUTHORITY  
11 SHALL, IN ADDITION TO THE IMPOSITION OF PENALTIES AND  
12 SANCTIONS UNDER THIS CODE, CONSTITUTE A JUSTIFIABLE  
13 GROUND FOR THE REVOCATION OF ITS CERTIFICATE OF  
14 INCORPORATION."

15 All interrogatories propounded by the [Securities and Exchange]  
16 Commission and the answers thereto, as well as the results of any examination  
17 made by the Commission or by any other official authorized by law to make an  
18 examination of the operations, books and records of any corporation, shall be kept  
19 strictly confidential, except insofar as the law may require the same to be made  
20 public, **WHEN NECESSARY FOR THE COMMISSION TO TAKE**  
21 **ACTION OR ISSUE ORDERS IN THE EXERCISE OF ITS POWERS**  
22 **UNDER THIS CODE**, or where such interrogatories, answers or results are  
23 necessary to be presented as evidence before any court.

24 **SECTION 90.** Section 143 of Code is hereby renumbered as Section 183 and  
25 amended to read as follows:

1           “Sec. [143]183. *[Rule-making power]* **POWERS AND FUNCTIONS** of  
2     *the [Securities and Exchange] Commission AND JURISDICTION OVER*  
3     **ACTIONS. – CONSISTENT WITH AND IN ADDITION TO THE POWERS**  
4     **AND FUNCTIONS PROVIDED IN PRESIDENTIAL DECREE NO. 902-A,**  
5     **THE SECURITIES REGULATION CODE, THE INVESTMENT HOUSES**  
6     **LAW, THE FINANCING COMPANY ACT AND OTHER LAWS, [The**  
7     Securities and Exchange] Commission shall have [the power and authority],  
8     **AMONG OTHERS, THE FOLLOWING POWERS AND FUNCTIONS:**

9           **1.     HAVE JURISDICTION AND SUPERVISION OVER**  
10          **ALL CORPORATIONS, REGISTERED WITH IT, EXCEPT AS**  
11          **OTHERWISE PROVIDED UNDER THIS CODE;**

12           **2.     FORMULATE            POLICIES            AND**  
13          **RECOMMENDATIONS ON ISSUES PERTAINING TO THE**  
14          **REGULATION AND SUPERVISION OF CORPORATIONS, AND**  
15          **PROPOSE LEGISLATION AND AMENDMENTS THERETO;**

16           **3.     APPROVE OR REJECT APPLICATIONS, ISSUE OR**  
17          **REVOKE OTHER CERTIFICATIONS, REQUIRE ADDITIONAL**  
18          **SUBMISSIONS OR AMENDMENTS THERETO;**

19           **4.     REGULATE, INVESTIGATE, SUPERVISE THE**  
20          **ACTIVITIES OF PERSONS TO ENSURE COMPLIANCE WITH**  
21          **THIS CODE;**

22           **5.     IMPOSE SANCTIONS FOR THE VIOLATIONS OF**  
23          **THIS CODE AND ITS RULES, REGULATIONS AND ORDERS OF**  
24          **THE COMMISSION ISSUED PURSUANT THERETO;**

1           **6.     PROMOTE CORPORATE GOVERNANCE AND, IN**  
2 **FURTHERANCE THEREOF, EXPAND OR ADD TO THE**  
3 **REQUIREMENTS WITH RESPECT TO, AMONG OTHERS, THE**  
4 **CONTENTS OF THE BY-LAWS, THE QUALIFICATIONS AND**  
5 **DISQUALIFICATIONS OF DIRECTORS, AND THE RECORDS**  
6 **THAT MUST BE ON HAND AT THE CORPORATION'S**  
7 **ADDRESS OF RECORD AND THE ANNUAL REPORTS THAT**  
8 **MUST BE SUBMITTED TO THE COMMISSION;**

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

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

20           **9.     PUNISH FOR CONTEMPT OF THE COMMISSION,**  
21 **BOTH DIRECT AND INDIRECT;**

22           **10.    COMPEL THE OFFICERS OF ANY REGISTERED**  
23 **CORPORATION TO CALL MEETINGS OF STOCKHOLDERS**  
24 **OR MEMBERS UNDER ITS SUPERVISION AND TO ISSUE SUCH**  
25 **ORDERS AS MAY BE APPROPRIATE, INCLUDING, WITHOUT**  
26 **LIMITATION, ORDERS DESIGNATING THE TIME AND PLACE**

1 OF THE ELECTION, THE RECORD DATE OR DATES FOR  
2 DETERMINATION OF STOCKHOLDERS ENTITLED TO  
3 NOTICE OF THE ELECTION AND TO VOTE THEREAT, AND  
4 THE FORM OF NOTICE OF SUCH ELECTION;

5 11. ISSUE SUBPOENA DUCES TECUM AND SUMMON  
6 WITNESSES TO APPEAR IN PROCEEDINGS BEFORE THE  
7 COMMISSION AND IN APPROPRIATE CASES ORDER THE  
8 EXAMINATION, SEARCH AND SEIZURE OF ALL  
9 DOCUMENTS, PAPERS, FILES AND RECORDS, TAX RETURNS,  
10 AND BOOKS OF ACCOUNTS OF ANY ENTITY OR PERSON  
11 UNDER INVESTIGATION AS MAY BE NECESSARY FOR THE  
12 PROPER DISPOSITION OF THE CASES BEFORE IT, SUBJECT  
13 TO THE PROVISIONS OF EXISTING LAWS;

14 12. SUSPEND OR REVOKE, AFTER PROPER NOTICE  
15 AND HEARING, THE CERTIFICATE OF INCORPORATION OF  
16 CORPORATIONS UPON ANY OF THE GROUNDS PROVIDED  
17 UNDER THIS CODE OR WHEN DIRECTED BY FINAL  
18 JUDGMENT OF A COURT OF COMPETENT JURISDICTION;

19 13. DISSOLVE OR OTHERWISE SANCTION  
20 CORPORATIONS CREATED FOR, COMMITTING, AIDING IN  
21 THE COMMISSION OF, OR IN ANY MANNER FURTHERING  
22 SECURITIES VIOLATIONS, SMUGGLING, TAX EVASION,  
23 MONEY LAUNDERING, GRAFT AND CORRUPT PRACTICES  
24 OR OTHER FRAUDULENT OR ILLEGAL ACTS;

25 14. ISSUE WRITS OF EXECUTION AND OF  
26 ATTACHMENT TO ENFORCE PAYMENT OF THE FEES,

1 ADMINISTRATIVE FINES AND OTHER DUES COLLECTIBLE  
2 UNDER THIS CODE;

3 15. EXERCISE SUCH OTHER POWERS AS MAY BE  
4 PROVIDED BY LAW AS WELL AS THOSE WHICH MAY BE  
5 IMPLIED FROM, OR WHICH ARE NECESSARY OR  
6 INCIDENTAL TO CARRYING OUT THE EXPRESS POWERS  
7 GRANTED TO THE COMMISSION TO ACHIEVE THE  
8 OBJECTIVES AND PURPOSES OF THIS CODE AND SUCH  
9 OTHER LAWS.

10 NO COURT BELOW THE COURT OF APPEALS SHALL HAVE  
11 JURISDICTION TO ISSUE ANY RESTRAINING ORDER,  
12 PRELIMINARY INJUNCTION OR PRELIMINARY MANDATORY  
13 INJUNCTION IN ANY CASE, DISPUTE OR CONTROVERSY THAT,  
14 DIRECTLY OR INDIRECTLY, INTERFERES WITH THE  
15 PERFORMANCE BY THE COMMISSION OF ITS DUTIES AND  
16 RESPONSIBILITIES UNDER THIS CODE.”

17 SECTION 91. Section 144 of the Code is hereby deleted, amended and transferred to  
18 Section 174.

19 SECTION 92. A new provision is inserted in the Code as Section 184:

20 SECTION 184. *DEVELOPMENT OF OTHER SYSTEMS.* – THE  
21 COMMISSION SHALL, CONSIDERING ADVANCES IN TECHNOLOGY,  
22 DEVELOP SUCH SYSTEMS AS IT MAY DEEM NECESSARY TO  
23 FACILITATE AND EXPEDITE, AMONG OTHERS, CORPORATE NAME  
24 RESERVATION AND REGISTRATION, INCORPORATION, AND THE  
25 SUBMISSION OF REPORTS, NOTICES, DOCUMENTS AND OTHER

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

7 SECTION 93. A new provision is inserted in the Code as Section 185:

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

27 THE ARBITRATION AGREEMENT SHALL BE BINDING AGAINST



1 THE CORPORATION'S DIRECTORS, TRUSTEES, OFFICERS OR  
2 MANAGERS, UPON ACCEPTANCE OF THEIR POST.

3 TO BE VALID, THE AGREEMENT TO ARBITRATE IN THE  
4 ARTICLES OF INCORPORATION OR THE BY-LAWS SHOULD  
5 INDICATE THE NUMBER AND PROCEDURE FOR THE APPOINTMENT  
6 OF ARBITRATORS AND GRANT TO A DESIGNATED THIRD,  
7 INDEPENDENT, AND EXTERNAL PARTY OR BODY THE POWER TO  
8 APPOINT THE ARBITRATORS. IF THE THIRD PARTY OR BODY FAILS  
9 TO APPOINT THE ARBITRATORS IN THE MANNER AND WITHIN THE  
10 PERIOD SPECIFIED IN THE AGREEMENT TO ARBITRATE, EACH  
11 PARTY TO THE ARBITRATION MAY REQUEST THAT THE  
12 APPOINTMENT OF THE ARBITRATORS BE MADE BY THE  
13 COMMISSION. ARBITRATORS SHALL BE THOSE WHO ARE EITHER  
14 DULY ACCREDITED BY THE COMMISSION OR MEMBERS OF  
15 ORGANIZATIONS DULY-ACCREDITED BY THE COMMISSION.

16 THE ARBITRAL TRIBUNAL SHALL HAVE FULL AUTHORITY TO  
17 RESOLVE ALL ISSUES RELATING TO ITS JURISDICTION AND/OR  
18 THE VALIDITY OR EFFECTIVITY OF THE ARBITRATION  
19 AGREEMENT. A REGIONAL TRIAL COURT BEFORE WHICH AN  
20 INTRACORPORATE DISPUTE IS FILED SHALL, BEFORE THE  
21 TERMINATION OF THE PRETRIAL CONFERENCE, DISMISS THE  
22 CASE UPON DETERMINING THE EXISTENCE OF AN AGREEMENT TO  
23 ARBITRATE IN THE ARTICLES OF INCORPORATION OR BY-LAWS  
24 OF THE CORPORATION, ANY AMENDMENT THEREOF, OR IN A  
25 SEPARATE AGREEMENT.

26 THE ARBITRAL TRIBUNAL SHALL HAVE THE POWER TO  
27 GRANT INTERIM MEASURES NECESSARY TO ENSURE

1 ENFORCEMENT OF THE AWARD, TO PREVENT A MISCARRIAGE OF  
2 JUSTICE, OR TO OTHERWISE PROTECT THE RIGHTS OF THE  
3 PARTIES.

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

9 THE COMMISSION SHALL FORMULATE THE RULES AND  
10 REGULATIONS WHICH SHALL GOVERN ARBITRATION UNDER THIS  
11 SECTION.”

12 SECTION 94. A new provision is inserted in the Code as Section 186 and the  
13 succeeding provisions are re-numbered accordingly and amended as follows:

14 “SEC. 186. JURISDICTION OVER CORPORATIONS OF SPECIAL  
15 CHARACTER. – THE POWERS, AUTHORITIES AND  
16 RESPONSIBILITIES THAT ARE VESTED IN THE COMMISSION UNDER  
17 THIS CODE AND PRESIDENTIAL DECREE 902-A INVOLVING  
18 CORPORATIONS OF A SPECIAL CHARACTER ARE TRANSFERRED  
19 TO THE COMMISSION ON ELECTIONS (COMELEC) WITH RESPECT  
20 TO PARTY-LIST ORGANIZATIONS, TO THE HOUSING AND LAND USE  
21 REGULATORY BOARD (HLURB) WITH RESPECT TO  
22 NEIGHBORHOOD ASSOCIATIONS AND HOMEOWNERS’  
23 ASSOCIATIONS.

24 THE MONITORING, SUPERVISION AND REGULATION OF  
25 CORPORATIONS OF SUCH CHARACTER ABOVE-DESCRIBED

1 PREVIOUSLY REGISTERED WITH THE COMMISSION SHALL  
2 LIKEWISE BE TRANSFERRED TO THE SAID PERTINENT  
3 GOVERNMENT AGENCIES, RESPECTIVELY.

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

8 SECTION 95. A new provision is inserted in the Code as Section 187 and the  
9 succeeding provisions are re-numbered accordingly and amended as follows:

10  
11 “SEC 187. THE RULES AND REGULATIONS IN RELATION TO  
12 THE REGISTRATION, REGULATION AND MONITORING ISSUED BY  
13 OTHER GOVERNMENT AGENCIES ACTING AS PRIMARY  
14 REGULATORS OF SPECIAL CORPORATIONS, INsofar AS THEY  
15 ARE NOT INCONSISTENT WITH THIS CODE AND ITS AMENDMENTS,  
16 SHALL BE GIVEN EFFECT.”

17  
18 SECTION 96. *Implementing Rules and Regulations.* – The Commission shall  
19 promulgate and/or amend the necessary rules and regulations for the effective implementation of  
20 this Act.

21 SECTION 97. *Separability Clause.* – If any provision of this Act is declared invalid  
22 or unconstitutional, other provisions hereof which are not affected thereby shall continue to be in  
23 full force and effect.

1           **SECTION 98.** *Repealing Clause.* – Any law, presidential decree or issuance,  
2 executive order, letter of instruction, administrative order, rule or regulation contrary to or  
3 inconsistent with any provision of this Act is hereby repealed or modified accordingly.

4           **SECTION 99.** *Effectivity Clause.* – This Act shall take effect fifteen (15) days after  
5 its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation,  
6 whichever date comes earlier.

7           Approved,