



SENATE

S. No. 1280

PREPARED BY THE COMMITTEES ON CONSTITUTIONAL AMENDMENTS AND REVISION OF CODES; AND TRADE COMMERCE AND ENTREPRENEURSHIP, WITH SENATORS ESCUDERO, DRILON, AQUINO IV, ANGARA, ZUBIRI, VILLAR, SOTTO III, VILLANUEVA, BINAY, EJERCITO, GATCHALIAN, GORDON, HONASAN II, HONTIVEROS, LACSON, PACQUIAO, PANGILINAN, PIMENTEL III, POE AND TRILLANES IV AS AUTHORS THEREOF

AN ACT PROVIDING FOR THE REVISED CORPORATION CODE OF THE PHILIPPINES

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

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TITLE I

GENERAL PROVISIONS

DEFINITIONS AND CLASSIFICATIONS

SECTION 1. *Title of the Code.* – This Code shall be known as “The Revised Corporation Code of the Philippines”.

1 SEC. 2. *Corporation Defined.* – A corporation is an
2 artificial being created by operation of law, having the
3 right of succession and the powers, attributes and
4 properties expressly authorized by law or incident to its
5 existence.

6 SEC. 3 *Classes of Corporations.* – Corporations
7 formed or organized under this Code may be stock or non-
8 stock corporations. Stock corporations are those which
9 have capital stock divided into shares and are authorized
10 to distribute to the holders of such shares dividends or
11 allotments of the surplus profits on the basis of the shares
12 held. All other corporations are non-stock corporations.

13 SEC. 4. *Corporations Created by Special Laws or*
14 *Charters.* – Corporations created by special laws or
15 charters shall be governed primarily by the provisions of
16 the special law or charter creating them or applicable to
17 them, supplemented by the provisions of this Code, insofar
18 as they are applicable.

19 SEC. 5. *Corporators and Incorporators, Stockholders*
20 *and Members.* – Corporators are those who compose a

1 corporation, whether as stockholders or shareholders in a
2 stock corporation or as members in a non-stock corporation.
3 Incorporators are those stockholders or members mentioned
4 in the articles of incorporation as originally forming and
5 composing the corporation and who are signatories thereof.

6 SEC. 6. *Classification of Shares.* – The classification
7 of shares, their corresponding rights, privileges, or
8 restrictions, and their stated par value, if any, must be
9 indicated in the articles of incorporation. Each share shall
10 be equal in all respects to every other share, except as
11 otherwise provided in the articles of incorporation and in
12 the certificate of stock.

13 The shares in stock corporations may be divided into
14 classes or series of shares, or both. No share may be
15 deprived of voting rights except those classified and issued
16 as “preferred” or “redeemable” shares, unless otherwise
17 provided in this Code: *Provided*, That there shall always be
18 a class or series of shares with complete voting rights.

19 Holders of non-voting shares shall nevertheless be
20 entitled to vote on the following matters:

- 1 1) Amendment of the articles of incorporation;
- 2 2) Adoption and amendment of by-laws;
- 3 3) Sale, lease, exchange, mortgage, pledge, or other
- 4 disposition of all or substantially all of the corporate
- 5 property;
- 6 4) Incurring, creating or increasing bonded
- 7 indebtedness;
- 8 5) Increase or decrease of capital stock;
- 9 6) Merger or consolidation of the corporation with
- 10 another corporation or other corporations;
- 11 7) Investment of corporate funds in another
- 12 corporation or business in accordance with this Code; and
- 13 8) Dissolution of the corporation.

14 Except as provided in the immediately preceding
15 paragraph, the vote required under the Code to approve a
16 particular corporate act shall be deemed to refer only to
17 stocks with voting rights.

18 The shares or series of shares may or may not have
19 a par value except that banks, trust, insurance, and pre-
20 need companies, public utilities, building and loan

1 associations, and other corporations authorized to obtain or
2 access funds from the public, whether publicly listed or
3 not, shall not be permitted to issue no-par value shares of
4 stock.

5 Preferred shares of stock issued by a corporation may
6 be given preference in the distribution of dividends and in
7 the distribution of corporate assets in case of liquidation,
8 or such other preferences: *Provided*, That preferred shares
9 of stock may be issued only with a stated par value. The
10 board of directors, where authorized in the articles of
11 incorporation, may fix the terms and conditions of
12 preferred shares of stock or any series thereof: *Provided*,
13 *further*, That such terms and conditions shall be effective
14 upon filing of a certificate thereof with the Securities and
15 Exchange (hereinafter referred to as "Commission").

16 Shares of capital stock issued without par value shall
17 be deemed fully paid and non-assessable and the holder of
18 such shares shall not be liable to the corporation or to its
19 creditors in respect thereto: *Provided*, That no-par value
20 shares must be issued for a consideration of at least Five

1 pesos (P5.00.00) per share: *Provided, further,* That the
2 entire consideration received by the corporation for its no-
3 par value shares shall be treated as capital and shall not
4 be available for distribution as dividends.

5 A corporation may further classify its shares for the
6 purpose of ensuring compliance with constitutional or legal
7 requirements.

8 SEC. 7. *Founders' Shares.* – Founders' shares may be
9 given certain rights and privileges not enjoyed by the
10 owners of other stocks.

11 Where the exclusive right to vote and be voted for in
12 the election of directors is granted, it must be for a limited
13 period not to exceed five (5) years from the date of
14 incorporation or approval of increase of additional
15 authorized capital stock: *Provided,* That such exclusive
16 right shall not be allowed if its exercise will violate
17 Commonwealth Act No. 108 or the Anti-Dummy Law;
18 Republic Act No. 7042 or the Foreign Investments Act, and
19 other pertinent laws.

1 SEC. 8. *Redeemable Shares*. – Redeemable shares
 2 are shares which may be purchased by the corporation
 3 from the holders of such shares upon the expiration of a
 4 fixed period, regardless of the existence of unrestricted
 5 retained earnings in the books of the corporation, and upon
 6 such other terms and conditions stated in the articles of
 7 incorporation and the certificate of stock representing said
 8 shares, subject to rules and regulations issued by the
 9 Commission.

10 SEC. 9. *Treasury Shares*. – Treasury shares are
 11 shares of stock which have been issued and fully paid for,
 12 but subsequently reacquired by the issuing corporation
 13 through purchase, redemption, donation or some other
 14 lawful means. Such shares may again be disposed of for a
 15 reasonable price fixed by the board of directors.

16 TITLE II

17 INCORPORATION AND ORGANIZATION OF PRIVATE 18 CORPORATIONS

19 SEC. 10. *Number and Qualifications of Incorporators*.
 20 – Any person, partnership, association or corporation,

1 singly or jointly with others but not more than fifteen (15)
2 in number, may organize a corporation for any lawful
3 purpose or purposes: *Provided*, That natural persons who
4 are licensed to practice a profession, and partnerships or
5 associations organized for the purpose of practicing a
6 profession shall not be allowed to organize as a
7 corporation. Incorporators who are natural persons must
8 be of legal age.

9 Each incorporator of a stock corporation must own or
10 be a subscriber to at least one (1) share of the capital stock.

11 A corporation with a single stockholder is considered
12 a One Person Corporation covered by Title XIII, Chapter
13 III.

14 SEC. 11. *Corporate Term.* – A corporation shall have
15 perpetual existence unless its certificate of incorporation
16 provides otherwise. A corporate term for a specific period
17 may be extended or shortened by amending the articles of
18 incorporation: *Provided*, That no extension may be made
19 earlier than three (3) years prior to the original or
20 subsequent expiry date(s) unless there are justifiable

1 reasons for an earlier extension as may be determined by
2 the Commission: *Provided, further,* That such extension of
3 the corporate term shall take effect only on the day
4 following the original or subsequent expiry date(s).

5 A corporation whose term has expired may, at any
6 time, apply for a revival of its corporate existence, together
7 with all the rights and privileges under its certificate of
8 incorporation and subject to all of its duties, debts and
9 liabilities existing prior to the expiration of its corporate
10 term. Upon approval by the Commission, the corporation
11 shall be deemed revived and an amended certificate of
12 incorporation shall be issued, giving it perpetual existence
13 unless its application for revival provides otherwise.

14 SEC. 12. *Minimum Capital Stock Required of Stock*
15 *Corporations.* – Stock corporations shall not be required to
16 have a minimum authorized capital stock, except as
17 otherwise specifically provided by special law, and subject
18 to the provisions of the following section.

19 SEC. 13. *Amount of Capital Stock to be Subscribed*
20 *and Paid for Purposes of Incorporation.* – At least twenty-

1 five percent (25%) of the number of shares of the
2 authorized capital stock stated in the articles of
3 incorporation must be subscribed at the time of
4 incorporation, and at least twenty-five percent (25%) of the
5 value of the total subscription must be paid upon
6 subscription, the balance to be payable on a date or dates
7 fixed in the contract of subscription without need of call, or
8 in the absence of a fixed date or dates, upon call for
9 payment by the board of directors: *Provided, however,* That
10 the paid-up capital shall not be less than Five thousand
11 pesos (P5,000.00).

12 SEC. 14. *Contents of the Articles of Incorporation.* –
13 All corporations shall file with the Commission, articles of
14 incorporation in any of the official languages, duly signed
15 and acknowledged or authenticated, in such form and
16 manner as may be allowed by the Commission, containing
17 substantially the following matters, except as otherwise
18 prescribed by this Code or by special law:

19 1) The name of the corporation;

1 2) The specific purpose or purposes for which the
2 corporation is being formed. Where a corporation has more
3 than one stated purpose, the articles of incorporation shall
4 indicate the primary purpose and the secondary purpose or
5 purposes: *Provided*, That a non-stock corporation may not
6 include a purpose which would change or contradict its
7 nature as such;

8 3) The place where the principal office of the
9 corporation is to be located, which must be within the
10 Philippines;

11 4) The term for which the corporation is to exist, if
12 the corporation has not elected perpetual existence;

13 5) The names, nationalities and residence addresses
14 of the incorporators;

15 6) The number of directors or trustees, which shall
16 not be more than fifteen (15);

17 7) The names, nationalities and residence addresses
18 of persons who shall act as directors or trustees until the
19 first regular directors or trustees are duly elected and
20 qualified in accordance with this Code;

1 8) If it be a stock corporation, the amount of its
2 authorized capital stock, number of shares into which it is
3 divided, the par value of each, names, nationalities and
4 residence addresses of the original subscribers, amount
5 subscribed and paid by each on his or her subscription, and
6 a statement that some or all of the shares are without par
7 value, if applicable;

8 9) If it be a non-stock corporation, the amount of its
9 capital, the names, nationalities and residence addresses of
10 the contributors, and amount contributed by each;

11 10) If it be a stock corporation, a certification of the
12 treasurer, who shall be an incorporator, that at least
13 twenty-five percent (25%) of the number of shares in the
14 corporation's authorized capital stock has been subscribed,
15 and at least twenty-five percent (25%) of the value of the
16 total subscription has been fully paid in actual cash and/or
17 in property, the fair valuation of which is equal to at least
18 twenty-five percent (25%) of the value of the said
19 subscription, the paid-up capital being at least Five
20 thousand pesos (P5,000.00); and

1 11) Such other matters consistent with law and which
2 the incorporators may deem necessary and convenient.

3 The articles of incorporation and applications for
4 amendments thereto may be filed with the Commission in
5 the form of an electronic document, in accordance with the
6 Commission's rules and regulations on electronic filing.

7 SEC. 15. *Form of Articles of Incorporation.* – Unless
8 otherwise prescribed by special law, the articles of
9 incorporation of all domestic corporations shall comply
10 substantially with the following form:

11 ARTICLES OF INCORPORATION

12 OF

13 _____

14 (Name of Corporation)

15 The undersigned incorporators, all of legal age and
16 have this day voluntarily agreed to form a (stock) (non-
17 stock) corporation under the laws of the Republic of the
18 Philippines and certify the following:

19 FIRST: That the name of said corporation shall be
20 "_____, INC., CORPORATION or OPC";

1 SECOND: That the purpose or purposes for which
2 such corporation is incorporated are: (If there is more than
3 one purpose, indicate primary and secondary purposes);

4 THIRD: That the principal office of the corporation is
5 located in the City/Municipality of _____,
6 Province of _____, Philippines;

7 FOURTH: That the corporation shall have perpetual
8 existence or a term of _____ years from the date
9 of issuance of the certificate of incorporation;

10 FIFTH: That the names, nationalities and residence
11 addresses of the incorporators of the corporation are as
12 follows:

13	NAME	NATIONALITY	RESIDENCE
14	_____	_____	_____
15	_____	_____	_____
16	_____	_____	_____
17	_____	_____	_____
18	_____	_____	_____

19 SIXTH: That the number of directors or trustees of
20 the corporation shall be _____; and the names,

1 nationalities and residence addresses of the first directors
 2 or trustees of the corporation are as follows:

3	NAME	NATIONALITY	RESIDENCE
4	_____	_____	_____
5	_____	_____	_____
6	_____	_____	_____
7	_____	_____	_____
8	_____	_____	_____

9 SEVENTH: That the authorized capital stock of the
 10 corporation is _____ (P_____) pesos, divided
 11 into ____ shares with the par value of _____
 12 (P_____) pesos per share.

13 (In case all the shares are without par value): That
 14 the capital stock of the corporation is
 15 _____ shares without par value.

16 (In case some shares have par value and some are
 17 without par value): That the capital stock of said
 18 corporation consists of _____ shares,
 19 of which _____ shares have a par value
 20 of _____ pesos (P_____) each, and of
 21 which _____ shares are without par
 22 value.

1 EIGHTH: That at least twenty five percent (25%) of
 2 the number of shares of the authorized capital stock above
 3 stated has been subscribed as follows:

4	Name of Subscriber	Nationality	No. of Shares Subscribed	Amount Subscribed
5	_____	_____	_____	_____
6	_____	_____	_____	_____
7	_____	_____	_____	_____
8	_____	_____	_____	_____
9	_____	_____	_____	_____

10 NINTH: That the above-named subscribers have paid
 11 at least twenty five percent (25%) of the value of the total
 12 subscription as follows:

13	Name of Subscriber	Amount Subscribed	Total Paid-In
14	_____	_____	_____
15	_____	_____	_____
16	_____	_____	_____
17	_____	_____	_____
18	_____	_____	_____

19 (Modify Nos. 8 and 9 if shares are with no par value.
 20 In case the corporation is non-stock, Nos. 7, 8 and 9 of the
 21 above articles may be modified accordingly, and it is
 22 sufficient if the articles state the amount of capital or
 23 money contributed or donated by specified persons, stating

1 the names, nationalities and residence addresses of the
2 contributors or donors and the respective amount given by
3 each.)

4 TENTH: That _____ has been
5 elected by the subscribers as Treasurer of the Corporation
6 to act as such until his or her successor is duly elected and
7 qualified in accordance with the by-laws, that as
8 Treasurer, he or she has been authorized to receive in the
9 name and for the benefit of the corporation, all
10 subscriptions, contributions or donations paid or given by
11 the subscribers or members, that he or she certifies the
12 information set forth in the seventh, eighth and ninth
13 clauses above, and that he or she has received the paid-up
14 portion of the subscription in cash and/or property for the
15 benefit and credit of the corporation.

16 ELEVENTH: That the incorporators undertake to
17 change the name of the corporation immediately upon
18 receipt of notice from the Commission that another
19 corporation, partnership or person has acquired a prior
20 right to the use of such name, that the name has been

1 declared not distinguishable from a name already registered
2 or reserved for the use of another corporation, or that it is
3 contrary to law, public morals, good customs or public
4 policy.

5 TWELFTH: (Corporations which will engage in any
6 business or activity reserved for Filipino citizens shall
7 provide the following):

8 "No transfer of stock or interest which shall reduce
9 the ownership of Filipino citizens to less than the required
10 percentage of capital stock as provided by existing laws
11 shall be allowed or permitted to be recorded in the proper
12 books of the corporation and this restriction shall be
13 indicated in all stock certificates issued by the
14 corporation."

15 IN WITNESS WHEREOF, we have hereunto signed
16 these Articles of Incorporation, this day of
17, 20..... in the City/Municipality of
18, Province of,
19 Republic of the Philippines.

20 _____

1 _____
 2 _____
 3 _____
 4 _____

5 (Names and signatures of the incorporators)

6 (Name and Signature of Treasurer)

7 SEC. 16. *Amendment of Articles of Incorporation.* –

8 Unless otherwise prescribed by this Code or by special law,
 9 and for legitimate purposes, any provision or matter stated
 10 in the articles of incorporation may be amended by a
 11 majority vote of the board of directors or trustees and the
 12 vote or written assent of the stockholders representing at
 13 least two-thirds (2/3) of the outstanding capital stock,
 14 without prejudice to the appraisal right of dissenting
 15 stockholders in accordance with the provisions of this
 16 Code. The articles of incorporation of a non-stock
 17 corporation may be amended by the vote or written assent
 18 of at least two-thirds (2/3) of the members.

19 The original and amended articles together shall
 20 contain all provisions required by law to be set out in the

1 articles of incorporation. Amendments to the articles shall
2 be indicated by underscoring the change or changes made,
3 and a copy thereof duly certified under oath by the
4 corporate secretary and a majority of the directors or
5 trustees, with a statement that the amendments have been
6 duly approved by the required vote of the stockholders or
7 members, shall be submitted to the Commission.

8 The amendments shall take effect upon their
9 approval by the Commission or from the date of filing with
10 the said Commission if not acted upon within six (6)
11 months from the date of filing for a cause not attributable
12 to the corporation.

13 SEC. 17. *Grounds When Articles of Incorporation or*
14 *Amendment May Be Disapproved.* – The Commission may
15 disapprove the articles of incorporation or any amendment
16 thereto if the same is not compliant with the requirements
17 of this Code: *Provided*, That the Commission shall give the
18 incorporators, directors, trustees or officers a reasonable
19 time from receipt of the disapproval within which to
20 modify the objectionable portions of the articles or

1 amendment. The following are grounds for such
2 disapproval:

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

6 2) The purpose or purposes of the corporation are
7 patently unconstitutional, illegal, immoral or contrary to
8 government rules and regulations;

9 3) The certification concerning the amount of
10 capital stock subscribed and/or paid is false; and

11 4) The required percentage of Filipino ownership of
12 the capital stock under existing laws or the Constitution
13 has not been complied with.

14 No articles of incorporation or amendment to articles
15 of incorporation of banks, banking and quasi-banking
16 institutions, pre-need, insurance and trust companies, non-
17 stock savings and loan associations (NSSLAS), pawnshops,
18 and other financial intermediaries shall be approved by the
19 Commission unless accompanied by a favorable
20 recommendation of the appropriate government agency to

1 the effect that such articles or amendment is in accordance
2 with law.

3 SEC. 18. *Corporate Name.* – No corporate name shall
4 be allowed by the Commission if it is not distinguishable from
5 that already reserved or registered for the use of another
6 corporation, or if such name is already protected by law, or
7 when its use is contrary to existing law, rules and
8 regulations.

9 A name is not distinguishable even if it contains one
10 or more of the following:

11 1) The word “corporation”, “company”, “incorporated”,
12 “limited”, “limited liability”, or an abbreviation of one of such
13 words; and

14 2) Punctuations, articles, conjunctions, contractions,
15 prepositions, abbreviations, different tenses, spacing, or
16 number of the same word or phrase.

17 The Commission, upon determination that the
18 corporate name is: a) not distinguishable from a name
19 already reserved or registered for the use another
20 corporation; b) already protected by law, c) or contrary to

1 law, rules and regulations, may summarily order the
2 corporation to immediately cease and desist from using
3 such name and require the corporation to register a new
4 one. The Commission shall also cause the removal of all
5 visible signages, marks, advertisements, labels, prints and
6 other effects bearing such corporate name. Upon approval
7 of the new corporate name, the Commission shall issue a
8 certificate of incorporation under the amended name.

9 If the corporation fails to comply with the
10 Commission's order, the Commission may hold the
11 corporation and its responsible directors or officers in
12 contempt and/or hold them administratively, civilly and/or
13 criminally liable under this Code and other applicable laws
14 and/or revoke the registration of the corporation.

15 *SEC.19. Registration, Incorporation and Commencement*
16 *of Corporate Existence.* – A person or group of persons
17 desiring to incorporate shall submit the intended corporate
18 name to the Commission for verification. If the
19 Commission finds that the name is distinguishable from a
20 name already reserved or registered for the use of another