THIRTEENTH CONGRESS OF THE REPUBLIC) OF THE PHILIPPINES) First Regular Session)

TIECEIVED BY:

CALLARY AND &

S.B. No. **1580**

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

Appraisal right is the right of a dissenting stockholder to demand appraisal and payment of the fair value of his stocks from the corporate. It allows a stockholder who dissents and votes against a proposed corporate action to withdraw from the corporation by demanding payment of the fair value of his shares. It may be exercised by any stockholder whenever a major change in his contract of investment occurs which he does not agree and which the law presumes he did not foresee when he bought his shares.

The Corporation Code, Section 37, on a private corporation's power to extend or shorten it corporate term, provides that a dissenting stockholder may exercise his appraisal right in case of an extension of corporate term. However, Section 81 of the same Code, which enumerates the instances when the appraisal right be exercised, provides that the appraisal right be exercised in both cases of lengthening and shortening the term of corporate existence.

The lengthening and shortening of corporate term both results in a substantial change in a stockholder's contract of investment with a corporation. The corporation's term of existence is a major factor in considering whether to buy shares in a corporate or not. This bill seeks to harmonize Sections 7 and 81 by clearly allowing the appraisal right in both cases of lengthening and shortening the term of corporate existence.

TH DECISE English

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THIRTEENTH CONGRESS OF THE REPUBLIC) OF THE PHILIPPINES First Regular Session

HECEIVED BY :_

SENATE580 S.B. No.

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Introduced by Senator Miriam Defensor Santiago

AN ACT AMENDING SECTION 37 OF BATAS PAMBANSA BLG. 68, ALSO KNOWN AS THE CORPORATION CODE OF THE PHILIPPINES

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

SECTION 1. Batas Pambansa Blg. 68, Section 37 is hereby amended to read as follows: "SECTION 37. Power to extend or shorten corporate term. - A private corporation may extend or shorten its term as stated in the articles of incorporation when approved by a majority vote of the board of directors or trustees and ratified at a meeting by the stockholders representing at least twothirds (2/3) of the outstanding capital stock or by at least two-thirds (2/3) of the members in case of non-stock corporations. Written notice of the proposed action and of the time and place of the meeting shall be addressed to each stockholder or member at his place of residence as shown on the books of the corporation and deposited to the addressee in the post office with postage prepaid, or served personally." (Provided, That in case of extension of corporate term, any dissenting stockholder may exercise his appraisal right under the conditions provided in this Code).

SECTION 2. Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, a dministrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SECTION 3. *Effectivity Clause*. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

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Approved,

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