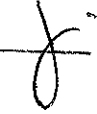


SIXTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Third Regular Session



15 SEP -8 P6:27

SENATE
S.B. No. 2945

RECEIVED BY: 

PREPARED BY THE COMMITTEE ON TRADE, COMMERCE & ENTREPRENEURSHIP WITH SENATORS
EJERCITO-ESTRADA, DEFENSOR SANTIAGO, ESCUDERO, BINAY, ANGARA AND AQUINO IV,
AS AUTHORS THEREOF

1 "AN ACT
2 AMENDING BATAS PAMBANSA BLG. 68
3 OTHERWISE KNOWN AS THE CORPORATION CODE OF THE PHILIPPINES"
4

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
6 *assembled:*
7

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

10 "Sec. 6. *Classification of shares.* – The shares of stock of stock
11 corporations may be divided into classes or series of shares, or both, any of which
12 classes or series of shares may have such rights, privileges or restrictions as may
13 be stated in the articles of incorporation: *Provided*, That no share may be deprived
14 of voting rights except those classified and issued as "preferred" or "redeemable"
15 shares, unless otherwise provided in this Code: *Provided further*, That there shall
16 always be a class or series of shares [which have] **WITH** complete voting rights.
17 Any or all of the shares or series of shares may have a par value or have no par
18 value as may be provided for in the articles of incorporation: *Provided, however*,
19 That banks, trust companies, insurance companies, **PRE-NEED COMPANIES**,
20 public utilities, and building and loan associations **AS WELL AS ALL OTHER**
21 **CORPORATIONS AUTHORIZED TO OBTAIN OR ACCESS FUNDS**

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

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

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

11 xxx xxx xxx

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

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

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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:

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TENTH: That _____ has been elected by the subscribers as Treasurer of the Corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws, [and] that as such Treasurer, he has been authorized to receive for and in the name and for the benefit of the corporation, all subscription (or fees) or contributions or donations paid or given by the subscribers or members, **THAT HE CERTIFIES THE INFORMATION SET FORTH IN THE SEVENTH, EIGHT AND NINTH CLAUSES ABOVE, AND THAT HE HAS RECEIVED THE PAID-UP PORTION OF THE SUBSCRIPTION IN CASH OR PROPERTY FOR THE BENEFIT AND CREDIT OF THE CORPORATION.**

ELEVENTH: THAT THE INCORPORATORS UNDERTAKE TO CHANGE THE NAME OF THE CORPORATION AS HEREIN PROVIDED, OR AS AMENDED THEREAFTER, IMMEDIATELY UPON RECEIPT OF NOTICE OR DIRECTIVE FROM THE SECURITIES AND EXCHANGE COMMISSION THAT ANOTHER CORPORAITON, PARTNERSHIP OR PERSON HAS ACQUIRED A PRIOR RIGHT TO THE USE OF THAT NAME OR THAT THE NAME HAS BEEN DECLARED MISLEADING, DECEPTIVE, CONFUSINGLY SIMILAR TO A REGISTERED NAME, OR CONTRARY TO PUBLIC MORALS, GOOD CUSTOMS OR PUBLIC POLICY.

xxx xxx xxx

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;

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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 2. Of **PERPETUAL** succession by its corporate name [for the],
2 **UNLESS A LIMITED** period of time **IS** stated in the articles of incorporation
3 and the certificate of incorporation;

4 xxx xxx xxx

5 8. [To enter into merger or consolidation with other corporations as
6 provided in this Code] **TO ENTER INTO A JOINT VENTURE OR OTHER**
7 **COMMERCIAL AGREEMENT WITH PERSONS, JURIDICAL OR**
8 **OTHERWISE, AND MERGE OR CONSOLIDATE WITH OTHER**
9 **CORPORATIONS.**

10 xxx xxx xxx”

11 **SECTION 28.** Section 37 of the Code is hereby renumbered as Section 38 and
12 amended to read as follows:

13 “Sec. 37. *Power to extend or shorten corporate term.* - A private
14 corporation may extend or shorten its term as stated in the articles of
15 incorporation when approved by a majority vote of the board of directors or
16 trustees and ratified at a meeting by the stockholders representing at least two-
17 thirds (2/3) of the outstanding capital stock or by at least two-thirds (2/3) of the
18 members in case of non-stock corporations. Written notice of the proposed action
19 and of the time and place of the meeting shall be addressed to each stockholder or
20 member at his place of residence as shown on the books of the corporation and
21 deposited to the addressee in the post office with postage prepaid, [or] served
22 personally[.], **OR, WHEN ALLOWED IN THE BY-LAWS OR DONE WITH**
23 **THE CONSENT OF THE CONCERNED STOCKHOLDER, NOTICE**
24 **UNDER THIS SECTION MAY BE GIVEN IN THE FORM OF AN**
25 **ELECTRONIC DOCUMENT, IN ACCORDANCE WITH THE RULES**

1 **AND REGULATIONS OF THE COMMISSION ON THE USE OF**
2 **ELECTRONIC DATA MESSAGES:** Provided, That in case of extension of
3 corporate term, any dissenting stockholder may exercise his appraisal right under
4 the conditions provided in this code.”

5 **SECTION 29.** Section 38 of the Code is hereby renumbered as Section 39 and
6 amended to read as follows:

7 *“Sec. 39. Power to increase or decrease capital stock; incur, create or*
8 *increase bonded indebtedness. — xxx xxx xxx*

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

10 xxx xxx xxx

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

24 One of the duplicate certificates shall be kept on file in the office of the
25 corporation and the other shall be filed with the [Securities and Exchange]

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 1. Actual cash paid to the corporation;

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

- 5 3. Labor performed for or services actually rendered to the
- 6 corporation;

- 7 4. Previously incurred indebtedness of the corporation;

- 8 5. Amounts transferred from unrestricted retained earnings to stated
- 9 capital; [and]

- 10 6. Outstanding shares exchanged for stocks in the event of
- 11 reclassification or conversion[.];

- 12 7. **SHARES OF STOCK OF ANOTHER CORPORATION;**
- 13 **AND**

- 14 8. **SUCH OTHER FORM OF CONSIDERATION THAT THE**
- 15 **COMMISSION MAY DETERMINE TO BE ACCEPTABLE SUBJECT TO**
- 16 **THE PROVISIONS OF THE CODE.**

17 Where the consideration is other than actual cash, or consists of intangible
18 property such as patents of copyrights, the valuation thereof shall initially be
19 determined by the incorporators or the board of directors, **WHO SHALL THEN**
20 **SUBMIT SUCH DETERMINATION, WITH SUPPORTING**
21 **DOCUMENTS AS THE COMMISSION MAY PRESCRIBE, FOR THE**
22 [subject to] approval [by] **OF** the [Securities and Exchange] Commission.

23 xxx xxx xxx”

1 **SECTION 49.** Section 63 of the Code is hereby renumbered as Section 64 and
2 amended to read as follows:

3 *“Sec. 64. Certificate of stock and transfer of shares.* - The capital stock of
4 stock corporations shall be divided into shares for which certificates signed by the
5 president or vice president, countersigned by the secretary or assistant secretary,
6 and sealed with the seal of the corporation shall be issued in accordance with the
7 by-laws. Shares of stock so issued are personal property and may be transferred
8 by delivery of the certificate or certificates indorsed by the owner or his attorney-
9 in-fact or other person legally authorized to make the transfer. No transfer,
10 however, shall be valid, except as between the parties, until the transfer is
11 recorded in the books of the corporation so as to show the names of the parties to
12 the transaction, the date of the transfer, the number of the certificate or certificates
13 and the number of shares transferred; **THE COMMISSION MAY REQUIRE**
14 **CORPORATIONS WHOSE SECURITIES ARE TRADED IN AN**
15 **EXCHANGE OR OTHER AUTHORIZED TRADING MARKETS TO**
16 **ISSUE ITS SECURITIES OR SHARES OF STOCKS IN**
17 **UNCERTIFICATED OR SCRIPLESS FORM BY VIRTUE OF, AND IN**
18 **ACCORDANCE WITH, THE RULES OF THE COMMISSION.**

19 xxx xxx xxx”

20 **SECTION 50.** Sections 64 to Section 73 of the Code are hereby renumbered as
21 Sections 65 to Section 74, respectively.

22 **SECTION 51.** Section 74 of the Code is hereby renumbered as Section 75 and
23 amended to read as follows:

24 *“Sec. 75. Books to be kept; stock transfer agent.* - Every corporation shall
25 keep and carefully preserve at its principal office **ALL INFORMATION**

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 THERETO, 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*S 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 IF THE CORPORATION IS DISSOLVED BY THE COMMISSION
 2 PURSUANT TO ANY OF THE GROUNDS SET FORTH IN SECTION 136
 3 (4) (B) TO (I), ITS ASSETS, AFTER PAYMENT OF ITS OUTSTANDING
 4 LIABILITIES, SHALL BE FORFEITED IN FAVOR OF THE NATIONAL
 5 GOVERNMENT. SUCH FORFEITURE SHALL BE WITHOUT
 6 PREJUDICE TO ANY OTHER PENALTY OR SANCTION FOR THOSE
 7 LIABLE UNDER THIS CODE OR OTHER LAWS. [on the grounds provided
 8 by existing laws, rules and regulations].”

9 SECTION 79. Section 122 of the Code is hereby renumbered as Section 142 and
 10 amended to read as follows:

11 “Sec. [122]142. *Corporate liquidation.* - Every corporation whose charter
 12 expires by its own limitation or is annulled by forfeiture or otherwise, or whose
 13 corporate existence for other purposes is terminated in any other manner, shall
 14 nevertheless be continued as a body corporate for three (3) years after the [time
 15 when it would have been so dissolved] **EFFECTIVE DATE OF**
 16 **DISSOLUTION AS PROVIDED IN SECTION 137 OF THIS CODE**, for the
 17 purpose of prosecuting and defending suits by or against it and enabling it to
 18 settle and close its affairs, to dispose of and convey its property and to distribute
 19 its assets, but not for the purpose of continuing the business for which it was
 20 established.

21 xxx xxx xxx

22 **EXCEPT AS OTHERWISE PROVIDED FOR IN SECTIONS 95**
 23 **AND 96 OF THIS CODE**, upon the winding up of corporate affairs, any asset
 24 distributable to any creditor or stockholder or member who is unknown or cannot
 25 be found shall be escheated [to the city or municipality where such assets are
 26 located] **IN FAVOR OF THE NATIONAL GOVERNMENT.**

1
2 **SECTION 80.** Section 125 is amended to delete “Securities and Exchange” from
3 “Securities and Exchange Commission” in each instance. Further, Sections 123, 124 and 125 of
4 the Code are hereby renumbered as Sections 143, 144 and 145, respectively.

5 **SECTION 81.** Section 126 of the Code is hereby renumbered as Section 146 and
6 amended to read as follows:

7 “Sec. [126]**146.** *Issuance of a license.* - If the [Securities and Exchange]
8 Commission is satisfied that the applicant has complied with all the requirements
9 of this Code and other special laws, rules and regulations, the Commission shall
10 issue a license to the applicant to transact business in the Philippines for the
11 purpose or purposes specified in such license. Upon issuance of the license, such
12 foreign corporation may commence to transact business in the Philippines and
13 continue to do so for as long as it retains its authority to act as a corporation under
14 the laws of the country or state of its incorporation, unless such license is sooner
15 surrendered, revoked, suspended or annulled in accordance with this Code or other
16 special laws.

17 Within sixty (60) days after the issuance of the license to transact business
18 in the Philippines, the licensee, except foreign banking or insurance corporations,
19 shall deposit with the [Securities and Exchange] Commission for the benefit of
20 present and future creditors of the licensee in the Philippines, securities
21 satisfactory to the [Securities and Exchange] Commission, consisting of bonds or
22 other evidence of indebtedness of the Government of the Philippines, its political
23 subdivisions and instrumentalities, or of government-owned or controlled
24 corporations and entities, shares of stock **OR DEBT SECURITIES THAT ARE**
25 **REGISTERED UNDER THE SECURITIES REGULATION CODE** [in
26 "registered enterprises" as this term is defined in Republic Act No. 5186], shares

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.

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

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

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

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

[an annual report of its operations, together with a financial statement of 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,