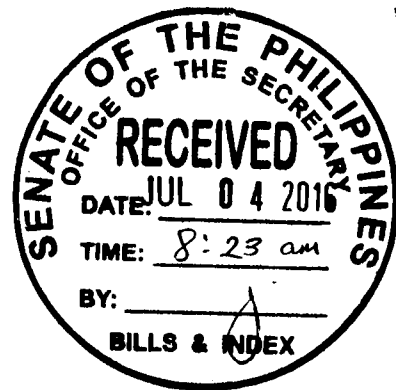


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE  
S.B. No. 231

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Introduced by Senator FRANKLIN M. DRILON

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**AN ACT  
REVISING THE CORPORATION CODE OF THE PHILIPPINES**

**EXPLANATORY NOTE**

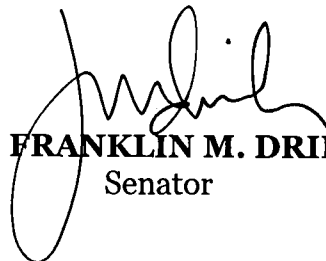
The proposed measure is a product of years of several public and stakeholder consultations to amend the two-decade-old Corporation Code. The amendments are expected to spur economic growth by making the provisions of the Philippine Corporation Code attuned with international best standards and practices.

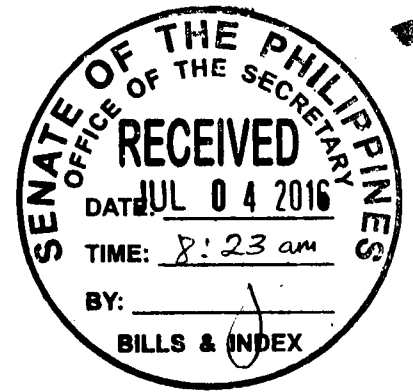
To contribute to the ease of doing business in the Philippines, the revised corporation law streamlines the process of incorporation – with the name verification process simplified, and online registration and other electronic submissions institutionalized. In addition thereto, the proposed measure will allow companies to perpetually thrive, and permit a juridical and a single natural person to incorporate (one-person corporation). It likewise defines and differentiates small corporations from the other kinds of corporations.

The revised code also seeks to strengthen the system of corporate governance in the country. The pertinent provisions espouse a more transparent system of management and provide for more stringent rules on accountability of directors and officers to deter corporate abuses and fraud, as well as graft and corrupt practices. The bill adds more grounds for disqualifying directors and independent directors. It also provides for a seamless exercise of stockholder rights and remedies against oppressive acts of the corporations.

To incorporate global best practices, the new Corporation Code introduces amendments on the rules of dissolution of corporations, de facto mergers, and redemption, repurchase and reacquisition of shares. In the corporate boardroom, attendance at meetings by remote communication and voting *in absentia* will now be allowed.

The bill likewise defines, reinforces, and expands the investigatory, prosecutorial and regulatory powers of the Securities and Exchange Commission.

  
**FRANKLIN M. DRILON**  
Senator



SENATE

S.B. No. 231

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Introduced by Senator FRANKLIN M. DRILON

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**AN ACT REVISING  
THE CORPORATION CODE OF THE PHILIPPINES**

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

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

3           “Sec. 6. *Classification of shares.* – The shares of stock of stock  
4 corporations may be divided into classes or series of shares, or both, any of  
5 which classes or series of shares may have such rights, privileges or restrictions  
6 as may be stated in the articles of incorporation: *Provided*, That no share may  
7 be deprived of voting rights except those classified and issued as “preferred” or  
8 “redeemable” shares, unless otherwise provided in this Code: *Provided further*,  
9 That there shall always be a class or series of shares [which have] **WITH**  
10 complete voting rights. Any or all of the shares or series of shares may have a  
11 par value or have no par value as may be provided for in the articles of  
12 incorporation: *Provided, however*, That banks, trust companies, insurance  
13 companies, **PRE-NEED COMPANIES**, public utilities, and building and loan  
14 associations **AS WELL AS ALL OTHER CORPORATIONS**  
15 **AUTHORIZED TO OBTAIN OR ACCESS FUNDS FROM THE PUBLIC,**  
16 **WHETHER PUBLICLY LISTED OR NOT**, shall not be permitted to issue  
17 no-par value shares of stock.

18           Preferred shares of stock issued by any corporation may be given  
19 preference in the distribution of the assets of the corporation in case of  
20 liquidation and in the distribution of dividends, or such other preferences as  
21 may be stated in the articles of incorporation which are not violative of the  
22 provisions of this Code: *Provided*, That preferred shares of stock may be issued  
23 only with a stated par value. The board of directors, where authorized in the

1 articles of incorporation, may fix the terms and conditions of preferred shares  
2 of stock or any series thereof: *Provided*, That such terms and conditions shall  
3 be effective upon [filing of a certificate thereof with the Securities and  
4 Exchange Commission] **THE ISSUANCE BY THE SECURITIES AND**  
5 **EXCHANGE COMMISSION, HEREINAFTER REFERRED TO AS THE**  
6 **“COMMISSION”, OF A CERTIFICATE THAT THE TERMS AND**  
7 **CONDITIONS OF THE PREFERRED SHARES ARE NOT**  
8 **INCONSISTENT WITH THE PROVISIONS OF THIS CODE, THE**  
9 **CONSTITUTION OF THE PHILIPPINES, AND OTHER EXISTING**  
10 **LAWS, RULES AND REGULATIONS.**

11 xxx xxx xxx”

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

13 “Sec. 7. *Founders' shares.* - Founders' shares classified as such in the  
14 articles of incorporation may be given certain rights and privileges not enjoyed  
15 by the owners of other stocks, provided that where the exclusive right to vote  
16 and be voted for in the election of directors is granted, it must be for a limited  
17 period not to exceed five (5) years **FROM THE DATE OF THE** approval of  
18 the [Securities and Exchange] Commission. **PROVIDED, THAT THE**  
19 **EXCLUSIVE RIGHT TO VOTE OR BE VOTED FOR SHALL NOT BE**  
20 **ALLOWED IF ITS EXERCISE WILL VIOLATE THE RULES AND**  
21 **REGULATIONS OF THE COMMISSION, COMMONWEALTH ACT**  
22 **NO. 108, AND REPUBLIC ACT 7042; PROVIDED, FURTHER, THAT**  
23 **THE SAID RIGHT SHALL BE GRANTED ONLY ONCE.**

24 **AFTER THE LAPSE OF THE FIVE-YEAR PERIOD, THE**  
25 **SHARES SHALL AUTOMATICALLY HAVE THE SAME VOTING**  
26 **RIGHTS AND PRIVILEGES AS COMMON SHARES.”**

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

28 “Sec. 8. *Redeemable shares.* - Redeemable shares may be issued by the  
29 corporation when expressly so provided in the articles of incorporation. [They  
30 may be purchased or taken up by the corporation upon the expiration of a fixed  
31 period, regardless of the existence of unrestricted retained earnings in the  
32 books of the corporation, and upon such other terms and conditions as may be  
33 stated in the articles of incorporation, which terms and conditions must also be  
34 stated in the certificate of stock representing said shares.] **THE**  
35 **CORPORATION MAY REDEEM THE SAID SHARES ONLY IF,**

1 AFTER SUCH REDEMPTION, IT SHALL STILL HAVE SUFFICIENT  
2 ASSETS IN ITS BOOKS TO COVER LIABILITIES INCLUSIVE OF  
3 THE SUBSCRIBED CAPITAL STOCK, AND SUCH REDEMPTION IS  
4 IN ACCORDANCE WITH THE TERMS AND CONDITIONS STATED  
5 IN THE ARTICLES OF INCORPORATION AND/OR THE  
6 CERTIFICATE OF STOCK REPRESENTING SAID SHARES SUBJECT  
7 TO SUCH OTHER RULES AND REGULATIONS THAT MAY BE  
8 ISSUED BY THE COMMISSION.

9 EXCEPT AS PROVIDED IN THE IMMEDIATELY PRECEDING  
10 PARAGRAPH, NO CORPORATION SHALL REDEEM, REPURCHASE  
11 OR REACQUIRE ITS OWN SHARES OF WHATEVER CLASS,  
12 UNLESS, AFTER SUCH REDEMPTION, REPURCHASE OR  
13 REACQUISITION, IT HAS SUFFICIENT LIQUID ASSETS IN ITS  
14 BOOKS TO COVER LIABILITIES INCLUSIVE OF THE SUBSCRIBED  
15 CAPITAL STOCK; *PROVIDED*, THAT SUCH REQUIREMENT SHALL  
16 NOT APPLY IF THE REDEMPTION, REPURCHASE OR  
17 REACQUISITION IS MADE UNDER ANY OF THE FOLLOWING  
18 CIRCUMSTANCES:

19 a) PURSUANT TO A CONVERSION RIGHT PROVIDED FOR IN  
20 THE ARTICLES OF INCORPORATION;

21 b) TO EFFECT A DECREASE IN THE AUTHORIZED CAPITAL  
22 STOCK OF THE CORPORATION AS APPROVED BY THE  
23 COMMISSION;

24 c) UPON INSTRUCTION TO A CLOSE CORPORATION BY THE  
25 COMMISSION TO RESOLVE A DEADLOCK; AND

26 d) A DACION EN PAGO IN FAVOR OF THE CORPORATION  
27 OR CONVEYANCE OF SHARES TO THE CORPORATION IN  
28 PAYMENT OR SATISFACTION OF A DEBT OR LIABILITY TO THE  
29 CORPORATION.”

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

32 “Sec. 10. *Number and qualifications of incorporators.* - Any number of  
33 **PERSONS**, natural **OR JURIDICAL**, [persons not less than five (5)] but not  
34 more than fifteen (15), all of legal age, and a majority of whom are residents of  
35 the Philippines, may form a private corporation for any lawful purpose or

1 purposes. Each of the incorporators of a stock corporation must own or be a  
2 subscriber to at least one (1) share of the capital stock of the corporation.  
3 **PROVIDED THAT, A CORPORATION WITH ONLY A SINGLE**  
4 **STOCKHOLDER, WHETHER NATURAL OR JURIDICAL, IS**  
5 **CONSIDERED A ONE PERSON CORPORATION COVERED BY TITLE**  
6 **XII, CHAPTER III, AND A CORPORATION WITH TOTAL ASSETS**  
7 **MORE THAN THREE MILLION PESOS (PHP3,000,000.00) BUT**  
8 **NOT MORE THAN FIFTEEN MILLION PESOS (PHP15,000,000.00),**  
9 **THE AMOUNTS OF WHICH MAY BE REVISED BY THE**  
10 **COMMISSION, REGARDLESS OF THE NUMBER OF**  
11 **INCORPORATORS IS CONSIDERED A SMALL CORPORATION.”**

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

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

29 **THE CORPORATE TERM MAY BE SHORTENED OR**  
30 **EXTENDED BY AN AMENDMENT OF THE ARTICLES OF**  
31 **INCORPORATION IN ACCORDANCE WITH THIS CODE.**

32 **A CORPORATION WHOSE TERM EXPIRED OR LAPSED**  
33 **WITHIN TEN YEARS PRIOR TO THE EFFECTIVITY OF THIS CODE,**  
34 **AND WHICH HAS NOT REINCORPORATED, MAY APPLY WITH**  
35 **THE COMMISSION FOR THE REVIVAL OF ITS CERTIFICATE OF**

6  
1 INCORPORATION IF IT CAN SHOW THAT REINCORPORATION  
2 WOULD BE DIFFICULT OR DELETERIOUS TO IT AND THAT IT  
3 CONTINUES TO BE A GOING CONCERN OR CAN READILY REVIVE  
4 ITS OPERATIONS. UPON APPROVAL BY THE COMMISSION AND  
5 SUBJECT TO THE CORPORATION'S COMPLIANCE WITH THE  
6 COMMISSION'S REQUIREMENTS OR CONDITIONS FOR REVIVAL  
7 AND THE PAYMENT OF THE PRESCRIBED FEES, THE  
8 COMMISSION SHALL REVIVE THE CORPORATION'S CERTIFICATE  
9 OF INCORPORATION AND THE CORPORATION SHALL  
10 THENCEFORTH EXIST IN ACCORDANCE WITH THIS SECTION."

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

14 "SEC. 12. *REGULAR MONITORING.* - A CORPORATION WITH A  
15 PERPETUAL TERM OR A TERM EXCEEDING TWENTY-FIVE YEARS  
16 SHALL BE SUBJECT TO A PERIODIC REVIEW BY THE COMMISSION  
17 AND SHALL SUBMIT PROOF OF ITS INTENTION TO CONTINUE  
18 OPERATIONS BY COMPLYING WITH THE REPORTORIAL  
19 REQUIREMENTS THE COMMISSION MAY PRESCRIBE THEREFOR  
20 ON THE TWENTY-FIFTH YEAR AND EVERY TWENTY-FIVE YEARS  
21 THEREAFTER, OR AT SUCH INTERVALS AS THE COMMISSION MAY  
22 LATER DETERMINE. THE COMMISSION SHALL CHARGE SUCH  
23 PENALTIES AS IT MAY DEEM APPROPRIATE AND WITHHOLD  
24 ACTION ON ANY MATTER BROUGHT BY THE CORPORATION,  
25 INCLUDING BUT NOT LIMITED TO APPLICATIONS FOR THE  
26 AMENDMENT OF THE ARTICLES OF INCORPORATION AND/OR BY-  
27 LAWS AND THE ISSUANCE OF CERTIFICATIONS OF GOOD  
28 STANDING OR THOSE REQUIRED FOR TRANSACTIONS WITH  
29 OTHER GOVERNMENT AGENCIES, UNTIL FULL COMPLIANCE WITH  
30 THE COMMISSION'S REPORTORIAL REQUIREMENTS IS MADE."

31 **SECTION 7.** Section 12 of the Code is hereby renumbered as Section 13 and  
32 amended to read as follows:

33 "Sec. 13. *Minimum capital stock required of stock corporations.* -Stock  
34 corporations incorporated under this Code shall [not be required to have any]  
35 **HAVE A minimum authorized capital stock OF ONE MILLION**

1 (P1,000,000.00) PESOS [except as] OR SUCH AMOUNT AS MAY BE  
2 DETERMINED BY THE COMMISSION AFTER DUE NOTICE TO THE  
3 PUBLIC, UNLESS A DIFFERENT AMOUNT IS REQUIRED BY ANY  
4 LAW [otherwise specifically provided for by special law], and subject to the  
5 provisions of the following section[.]; PROVIDED, HOWEVER, THAT  
6 FOR CORPORATIONS ISSUING NO PAR VALUE SHARES, THE  
7 MINIMUM AUTHORIZED CAPITAL STOCK SHALL BE 200,000  
8 SHARES; AND PROVIDED, FURTHER, THAT WHERE CAPITAL  
9 CONSISTS OF BOTH PAR AND NO-PAR VALUE SHARES, THE  
10 MINIMUM AUTHORIZED CAPITAL STOCK SHALL BE ONE  
11 MILLION (P1,000,000.00) PESOS.”

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

14 “Sec. 14. *Amount of capital stock to be subscribed and paid for purposes*  
15 *of incorporation.* – EXCEPT WITH RESPECT TO ONE PERSON  
16 CORPORATIONS AND SMALL CORPORATIONS WHOSE CAPITAL  
17 STOCK SHALL BE PAID IN FULL UPON SUBSCRIPTION, at least  
18 twenty-five (25%) percent of the NUMBER OF SHARES OF THE  
19 authorized capital stock as stated in the articles of incorporation must be  
20 subscribed at the time of incorporation, and at least twenty-five (25%) percent  
21 of the VALUE OF THE total subscription must be paid upon subscription, the  
22 balance to be payable on a date or dates fixed in the contract of subscription  
23 without need of call, or in the absence of a fixed date or dates, upon call for  
24 payment by the board of directors: *Provided, however,* That in no case shall the  
25 paid-up capital be less than [five thousand (P5,000.00) pesos.] SIXTY TWO  
26 THOUSAND FIVE HUNDRED (P62,500.00) PESOS, OR SUCH  
27 AMOUNT AS MAY BE DETERMINED BY THE COMMISSION OR  
28 REQUIRED IN OTHER LAWS; PROVIDED, HOWEVER, THAT  
29 WITH RESPECT TO NO PAR VALUE SHARES, AT LEAST TWENTY-  
30 FIVE PERCENT (25%) OF SAID SHARES OF THE AUTHORIZED  
31 CAPITAL STOCK MUST BE SUBSCRIBED AND FULLY PAID UPON  
32 SUBSCRIPTION.”

33 SECTION 9. Section 14 of the Code is hereby renumbered as Section 15 and  
34 amended to read as follows:

1 "Sec. 15. *Contents of articles of incorporation.* - All corporations  
2 organized under this Code shall file with the [Securities and Exchange]  
3 Commission articles of incorporation in any of the official languages, duly  
4 signed and acknowledged by all of the incorporators, containing substantially  
5 the following matters, except as otherwise prescribed by this Code or by special  
6 law:

7 1. The name of the corporation;

8 xxx xxx xxx

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

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

19 xxx xxx xxx

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

25 **10. IF IT BE A STOCK CORPORATION, A STATEMENT OF THE  
26 TREASURER, WHO SHALL BE AN INCORPORATOR, THAT AT  
27 LEAST TWENTY-FIVE PERCENT (25%) OF THE NUMBER OF  
28 SHARES IN THE AUTHORIZED CAPITAL STOCK OF THE  
29 CORPORATION HAS BEEN SUBSCRIBED AND AT LEAST TWENTY-  
30 FIVE PERCENT (25%) OF THE TOTAL SUBSCRIPTION HAS BEEN  
31 FULLY PAID TO HIM IN ACTUAL CASH AND/OR IN PROPERTY  
32 THE FAIR VALUATION OF WHICH IS EQUAL TO AT LEAST  
33 TWENTY-FIVE (25%) PERCENT OF THE SAID SUBSCRIPTION,  
34 SUCH PAID-UP CAPITAL BEING NOT LESS THAN SIXTY TWO  
35 THOUSAND FIVE HUNDRED PESOS (P62,500.00) ;" AND**





1 RECEIVED THE PAID-UP PORTION OF THE SUBSCRIPTION IN  
2 CASH OR PROPERTY FOR THE BENEFIT AND CREDIT OF THE  
3 CORPORATION.

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

14 xxx xxx xxx

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

20 xxx xxx xxx

21 [TREASURER'S AFFIDAVIT

22 xxx xxx xxx

23 NOTARY PUBLIC

24 My commission expires on ....., 19 .....

25 Doc. No. ....;

26 Page No. ....;

27 Book No. ....;

28 Series of 19 .....]

29 **SECTION 11.** Section 16 of the Code is hereby renumbered as Section 17 and  
30 amended to delete "Securities and Exchange" from "Securities and Exchange Commission" in  
31 each instance.

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

34 "Sec. 18. *Grounds when articles of incorporation or amendment may be*  
35 *rejected or disapproved.* – The [Securities and Exchange] Commission may

1 reject the articles of incorporation or disapprove any amendment thereto if the  
2 same is not in compliance with the requirements of this Code: Provided, That  
3 the Commission shall give the incorporators, **DIRECTORS, TRUSTEES OR**  
4 **OFFICERS** a reasonable time within which to correct or modify the  
5 objectionable portions of the articles or amendment. The following are grounds  
6 for such rejection or disapproval:

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

9 xxx xxx xxx

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

16 **THE COMMISSION MAY REQUIRE AN ENDORSEMENT OR**  
17 **FAVORABLE RECOMMENDATION FROM OTHER APPROPRIATE**  
18 **GOVERNMENT AGENCIES.**

19 **SECTION 13.** Section 18 of the Code is hereby renumbered as Section 19 and  
20 amended to read as follows:

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

28 **THE COMMISSION SHALL DETERMINE WHETHER A NAME**  
29 **IS DISTINGUISHABLE FROM ANOTHER NAME FOR PURPOSES**  
30 **OF THIS CODE. WITHOUT EXCLUDING OTHER NAMES WHICH**  
31 **MAY NOT CONSTITUTE DISTINGUISHABLE NAMES AS**  
32 **DETERMINED BY THE COMMISSION, AND SUBJECT TO THE**  
33 **RULES OR GUIDELINES THE COMMISSION MAY SET WITH**  
34 **RESPECT THERETO, A NAME IS NOT CONSIDERED**

1           **DISTINGUISHABLE FOR PURPOSES OF THIS CODE SOLELY**  
2           **BECAUSE IT CONTAINS ONE OR MORE OF THE FOLLOWING:**

3           1.       **THE WORD "CORPORATION", "COMPANY",**  
4           **"INCORPORATED", OR "LIMITED", "LIMITED LIABILITY"**  
5           **OR AN ABBREVIATION OF ONE OF SUCH WORDS;**

6           2.       **PUNCTUATIONS, ARTICLES, CONJUNCTIONS,**  
7           **CONTRACTIONS, ABBREVIATIONS, DIFFERENT TENSES,**  
8           **SPACING OR NUMBER OF THE SAME WORD OR PHRASE.**

9           **THE FACT THAT A CORPORATE NAME COMPLIES WITH**  
10          **THIS SECTION DOES NOT CREATE SUBSTANTIVE RIGHTS TO**  
11          **THE USE OF THAT CORPORATE NAME. THE COMMISSION**  
12          **SHALL HAVE THE AUTHORITY TO SUMMARILY REMOVE FROM**  
13          **REGISTRATION OR RESERVATION ANY NAME WHICH IT LATER**  
14          **DETERMINES TO BE NOT DISTINGUISHABLE AS STATED ABOVE.**

15          **WHEN A CORPORATE NAME IS REMOVED FROM**  
16          **REGISTRATION, THE CORPORATION SHALL IMMEDIATELY**  
17          **CEASE FROM USING THE SAME AND APPLY FOR THE**  
18          **REGISTRATION OF A NEW CORPORATE NAME. SIMILARLY, A**  
19          **CORPORATION DIRECTED BY FINAL JUDGMENT TO CHANGE ITS**  
20          **CORPORATE NAME SHALL NOT USE THE SAME IN ITS**  
21          **OPERATIONS OR IN ANY OTHER WAY, EVEN AFTER ITS**  
22          **DISSOLUTION OR REVOCATION AS A CORPORATION.**

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

25          **IF A CORPORATION USES OR CONTINUES TO USE A**  
26          **CORPORATE NAME ALREADY REMOVED FROM REGISTRATION**  
27          **OR RESERVATION, OR WHICH HAS BEEN DIRECTED TO BE**  
28          **CHANGED BY FINAL JUDGMENT, THE COMMISSION SHALL**  
29          **DULY NOTIFY SAID CORPORATION AND REQUIRE IT TO**  
30          **IMMEDIATELY CEASE AND DESIST FROM THE CONTINUED USE**  
31          **OF SUCH CORPORATE NAME. IF THE CORPORATION FAILS TO**  
32          **COMPLY WITH THE COMMISSION'S ORDER IMMEDIATELY OR**  
33          **WITHIN THE PERIOD STATED IN THE ORDER, THE**  
34          **COMMISSION MAY HOLD THE CORPORATION AND/OR ITS**  
35          **RESPONSIBLE DIRECTORS OR OFFICERS IN CONTEMPT,**

1 AND/OR CAUSE THE REMOVAL OF ALL VISIBLE SIGNAGES,  
2 MARKS, ADVERTISEMENTS, LABELS, PRINTS AND OTHER  
3 EFFECTS BEARING SUCH CORPORATE NAME IN THEIR  
4 POSSESSION. LIABILITY UNDER THIS SECTION SHALL BE  
5 WITHOUT PREJUDICE TO THE CORPORATION'S AND/OR ITS  
6 RESPONSIBLE DIRECTORS' OR OFFICERS' LIABILITY FOR  
7 OTHER ADMINISTRATIVE, CIVIL, OR CRIMINAL SANCTIONS  
8 UNDER THIS CODE AND OTHER LAWS."

9 SECTION 14. Section 19 of the Code is hereby renumbered as Section 20 and  
10 amended to read as follows:

11 "Sec. 20. **REGISTRATION, INCORPORATION AND**  
12 *commencement of corporate existence.* – A PERSON OR GROUP OF  
13 PERSONS DESIRING TO INCORPORATE SHALL SUBMIT THE  
14 INTENDED CORPORATE NAME TO THE COMMISSION FOR  
15 VERIFICATION. IF THE COMMISSION FINDS THAT THE NAME IS  
16 DISTINGUISHABLE, THE NAME SHALL BE RESERVED IN FAVOR  
17 OF THE INCORPORATORS. THE INCORPORATORS SHALL THEN:  
18 (A) SUBMIT, AS MAY BE APPLICABLE, THEIR ARTICLES OF  
19 INCORPORATION, THEIR BY-LAWS, AND SUCH OTHER  
20 DOCUMENTS AND/OR INFORMATION AS MAY BE REQUIRED BY  
21 THE COMMISSION; AND (B) PAY THE PRESCRIBED FEES.

22 INCORPORATORS SHALL HAVE THE OPTION OF  
23 RESERVING A CORPORATE NAME, SUBMITTING THE  
24 REQUIREMENTS FOR INCORPORATION AND PAYING THE  
25 PRESCRIBED FEES EITHER THROUGH THE MANUAL PROCESS  
26 AT THE OFFICE OF THE COMMISSION OR THROUGH ANY OTHER  
27 SYSTEM OF REGISTRATION AND INCORPORATION WHICH THE  
28 COMMISSION MAY ESTABLISH, SUBJECT TO THE  
29 CORRESPONDING RULES AND PROCEDURES THE COMMISSION  
30 SHALL PRESCRIBE THEREFOR.

31 IF THE COMMISSION FINDS THAT THE SUBMITTED  
32 DOCUMENTS, INFORMATION AND PAYMENT ARE COMPLETE  
33 AND IN FULL COMPLIANCE OF THE REQUIREMENTS UNDER  
34 THIS CODE AND THE RULES OF THE COMMISSION, AND THERE  
35 IS NO OTHER GROUND TO REJECT OR DISAPPROVE ANY OF THE

1           **SUBMISSIONS, THE COMMISSION SHALL ISSUE THE**  
2           **CORRESPONDING CERTIFICATE OF INCORPORATION AND**  
3           **REGISTER THE CORPORATE NAME EARLIER RESERVED.**

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

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

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

21           “Sec. 23. *Effects of non-use of corporate charter and continuous*  
22           *inoperation of a corporation; DELINQUENCY AND REVOCATION.* – If a  
23           corporation does not formally organize and commence [the transaction of] its  
24           business or the construction of its works within [two (2)] **FIVE (5)** years from  
25           the date of its incorporation, its [corporate powers cease and the corporation]  
26           **CERTIFICATE OF INCORPORATION** shall be deemed [dissolved]  
27           **REVOKED AS OF THE DAY FOLLOWING THE END OF SAID FIVE-**  
28           **YEAR PERIOD, WITHOUT NEED OF FURTHER ACTION BY THE**  
29           **COMMISSION.**

30           However, if a corporation [has] commenced [the transaction of] its  
31           business but subsequently [becomes] **BECAME** [continuously] inoperative  
32           for a period of at least five (5) **CONSECUTIVE** years, [the same shall be a  
33           ground for the suspension or revocation of its corporate franchise or certificate  
34           of incorporation] **THE COMMISSION MAY, AFTER DUE NOTICE AND**  
35           **HEARING, EITHER REVOKE THE CORPORATION’S CERTIFICATE**

1 OF INCORPORATION OR PLACE THE CORPORATION UNDER  
2 DELINQUENCY STATUS. THE CORPORATION'S FAILURE TO  
3 COMPLY WITH THE REPORTORIAL REQUIREMENTS UNDER  
4 SECTION 180 SHALL RENDER IT INOPERATIVE FOR PURPOSES  
5 OF THIS CODE.

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

21 ONCE COMPLIANCE WITH THE COMMISSION'S  
22 REQUIREMENTS AND PAYMENT OF FINES AND PENALTIES ARE  
23 COMPLETED, THE COMMISSION SHALL ISSUE AN ORDER  
24 LIFTING THE DELINQUENCY STATUS. FAILURE TO RESUME  
25 OPERATIONS, COMPLY WITH THE COMMISSION'S  
26 REQUIREMENTS, AND PAY THE PENALTIES PRESCRIBED  
27 WITHIN THE PERIOD GIVEN BY THE COMMISSION OR ANY  
28 EXTENSION GRANTED BY IT, HOWEVER, SHALL RENDER THE  
29 CORPORATION'S CERTIFICATE OF INCORPORATION REVOKED  
30 AS OF THE LAPSE OF SAID PERIOD WITHOUT NEED OF  
31 FURTHER ACTION BY THE COMMISSION.

32 THE COMMISSION SHALL REVOKE THE CERTIFICATE OF  
33 INCORPORATION OF A CORPORATION WHEN DIRECTED BY  
34 FINAL JUDGMENT OF A COMPETENT COURT OR WHEN, AFTER  
35 DUE NOTICE AND HEARING, THE COMMISSION DETERMINES

1 THAT THE CORPORATION COMMITTED VIOLATIONS OF THIS  
2 CODE OR ITS RULES WHICH WARRANT THE REVOCATION OF  
3 ITS CERTIFICATE OF INCORPORATION.

4 ONCE THE REVOCATION BECOMES FINAL, *I.E.* AFTER THE  
5 LAPSE OF FIFTEEN DAYS FROM THE DATE OF REVOCATION,  
6 THE CORPORATION SHALL BE BANNED FROM ANY FURTHER  
7 USE OF THE CORPORATE NAME AND SHALL BE DISSOLVED IN  
8 ACCORDANCE WITH THE PROVISIONS ON DISSOLUTION UNDER  
9 TITLE XIV OF THIS CODE.

10 [The provision shall not apply if the failure to organize, commence the  
11 transaction of its business or the construction of its works, or to continuously  
12 operate is due to causes beyond the control of the corporation as may be  
13 determined by the Securities and Exchange Commission].”

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

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

23 **ONE PERSON CORPORATIONS SHALL HAVE ONLY ONE (1)**  
24 **DIRECTOR OR TRUSTEE. SMALL CORPORATIONS SHALL HAVE**  
25 **AS MANY DIRECTORS AS THERE ARE INCORPORATORS, NOT**  
26 **EXCEEDING THREE (3). A CORPORATION SHALL BE DEEMED TO**  
27 **BE A SMALL CORPORATION WHEN IT HAS ONLY TWO (2) OR**  
28 **THREE (3) INCORPORATORS AND ITS TOTAL ASSETS DO NOT**  
29 **EXCEED FIFTEEN MILLION PESOS (PHP15,000,000.00) OR SUCH**  
30 **OTHER AMOUNT THAT THE COMMISSION MAY DETERMINE.**

31 **CORPORATIONS IMBUED WITH PUBLIC INTEREST, AS MAY**  
32 **BE DEFINED BY THE COMMISSION, SHALL HAVE AT LEAST ONE**  
33 **(1) INDEPENDENT DIRECTOR OR TRUSTEE, OR SUCH OTHER**  
34 **MINIMUM NUMBER WHICH THE COMMISSION MAY**  
35 **DETERMINE AS NECESSARY FOR GOOD CORPORATE**



1 **GOVERNANCE. THE COMMISSION SHALL FURTHER PRESCRIBE**  
2 **THE MINIMUM STANDARDS OR CRITERIA IN DETERMINING**  
3 **THE INDEPENDENCE OF A DIRECTOR.**

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

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

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

20 **IT SHALL BE THE DUTY OF ALL DIRECTORS OR TRUSTEES**  
21 **TO ATTEND ALL MEETINGS OF THE BOARD AND OF THE**  
22 **STOCKHOLDERS OR MEMBERS AND THEIR ABSENCE MAY BE**  
23 **EXCUSED ONLY FOR JUSTIFIABLE REASONS. WHEN RELATED**  
24 **PARTY TRANSACTIONS OR SELF-DEALINGS OF A DIRECTOR ARE**  
25 **TAKEN UP, THE CONCERNED DIRECTOR SHALL ABSENT**  
26 **HIMSELF FROM THE MEETING AND HIS ABSENCE SHALL NOT**  
27 **BE COUNTED AGAINST HIM. DIRECTORS AND TRUSTEES SHALL**  
28 **HAVE SUCH OTHER DUTIES AND RESPONSIBILITIES PROVIDED**  
29 **IN THE CORPORATION'S BY-LAWS AND AS MAY BE PRESCRIBED**  
30 **BY THE COMMISSION FOR GOOD CORPORATE GOVERNANCE.**

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

33 **"Sec. 25. Election of directors or trustees. - OTHER THAN IN**  
34 **INSTANCES WHEN THE EXCLUSIVE RIGHT IS RESERVED FOR**  
35 **HOLDERS OF FOUNDERS' SHARES UNDER SECTION 7, EACH**

1 STOCKHOLDER OR MEMBER SHALL HAVE THE RIGHT TO  
2 NOMINATE ANY DIRECTOR OR TRUSTEE WHO POSSESSES ALL  
3 OF THE QUALIFICATIONS AND NONE OF THE  
4 DISQUALIFICATIONS SET FORTH IN THIS CODE OR IN THE  
5 RULES OF THE COMMISSION.

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

14 EACH STOCKHOLDER OR MEMBER SHALL HAVE THE  
15 RIGHT TO VOTE IN PERSON, BY REMOTE COMMUNICATION, BY  
16 PROXY, AND/OR *IN ABSENTIA*; PROVIDED THAT VOTING BY  
17 REMOTE COMMUNICATION OR *IN ABSENTIA* MAY BE RESORTED  
18 TO ONLY WHEN ALLOWED EITHER BY THE BY-LAWS OF THE  
19 CORPORATION OR BY A MAJORITY OF THE BOARD OF  
20 DIRECTORS AND WHEN THE CORPORATION HAS INSTITUTED  
21 REASONABLE MEASURES TO VERIFY THAT THE PERSON  
22 PERMITTED TO PARTICIPATE OR VOTE BY REMOTE  
23 COMMUNICATION OR *IN ABSENTIA* IS A STOCKHOLDER OR  
24 MEMBER, OR A HOLDER OF A PROXY FROM A STOCKHOLDER  
25 OR MEMBER, AND TO RECORD ALL VOTES AND OTHER ACTIONS  
26 TAKEN AT THE MEETING. WHEN ATTENDANCE AT THE  
27 MEETING IS BY REMOTE COMMUNICATION, THE CORPORATION  
28 SHALL PROVIDE THE STOCKHOLDER OR MEMBER, OR PROXY-  
29 HOLDER, A REASONABLE OPPORTUNITY TO PARTICIPATE IN  
30 THE MEETING, HEAR OR SEE THE PROCEEDINGS AS WELL AS  
31 BE HEARD OR SEEN BY OTHER STOCKHOLDERS OR MEMBERS,  
32 AND TO CAST THEIR VOTE SUBSTANTIALLY CONCURRENTLY  
33 WITH SUCH PROCEEDINGS. WHEN VOTING *IN ABSENTIA*, IS  
34 ALLOWED, THE CORPORATION SHALL INSTITUTE REASONABLE  
35 MEASURES TO TIMELY PROVIDE THE STOCKHOLDER OR

1 MEMBER WITH INFORMATION ON THE NOMINEES AND GIVE  
2 THEM A REASONABLE OPPORTUNITY TO ASK QUESTIONS  
3 BEFORE CASTING THEIR VOTES. THE COMMISSION SHALL  
4 PRESCRIBE THE MINIMUM STANDARDS OR GUIDELINES TO  
5 MAKE ATTENDANCE BY REMOTE COMMUNICATION AND  
6 VOTING *IN ABSENTIA* EFFICIENT AND ACCESSIBLE FORA FOR  
7 STOCKHOLDERS OR MEMBERS.

8 The election must be by ballot if requested by any voting stockholder or  
9 member.

10 In stock corporations, every stockholder entitled to vote shall have the  
11 right to vote [in person or by proxy] the number of shares of stock standing, at  
12 the time fixed in the by-laws, in his own name [on] **IN** the stock books of the  
13 corporation, or where the by-laws are silent, at the time of the election; and  
14 said stockholder may vote such number of shares for as many persons as there  
15 are directors to be elected or he may cumulate said shares and give one  
16 candidate as many votes as the number of directors to be elected multiplied by  
17 the number of his shares shall equal, or he may distribute them on the same  
18 principle among as many candidates as he shall see fit: Provided, That the total  
19 number of votes cast by him shall not exceed the number of shares owned by  
20 him as shown in the books of the corporation multiplied by the whole number  
21 of directors to be elected: Provided, however, That no delinquent stock shall be  
22 voted. Unless otherwise provided in the articles of incorporation or in the by-  
23 laws, members of corporations which have no capital stock may cast as many  
24 votes as there are trustees to be elected but may not cast more than one vote for  
25 one candidate.

26 **IT SHALL BE UNDERSTOOD THAT CANDIDATES FOR**  
27 **DIRECTOR OR TRUSTEE** receiving the highest number of votes **FROM**  
28 **AMONG THE NOMINEES FOR REGULAR DIRECTORS OR**  
29 **TRUSTEES** shall be declared elected **AND THAT, IN THE ELECTION OF**  
30 **INDEPENDENT DIRECTORS, THE CANDIDATE FOR**  
31 **INDEPENDENT DIRECTOR RECEIVING THE HIGHEST NUMBER**  
32 **OF VOTES FROM AMONG THE NOMINEES FOR INDEPENDENT**  
33 **DIRECTORS SHALL BE DECLARED ELECTED.**

34 [Any meeting of the stockholders or members called for an election may  
35 adjourn from day to day or from time to time but not sine die or indefinitely] If,

1 for any reason, no election is held, or if there are not present or represented by  
2 proxy, at the meeting, the owners of a majority of the outstanding capital stock,  
3 or if there be no capital stock, a majority of the members entitled to vote, **THE**  
4 **MEETING MAY BE ADJOURNED AND THE CORPORATION SHALL**  
5 **PROCEED IN ACCORDANCE WITH SECTION 26 OF THIS CODE.**”

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

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

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

29 [Directors or trustees cannot attend or vote by proxy at board  
30 meetings]; **HOWEVER, WHEN ALLOWED BY THE BY-LAWS, THEY**  
31 **CAN ATTEND BOARD MEETINGS THROUGH REMOTE**  
32 **COMMUNICATION SUCH AS VIDEOCONFERENCING,**  
33 **TELECONFERENCING OR OTHER TECHNOLOGY THAT ALLOWS**  
34 **THEM A REASONABLE OPPORTUNITY TO PARTICIPATE.**”

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

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

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

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

22           **IF NO NEW DATE HAS BEEN DESIGNATED, OR IF THE**  
23 **NEWLY-SCHEDULED ELECTION BE LIKEWISE NOT HELD, THE**  
24 **COMMISSION MAY, *MOTU PROPRIO* OR UPON THE**  
25 **APPLICATION OF ANY STOCKHOLDER, MEMBER, DIRECTOR OR**  
26 **TRUSTEE AND AFTER VERIFICATION OF THE NON-HOLDING OF**  
27 **THE ELECTION OF DIRECTORS OR TRUSTEES, REQUIRE THE**  
28 **CORPORATE SECRETARY ON RECORD TO IMMEDIATELY ISSUE**  
29 **A LIST OF STOCKHOLDERS OR MEMBERS, THEIR ADDRESSES**  
30 **AND CONTACT NUMBERS AND SIMILAR INFORMATION, AND**  
31 **SUMMARILY ORDER THAT THE ELECTION BE HELD. IN THIS**  
32 **REGARD, THE COMMISSION SHALL HAVE THE POWER TO ISSUE**  
33 **SUCH ORDERS AS MAY BE APPROPRIATE, INCLUDING,**  
34 **WITHOUT LIMITATION, ORDERS DESIGNATING THE TIME AND**  
35 **PLACE OF THE ELECTION, THE RECORD DATE OR DATES FOR**

1 **DETERMINATION OF STOCKHOLDERS OR MEMBERS ENTITLED**  
2 **TO NOTICE OF THE ELECTION AND TO VOTE THEREAT, AND THE**  
3 **FORM OF NOTICE OF SUCH ELECTION.**

4 **THE SHARES OF STOCK OR MEMBERSHIP REPRESENTED**  
5 **AT SUCH MEETING AND ENTITLED TO VOTE THEREAT, EITHER**  
6 **IN PERSON, BY REMOTE COMMUNICATION, *IN ABSENTIA*, OR BY**  
7 **PROXY, SHALL CONSTITUTE A QUORUM FOR THE PURPOSE OF**  
8 **SUCH MEETING, NOTWITHSTANDING ANY PROVISION OF THE**  
9 **ARTICLES OF INCORPORATION OR BY-LAWS TO THE**  
10 **CONTRARY. THE MEETING SCHEDULED BY THE COMMISSION**  
11 **AND THE ELECTION HELD THEREAT SHALL HAVE THE SAME**  
12 **EFFECT OF A VALID MEETING AND ELECTION OF THE**  
13 **CORPORATION.**

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

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

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

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

32 1. [No person] **THOSE WHO HAVE BEEN** convicted by final  
33 judgment of an offense punishable by imprisonment for a period exceeding six  
34 (6) years, or a violation of this Code **OR REPUBLIC ACT 8799 [,**

1 committed] within five (5) years prior to the date of his election or  
2 appointment[, shall qualify as a director, trustee or officer of any corporation];

3 **2. THOSE WHO, BY FINAL JUDGMENT, ARE CONVICTED**  
4 **OF, OR FOUND ADMINISTRATIVELY LIABLE FOR, ANY OFFENSE**  
5 **INVOLVING MORAL TURPITUDE, FRAUD, EMBEZZLEMENT,**  
6 **THEFT, ESTAFA, COUNTERFEITING, MISAPPROPRIATION,**  
7 **FORGERY, BRIBERY, FALSE OATH, PERJURY AND OTHER**  
8 **FRAUDULENT ACTS;**

9 **3. THOSE CONVICTED BY FINAL JUDGMENT OF A FOREIGN**  
10 **COURT OR EQUIVALENT REGULATORY AUTHORITY OF ACTS,**  
11 **VIOLATIONS OR MISCONDUCT THE SAME AS OR SIMILAR TO**  
12 **THOSE ENUMERATED IN PARAGRAPHS 1 AND 2 ABOVE; AND**

13 **4. THOSE WHO HAVE BEEN CONVICTED BY FINAL**  
14 **JUDGMENT OF ANY THREE OF THE OFFENSES AND/OR**  
15 **VIOLATIONS IN PARAGRAPHS 1 TO 3 ABOVE, REGARDLESS OF**  
16 **WHEN THE JUDGMENTS BECAME FINAL.**

17 **THE MAXIMUM NUMBER OF BOARD REPRESENTATIONS**  
18 **ANY INDEPENDENT DIRECTOR OR TRUSTEE SHALL HAVE IN**  
19 **OTHER CORPORATIONS SHALL BE FIVE (5), OR SUCH LOWER**  
20 **NUMBER AS MAY BE PROVIDED IN THE BY-LAWS OF THE**  
21 **CORPORATION OR AS THE COMMISSION MAY LATER**  
22 **PRESCRIBE.**

23 **THE FOREGOING IS WITHOUT PREJUDICE TO**  
24 **QUALIFICATIONS OR OTHER DISQUALIFICATIONS WHICH THE**  
25 **COMMISSION MAY IMPOSE IN ITS PROMOTION OF, AMONG**  
26 **OTHERS, GOOD CORPORATE GOVERNANCE.”**

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

29 *“Sec. 29. Removal of directors or trustees. - Any director or trustee of a*  
30 *corporation may be removed from office by a vote of the stockholders holding*  
31 *or representing at least two-thirds (2/3) of the outstanding capital stock, or if*  
32 *the corporation be a non-stock corporation, by a vote of at least two-thirds*  
33 *(2/3) of the members entitled to vote: Provided, That such removal shall take*  
34 *place either at a regular meeting of the corporation or at a special meeting*  
35 *called for the purpose, and in either case, after previous notice to stockholders*

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

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

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

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



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

13           **HOWEVER, WHEN THE VACANCY PREVENTS THE**  
14 **REMAINING DIRECTORS FROM CONSTITUTING A QUORUM AND**  
15 **EMERGENCY ACTION IS REQUIRED TO PREVENT GRAVE,**  
16 **SUBSTANTIAL AND IRREPARABLE LOSS OR DAMAGE TO THE**  
17 **CORPORATION, THE VACANCY MAY BE TEMPORARILY FILLED**  
18 **BY UNANIMOUS VOTE OF THE REMAINING DIRECTORS OR**  
19 **TRUSTEES FROM AMONG THE OFFICERS OF THE**  
20 **CORPORATION, PROVIDED THAT ACTION BY THE APPOINTED**  
21 **DIRECTOR OR TRUSTEE SHALL BE LIMITED TO THE**  
22 **EMERGENCY ACTION NECESSARY TO PREVENT GRAVE,**  
23 **SUBSTANTIAL OR IRREPARABLE LOSS TO THE COMPANY AND**  
24 **HIS TERM SHALL NOT CONTINUE FOR LONGER THAN**  
25 **REASONABLY NECESSARY AFTER THE TERMINATION OF THE**  
26 **EMERGENCY.**

27           Any directorship or trusteeship to be filled by reason of an increase in  
28 the number of directors or trustees shall be filled only by an election at a  
29 regular or at a special meeting of stockholders or members duly called for the  
30 purpose, or in the same meeting authorizing the increase of directors or  
31 trustees if so stated in the notice of the meeting.

32           **IN ALL ELECTIONS TO FILL VACANCIES UNDER THIS**  
33 **SECTION, THE PROCEDURE SET FORTH IN SECTIONS 25 AND 27**  
34 **SHALL APPLY.”**

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

3           “Sec. 31. *Compensation of directors.* – In the absence of any provision in  
4 the by-laws fixing **THE PARAMETERS OF** their compensation, the directors  
5 **OR TRUSTEES** shall not receive any compensation[,] as such directors **OR**  
6 **TRUSTEES**, except for reasonable per diems: *Provided, however,* That any  
7 such compensation other than per diems may be granted to directors **OR**  
8 **TRUSTEES** by the vote of the stockholders representing at least a majority of  
9 the outstanding capital stock **OR BY MAJORITY OF THE MEMBERS** at a  
10 regular or special meeting.

11           **NO DIRECTOR OR TRUSTEE SHALL PARTICIPATE IN THE**  
12 **DETERMINATION OF HIS OWN PER DIEMS OR COMPENSATION.**  
13 **PER DIEMS OR COMPENSATION GRANTED TO DIRECTORS OR**  
14 **TRUSTEES SHALL LIKEWISE BE APPROVED BY THE VOTE OF**  
15 **THE STOCKHOLDERS REPRESENTING AT LEAST A MAJORITY OF**  
16 **THE OUTSTANDING CAPITAL STOCK OR BY MAJORITY OF THE**  
17 **MEMBERS AT A REGULAR OR SPECIAL MEETING.**

18           In no case shall the total yearly compensation of directors **OR**  
19 **TRUSTEES**, as such directors **OR TRUSTEES**, exceed ten (10%) percent of  
20 the net income before income tax of the corporation during the preceding year.

21           **THE CORPORATION SHALL SUBMIT AN ANNUAL REPORT**  
22 **ON THE COMPENSATION OF DIRECTORS OR TRUSTEES AS**  
23 **PRESCRIBED UNDER THIS CODE.”**

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

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

28           “Sec. 36. *Executive committee AND OTHER SPECIAL*  
29 **COMMITTEES.** - The by-laws of a corporation may create an executive  
30 committee, composed of not less than three members of the board, to be  
31 appointed by the board. Said committee may act, by majority vote of all its  
32 members, on such specific matters within the competence of the board, as may  
33 be delegated to it in the by-laws or on a majority vote of the board, except with  
34 respect to: (1) approval of any action for which shareholders' approval is also  
35 required; (2) the filling of vacancies in the board; (3) the amendment or repeal

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

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

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

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

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

- 24 1. To sue and be sued in its corporate name;  
25 2. Of **PERPETUAL** succession by its corporate name [for the],  
26 **UNLESS A LIMITED** period of time **IS** stated in the articles of incorporation  
27 and the certificate of incorporation;

28 xxx xxx xxx

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

34 xxx xxx xxx"





1 conditions and for such consideration, which may be money, stocks, bonds or  
2 other instruments for the payment of money or other property or  
3 consideration, as its board of directors or trustees may deem expedient.

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

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

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

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

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

34 [In non-stock corporations where there are no members with voting  
35 rights, the vote of at least a majority of the trustees in office will be sufficient

1 authorization for the corporation to enter into any transaction authorized by  
2 this section.]”

3 **SECTION 32.** Section 41 and 42 are hereby renumbered as Section 42 and 43,  
4 respectively.

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

7 “Sec. 44. *Power to declare dividends.* - The board of directors of a stock  
8 corporation may declare dividends out of the unrestricted retained earnings  
9 which **SHALL BE DETERMINED IN ACCORDANCE WITH THE**  
10 **GUIDELINES SET BY THE COMMISSION ON UNREALIZED**  
11 **EARNINGS AND LOSSES. SUCH DIVIDENDS** shall be payable in cash,  
12 in property, or in stock to all stockholders on the basis of outstanding stock  
13 held by them: Provided, That any cash dividends due on delinquent stock shall  
14 first be applied to the unpaid balance on the subscription plus costs and  
15 expenses, while stock dividends shall be withheld from the delinquent  
16 stockholder until his unpaid subscription is fully paid: Provided, further, That  
17 no stock dividend shall be issued without the approval of stockholders  
18 representing not less than two-thirds (2/3) of the outstanding capital stock at a  
19 regular or special meeting duly called for the purpose.

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

29 **SECTION 34.** Section 44 and 45 are hereby renumbered as Section 45 and 46,  
30 respectively.

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

33 “Sec. 47. *Adoption of by-laws.* - Every corporation formed under this  
34 Code must, within one (1) month after receipt of official notice of the issuance  
35 of its certificate of incorporation by the [Securities and Exchange]

1 Commission, adopt a code of by-laws for its government not inconsistent with  
2 this Code. For the adoption of by-laws by the corporation the affirmative vote  
3 of the stockholders representing at least a majority of the outstanding capital  
4 stock, or of at least a majority of the members in case of non-stock  
5 corporations, shall be necessary. The by-laws shall be signed by the  
6 stockholders or members voting for them and shall be kept in the principal  
7 office of the corporation, subject to the inspection of the stockholders or  
8 members during office hours. A copy thereof, duly certified to by a majority of  
9 the directors or trustees countersigned by the secretary of the corporation, shall  
10 be filed with the [Securities and Exchange] Commission which shall be  
11 attached to the original articles of incorporation.

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

17 **BY-LAWS OR AMENDMENTS THERETO MAY BE FILED IN**  
18 **THE FORM OF AN ELECTRONIC DOCUMENT, IN ACCORDANCE**  
19 **WITH THE RULES AND REGULATIONS OF THE COMMISSION ON**  
20 **THE USE OF ELECTRONIC DATA MESSAGES.**

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

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

30 **SECTION 36.** Section 47 of the Code is hereby renumbered as Section 48 and  
31 amended to read as follows:

32 “Sec. 48. *Contents of by-laws.* - Subject to the provisions of the  
33 Constitution, this Code, other special laws, and the articles of incorporation, a  
34 private corporation [may] **SHALL** provide in its by-laws for:



1           1. The time, place and manner of calling and conducting regular or  
2 special meetings of the directors or trustees;

3           2. The time and manner of calling and conducting regular or special  
4 meetings of the stockholders or members, **PROVIDED THAT THE BY-**  
5 **LAWS SHALL CONTAIN NO PROVISION SUPPRESSING OR**  
6 **OTHERWISE LIMITING IN ANY MANNER THE RIGHT OF ANY**  
7 **MEMBER OR STOCKHOLDER TO PROPOSE THE HOLDING OF**  
8 **MEETINGS AND THE ITEMS FOR DISCUSSION IN THE AGENDA;**

9                           xxx   xxx   xxx

10           5. The qualifications, duties **AND RESPONSIBILITIES**, and **THE**  
11 **PARAMETERS OR GUIDELINES TO CONSIDER IN SETTING THE**  
12 compensation, of directors or trustees **AND [.] officers [and employees], AS**  
13 **WELL AS THE MAXIMUM NUMBER OF OTHER BOARD**  
14 **REPRESENTATIONS AN INDEPENDENT DIRECTOR OR TRUSTEE**  
15 **MAY HAVE WHICH SHALL, IN NO CASE, BE MORE THAN FIVE (5)**  
16 **OR SUCH OTHER NUMBER THE COMMISSION MAY LATER**  
17 **PRESCRIBE;**

18                           xxx   xxx   xxx

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

21           10. **THE TIME AND MANNER BY WHICH ACCURATE AND**  
22 **TIMELY INFORMATION SHALL BE GIVEN TO STOCKHOLDERS**  
23 **OR MEMBERS ON MATTERS AFFECTING THE CORPORATION,**  
24 **WHICH MAY INCLUDE BUT SHALL NOT BE LIMITED TO THE**  
25 **PUBLICATION OF SUCH INFORMATION ON THE CORPORATION'S**  
26 **WEBSITE;**

27           11. **A CODE OF ETHICS OR STANDARDS OF CONDUCT FOR**  
28 **THE CORRECT, HONORABLE AND PROPER PERFORMANCE OF A**  
29 **CORPORATION'S BUSINESS AND ITS DEALINGS, DIRECT OR**  
30 **INDIRECT, WITH THE GOVERNMENT AND ITS AGENCIES, AS**  
31 **WELL AS MECHANISMS TO ENFORCE SUCH CODE OF ETHICS OR**  
32 **STANDARDS OF CONDUCT, WHICH SHALL CONTAIN THE**  
33 **MINIMUM REQUIREMENTS THE COMMISSION MAY PROVIDE;**

34           12. **INTERNAL PROCEDURES TO PROVIDE AVENUES OF**  
35 **COMMUNICATION BY, TO PROTECT THE IDENTITY AND**

1 SECURITY OF TENURE/COMPENSATION OF, AND TO PROVIDE  
2 PROTECTION FROM RETALIATION BEFORE AND AFTER  
3 EMPLOYMENT OF: (A) THOSE WHO REPORT VIOLATIONS OF  
4 THE CORPORATION'S CODE OF ETHICS OR STANDARDS OF  
5 CONDUCT, GRAFT AND CORRUPT PRACTICES, IMPROPRIETIES  
6 IN MATTERS OF FINANCIAL REPORTING, OR OTHER UNLAWFUL  
7 OR ILLEGAL CONDUCT COMMITTED BY THE CORPORATION OR  
8 ANY OF ITS DIRECTORS, TRUSTEES, OFFICERS, EMPLOYEES OR  
9 AGENTS; (B) THOSE WHO REPORT INSTRUCTIONS OR  
10 PRESSURE FROM HIERARCHICAL SUPERIORS TO COMMIT ANY  
11 OF THE ACTS IN (A); AND/OR (C) THOSE WHO RAISE CONCERNS  
12 ABOUT THREATS OF OR POSSIBLE ACTS CONSTITUTING ANY OF  
13 THE ACTS IN (A) ABOVE;

14 13. A SYSTEM, INCLUDING THE APPOINTMENT OF A  
15 COMPLIANCE OFFICER, THAT WILL MONITOR COMPLIANCE  
16 WITH THE RULES AND REGULATIONS ON GOOD CORPORATE  
17 GOVERNANCE; AND

18 [10] 14. Such other matters as may be necessary for the proper or  
19 convenient transaction of its corporate business and affairs OR AS MAY BE  
20 DEEMED NECESSARY BY THE COMMISSION FOR THE  
21 PROMOTION OF GOOD GOVERNANCE AND/OR ITS POLICY  
22 AGAINST GRAFT AND CORRUPTION.

23 THE COMMISSION SHALL FORMULATE AND MAKE  
24 AVAILABLE SAMPLE BY-LAWS WITH THE FOREGOING  
25 REQUIREMENTS.”

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

28 Section 49. Amendment to by-laws. – The board of directors or trustees,  
29 by a majority vote thereof, and the owners of at least [a majority] TWO-  
30 THIRDS (2/3) of the outstanding capital stock, or at least [a majority] TWO-  
31 THIRDS (2/3) of the members of a non-stock corporation, at a regular or  
32 special meeting duly called for the purpose, may amend or repeal any by-laws  
33 or adopt new by-laws. The owners of two-thirds (2/3) of the outstanding capital  
34 stock or two-thirds (2/3) of the members in a non-stock corporation may  
35 delegate to the board of directors or trustees the power to amend or repeal any

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

6 Whenever any amendment or new by-laws are adopted, such  
7 amendment or new by-laws shall be attached to the original by-laws in the  
8 office of the corporation, and a copy thereof, duly certified under oath by the  
9 corporate secretary and a majority of the directors or trustees, **INCLUDING**  
10 **THE 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  
17 not 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  
25 of regular meetings shall be sent to all stockholders or members of record at  
26 least [two (2)] **THIRTY (30) DAYS** prior to the meeting, unless a [different]  
27 **LONGER** period is required by the by-laws **OR BY ANY RELEVANT LAW**  
28 **OR REGULATION, AND IN SUCH A MANNER AS TO BE RECEIVED**  
29 **AT LEAST FIVE DAYS BEFORE THE SCHEDULED MEETING.**

30 **AT EACH REGULAR MEETING OF STOCKHOLDERS OR**  
31 **MEMBERS, THE BOARD OF DIRECTORS OR TRUSTEES SHALL,**  
32 **AMONG OTHERS, PRESENT TO SUCH STOCKHOLDERS OR**  
33 **MEMBERS THE FOLLOWING:**

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

1 (i) A DESCRIPTION OF THE VOTING AND  
2 VOTE TABULATION PROCEDURES USED AND TO BE  
3 USED IN THE CURRENT MEETING,

4 (ii) THE OPPORTUNITY GIVEN TO  
5 STOCKHOLDERS OR MEMBERS TO ASK QUESTIONS,  
6 AS WELL AS A RECORD OF THE QUESTIONS THEY  
7 ASKED AND THE ANSWERS RECEIVED,

8 (iii) THE MATTERS DISCUSSED AND  
9 RESOLUTIONS REACHED,

10 (iv) A RECORD OF THE VOTING RESULTS FOR  
11 EACH AGENDA ITEM, AND

12 (v) A LIST OF THE DIRECTORS OR TRUSTEES,  
13 OFFICERS AND STOCKHOLDERS OR MEMBERS WHO  
14 ATTENDED THE MEETING;

15 b. A MEMBERS' LIST FOR NON-STOCK  
16 CORPORATIONS AND, FOR STOCK CORPORATIONS,  
17 MATERIAL INFORMATION ON THE CURRENT STOCK  
18 OWNERSHIP STRUCTURE AND VOTING RIGHTS,  
19 INCLUDING GROUP STRUCTURES, INTRA-GROUP  
20 RELATIONS, OWNERSHIP DATA, AND BENEFICIAL  
21 OWNERSHIP WITH SPECIFIC DISCLOSURES ON THE  
22 DIRECT AND INDIRECT STOCKHOLDINGS OF DIRECTORS  
23 AND OFFICERS;

24 c. A DETAILED, DESCRIPTIVE, BALANCED AND  
25 COMPREHENSIBLE ASSESSMENT OF THE CORPORATION'S  
26 PERFORMANCE WHICH SHALL INCLUDE INFORMATION  
27 ON THE CHANGES IN THE CORPORATION OR ITS  
28 BUSINESS AND ITS STRATEGY;

29 d. A FINANCIAL REPORT OF THE OPERATIONS OF  
30 THE CORPORATION FOR THE PRECEDING YEAR, WHICH  
31 SHALL INCLUDE FINANCIAL STATEMENTS DULY SIGNED  
32 AND CERTIFIED IN ACCORDANCE WITH THIS CODE AND  
33 THE RULES THE COMMISSION MAY PRESCRIBE, A  
34 STATEMENT ON THE ADEQUACY OF THE CORPORATION'S  
35 INTERNAL CONTROLS OR RISK MANAGEMENT SYSTEMS,

1 AND A STATEMENT OF ALL EXTERNAL AUDIT AND NON-  
2 AUDIT FEES;

3 e. AN EXPLANATION OF THE DIVIDEND POLICY  
4 AND THE FACT OF PAYMENT OF DIVIDENDS OR THE  
5 REASONS FOR NON-PAYMENT THEREOF;

6 f. DIRECTOR OR TRUSTEE PROFILES WHICH  
7 SHALL INCLUDE, AMONG OTHERS, THEIR  
8 QUALIFICATIONS AND RELEVANT EXPERIENCE, LENGTH  
9 OF SERVICE IN THE CORPORATION, THE TRAININGS AND  
10 CONTINUING EDUCATION THEY ATTENDED, AND THE  
11 NUMBER OF THEIR BOARD REPRESENTATIONS IN OTHER  
12 CORPORATIONS;

13 g. A DIRECTOR OR TRUSTEE ATTENDANCE  
14 REPORT, INDICATING THE ATTENDANCE OF EACH  
15 DIRECTOR OR TRUSTEE AT EACH OF THE MEETINGS OF  
16 THE BOARD AND ITS COMMITTEES AND IN REGULAR OR  
17 SPECIAL STOCKHOLDER MEETINGS;

18 h. A BOARD APPRAISAL OR PERFORMANCE  
19 REPORT AND THE STANDARDS OR CRITERIA AND  
20 PROCEDURE USED TO ASSESS THE BOARD;

21 i. A DIRECTOR OR TRUSTEE APPRAISAL OR  
22 PERFORMANCE REPORT AND THE STANDARDS OR  
23 CRITERIA AND PROCEDURE USED TO ASSESS EACH  
24 DIRECTOR OR TRUSTEE;

25 j. A DIRECTOR OR TRUSTEE COMPENSATION  
26 REPORT PREPARED IN ACCORDANCE WITH THIS CODE  
27 AND THE RULES THE COMMISSION MAY PRESCRIBE;

28 k. DIRECTOR DISCLOSURES ON SELF-DEALINGS  
29 AND RELATED PARTY TRANSACTIONS;

30 l. THE PROFILES OF DIRECTORS NOMINATED OR  
31 SEEKING ELECTION OR RE-ELECTION;

32 m. THE COMPENSATION/BENEFITS OF  
33 EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF  
34 A DIRECTOR OR TRUSTEE OR ANY OFFICER OF THE

1 CORPORATION OR WHOSE EMPLOYMENT WAS MADE  
2 WITH THEIR ENDORSEMENT; AND

3 n. DETAILS OF THE ORIENTATION PROGRAM FOR  
4 NEW DIRECTORS.

5 ANY DIRECTOR, TRUSTEE, STOCKHOLDER OR MEMBER  
6 MAY PROPOSE ANY OTHER MATTER FOR DISCUSSION OR  
7 INCLUSION IN THE AGENDA AT ANY REGULAR MEETING OF  
8 STOCKHOLDERS OR MEMBERS.

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

20 Notice of any meeting may be waived, expressly or impliedly, by any  
21 stockholder or member[.]; PROVIDED THAT GENERAL WAIVERS OF  
22 NOTICE IN THE ARTICLES OF INCORPORATION OR THE BY-  
23 LAWS SHALL NOT BE ALLOWED; PROVIDED, FURTHER, THAT  
24 ATTENDANCE AT A MEETING SHALL CONSTITUTE A WAIVER OF  
25 NOTICE OF SUCH MEETING, EXCEPT WHEN THE PERSON  
26 ATTENDS A MEETING FOR THE EXPRESS PURPOSE OF  
27 OBJECTING AT THE BEGINNING OF THE MEETING, TO THE  
28 TRANSACTION OF ANY BUSINESS BECAUSE THE MEETING IS  
29 NOT LAWFULLY CALLED OR CONVENED.

30 Whenever, for any cause, there is no person authorized to call a meeting,  
31 the [Securities and Exchange] Commission, upon petition of a stockholder or  
32 member on a showing of good cause therefor, may issue an order to the  
33 petitioning stockholder or member directing him to call a meeting of the  
34 corporation by giving proper notice required by this Code or by the by-laws.  
35 The petitioning stockholder or member shall preside thereat until at least a

1 majority of the stockholders or members present have chosen one of their  
2 number as presiding officer.

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

7 **IN CASE OF POSTPONEMENT OF STOCKHOLDERS' OR**  
8 **MEMBERS' MEETINGS, WRITTEN NOTICE THEREOF AND THE**  
9 **REASON THEREFOR SHALL BE SENT TO ALL STOCKHOLDERS**  
10 **OR MEMBERS OF RECORD AT LEAST TWO (2) WEEKS PRIOR TO**  
11 **THE DATE OF THE MEETING, UNLESS A DIFFERENT PERIOD IS**  
12 **REQUIRED BY THE BY-LAWS OR BY ANY RELEVANT LAW OR**  
13 **REGULATION, AND IN SUCH A MANNER AS TO BE RECEIVED AT**  
14 **LEAST FIVE DAYS BEFORE THE DATE OF THE MEETING."**

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

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

25 **WHEN ALLOWED BY THE BY-LAWS OR BY A MAJORITY OF**  
26 **THE BOARD OF DIRECTORS OR TRUSTEES, ATTENDANCE AT**  
27 **REGULAR OR SPECIAL MEETINGS MAY BE BY REMOTE**  
28 **COMMUNICATION AND VOTING MAY BE MADE *IN ABSENTIA*.**  
29 **WHEN ATTENDANCE BY REMOTE COMMUNICATION IS**  
30 **ALLOWED, THE CORPORATION SHALL PROVIDE THE**  
31 **STOCKHOLDER OR MEMBER, OR PROXY-HOLDER, A**  
32 **REASONABLE OPPORTUNITY TO PARTICIPATE IN THE**  
33 **MEETING, TO HEAR OR SEE THE PROCEEDINGS AS WELL AS BE**  
34 **HEARD OR SEEN BY OTHER STOCKHOLDERS OR MEMBERS,**  
35 **AND TO CAST THEIR VOTE SUBSTANTIALLY CONCURRENTLY**

1 WITH SUCH PROCEEDINGS. WHEN VOTING *IN ABSENTIA*, IS  
2 ALLOWED, THE CORPORATION SHALL INSTITUTE REASONABLE  
3 MEASURES TO TIMELY PROVIDE THE STOCKHOLDER OR  
4 MEMBER WITH INFORMATION ON THE MATTERS TO BE TAKEN  
5 UP AT THE MEETING AND GIVE THEM A REASONABLE  
6 OPPORTUNITY TO ASK QUESTIONS BEFORE CASTING THEIR  
7 VOTES. THE COMMISSION SHALL PRESCRIBE THE MINIMUM  
8 STANDARDS OR GUIDELINES TO MAKE ATTENDANCE BY  
9 REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*  
10 EFFICIENT AND ACCESSIBLE FORA FOR STOCKHOLDERS OR  
11 MEMBERS.

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

- 15 (A) THE AGENDA FOR THE MEETING;
- 16 (B) A PROXY FORM;
- 17 (C) WHEN ATTENDANCE IS ALLOWED BY REMOTE  
18 COMMUNICATION, THE FACT THEREOF AND THE  
19 REQUIREMENTS AND PROCEDURES TO BE  
20 FOLLOWED WHEN A STOCKHOLDER OR MEMBER  
21 ELECTS SUCH OPTION;
- 22 (D) WHEN VOTING IS ALLOWED *IN ABSENTIA*, THE  
23 FACT THEREOF AND THE REQUIREMENTS AND  
24 PROCEDURES TO BE FOLLOWED WHEN A  
25 STOCKHOLDER OR MEMBER ELECTS SUCH OPTION;
- 26 (E) WHEN THE MEETING IS FOR THE ELECTION OF  
27 DIRECTORS OR TRUSTEES, THE REQUIREMENTS  
28 AND PROCEDURE FOR NOMINATING AND THE  
29 CURRICULUM VITAE OR OTHER RELEVANT  
30 INFORMATION OF THOSE ALREADY NOMINATED  
31 INCLUDING, BUT NOT LIMITED TO, SUCH  
32 NOMINEES' OTHER EXECUTIVE FUNCTIONS OR  
33 MEMBERSHIP IN OTHER BOARDS;
- 34 (F) OTHER EXPLANATORY MATERIALS OR A  
35 STATEMENT THAT SUCH EXPLANATORY



1 MATERIALS ARE AVAILABLE FOR INSPECTION  
2 DURING OFFICE HOURS AT THE CORPORATION'S  
3 PRINCIPAL OFFICE AND/OR ONLINE AT THE  
4 CORPORATION'S WEBSITE, OR THAT SOFT COPIES  
5 THEREOF MAY BE SENT TO A STOCKHOLDER OR  
6 MEMBER UPON HIS REQUEST; AND

7 (G) THE PROCEDURE FOR MAKING INQUIRIES OR  
8 SOLICITING ADDITIONAL INFORMATION ABOUT  
9 THE AGENDA ITEMS BEFORE THE MEETING.

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

19 All proceedings had and any business transacted at any meeting of the  
20 stockholders or members, if within the powers or authority of the corporation,  
21 shall be valid even if the meeting be improperly held or called, provided all the  
22 stockholders or members of the corporation are present or duly represented at  
23 the meeting AND NONE OF THEM EXPRESSLY STATE AT THE  
24 BEGINNING OF THE MEETING THAT THE PURPOSE OF THEIR  
25 ATTENDANCE IS TO OBJECT TO THE TRANSACTION OF ANY  
26 BUSINESS BECAUSE THE MEETING IS NOT LAWFULLY CALLED  
27 OR CONVENED."

28 SECTION 41. Section 52 is hereby renumbered as Section 53.

29 SECTION 42. Section 53 of the Code is hereby renumbered as Section 54 and  
30 amended to read as follows:

31 "Sec. 54. *Regular and special meetings of directors or trustees.* -  
32 Regular meetings of the board of directors or trustees of every corporation shall  
33 be held monthly, unless the by-laws provide otherwise.

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

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

8 **DIRECTORS OR TRUSTEES CANNOT ATTEND OR VOTE BY**  
9 **PROXY AT BOARD MEETINGS; HOWEVER, WHEN ALLOWED BY**  
10 **THE BY-LAWS, THEY CAN ATTEND BOARD MEETINGS THROUGH**  
11 **REMOTE COMMUNICATION SUCH AS VIDEOCONFERENCING,**  
12 **TELECONFERENCING OR OTHER TECHNOLOGY THAT ALLOWS**  
13 **THEM A REASONABLE OPPORTUNITY TO PARTICIPATE.**

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

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

18 Sec. 59. ***MANNER OF VOTING; Proxies.*** - Stockholders and members  
19 may vote in person, ***IN ABSENTIA*** or by proxy in all meetings of stockholders  
20 or members. **VOTING DONE WHEN ATTENDANCE IS BY REMOTE**  
21 **COMMUNICATION SHALL BE EQUIVALENT TO VOTING IN**  
22 **PERSON. A STOCKHOLDER OR MEMBER MAY VOTE WITHOUT**  
23 **ATTENDING THE MEETING FOR AS LONG AS THE VOTE IS CAST**  
24 **AND RECEIVED ON OR BEFORE THE TALLY OF VOTES IS**  
25 **COMPLETED AT THE MEETING, AND THE VOTE IS MADE IN**  
26 **ACCORDANCE WITH THE CORPORATION'S REQUIREMENTS AND**  
27 **PROCEDURES FOR VOTING *IN ABSENTIA*. THE COMMISSION**  
28 **SHALL PRESCRIBE THE MINIMUM STANDARDS AND**  
29 **GUIDELINES FOR VOTING WHEN ATTENDANCE IS DONE BY**  
30 **REMOTE COMMUNICATION OR WHEN VOTING IS *IN ABSENTIA*.**

31 Proxies shall be in writing, signed by the stockholder or member and  
32 filed before the scheduled meeting with the corporate secretary. Unless  
33 otherwise provided in the proxy, it shall be valid only for the meeting for which  
34 it is intended. No proxy shall be valid and effective for a period longer than five  
35 (5) years at any one time."

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

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

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

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

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

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

- 29           1. Actual cash paid to the corporation;
- 30           2. Property, tangible or intangible, actually received by the  
31 corporation and necessary or convenient for its use and lawful purposes at a  
32 fair valuation equal to the par or issued value of the stock issued;
- 33           3. Labor performed for or services actually rendered to the  
34 corporation;
- 35           4. Previously incurred indebtedness of the corporation;



1 **BY VIRTUE OF, AND IN ACCORDANCE WITH, THE RULES OF THE**  
2 **COMMISSION.**

3 xxx xxx xxx”

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

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

8 “Sec. 75. *Books to be kept; stock transfer agent.* – Every corporation  
9 shall keep and carefully preserve at its principal office **ALL INFORMATION**  
10 **RELATIVE TO THE CORPORATION INCLUDING, BUT NOT**  
11 **LIMITED TO: (a) THE ARTICLES OF INCORPORATION AND BY-**  
12 **LAWS OF THE CORPORATION AND ALL THEIR AMENDMENTS,**  
13 **(b) THE CURRENT OWNERSHIP STRUCTURE AND VOTING**  
14 **RIGHTS OF THE CORPORATION, INCLUDING LISTS OF**  
15 **STOCKHOLDERS OR MEMBERS, GROUP STRUCTURES, INTRA-**  
16 **GROUP RELATIONS, OWNERSHIP DATA, AND BENEFICIAL**  
17 **OWNERSHIP, (c) THE NAMES AND ADDRESSES OF ALL THE**  
18 **MEMBERS OF THE BOARD OF DIRECTORS OR TRUSTEES AND OF**  
19 **THE EXECUTIVE OFFICERS, (d) a record of all business transactions, (e)**  
20 **A RECORD OF THE RESOLUTIONS OF THE BOARD OF**  
21 **DIRECTORS OR TRUSTEES AND OF THE STOCKHOLDERS OR**  
22 **MEMBERS, (f) COPIES OF THE LATEST REPORTORIAL**  
23 **REQUIREMENTS SUBMITTED TO THE COMMISSION, and (g) THE**  
24 minutes of all meetings of stockholders or members, or of the board of  
25 directors or trustees[.]. **SUCH MINUTES [in which] shall [be] set forth in**  
26 detail, **AMONG OTHERS:** the time and place of holding the meeting, how  
27 authorized, the notice given, **THE AGENDA THEREFOR,** whether the  
28 meeting was regular or special, if special its object, those present and absent,  
29 **THE VOTING AND VOTE TABULATION PROCEDURES USED AND**  
30 **THE RESULTS OF ALL VOTING DONE, THE OPPORTUNITY GIVEN**  
31 **TO STOCKHOLDERS OR MEMBERS TO ASK QUESTIONS, AS WELL**  
32 **AS A RECORD OF THE QUESTIONS THEY ASKED AND THE**  
33 **ANSWERS RECEIVED,** and every act done or ordered done at the meeting.  
34 Upon the demand of any director, trustee, stockholder or member, the time  
35 when any director, trustee, stockholder or member entered or left the meeting

1 must be noted in the minutes; and on a similar demand, the yeas and nays  
2 must be taken on any motion or proposition, and a record thereof carefully  
3 made. The protest of any director, trustee, stockholder or member on any  
4 action or proposed action must be recorded in full on his demand.

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

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

26 Any officer or agent of the corporation who shall refuse to allow [any  
27 director, trustee, stockholder or member of the corporation to examine  
28 and/OR copy excerpts from its records or minutes,] **THE INSPECTION**  
29 **AND/OR REPRODUCTION OF RECORDS** in accordance with the  
30 provisions of this Code, shall be liable to such director, trustee, stockholder or  
31 member for damages, and in addition, shall be guilty of an offense which shall  
32 be punishable under Section 163 of this Code: Provided, That if such refusal is  
33 made pursuant to a resolution or order of the board of directors or trustees, the  
34 liability under this section for such action shall be imposed upon the directors  
35 or trustees who voted for such refusal: and [Provided, further, That it shall be a

1 defense to any action under this section that the person demanding to examine  
2 and copy excerpts from the corporation's records and minutes has improperly  
3 used any information secured through any prior examination of the records or  
4 minutes of such corporation or of any other corporation, or was not acting in  
5 good faith or for a legitimate purpose in making his demand.]

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

22 Stock corporations must also keep a book to be known as the "stock and  
23 transfer book", in which must be kept a record of all stocks in the names of the  
24 stockholders alphabetically arranged; the installments paid and unpaid on all  
25 stock for which subscription has been made, and the date of payment of any  
26 installment; a statement of every alienation, sale or transfer of stock made, the  
27 date thereof, and by and to whom made; and such other entries as the by-laws  
28 may prescribe. The stock and transfer book shall be kept in the principal office  
29 of the corporation or in the office of its stock transfer agent and shall be open  
30 for inspection by any director or stockholder of the corporation at reasonable  
31 hours on business days.

32 No stock transfer agent or one engaged principally in the business of  
33 registering transfers of stocks in behalf of a stock corporation shall be allowed  
34 to operate in the Philippines unless he secures a license from the [Securities  
35 and Exchange] Commission and pays a fee as may be fixed by the Commission,

1 which shall be renewable annually: Provided, That a stock corporation is not  
2 precluded from performing or making transfers of its own stocks, in which case  
3 all the rules and regulations imposed on stock transfer agents, except the  
4 payment of a license fee herein provided, shall be applicable[.]; **PROVIDED,**  
5 **FURTHER, THAT THE COMMISSION MAY REQUIRE AN**  
6 **INDEPENDENT TRANSFER AGENT IN THE CASE OF STOCK**  
7 **CORPORATIONS WHICH TRANSFER AND/OR TRADE STOCKS IN**  
8 **SECONDARY MARKETS.”**

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

11 “Sec. 76. *Right to financial statements.* - Within ten (10) days from  
12 receipt of a written request of any stockholder or member, the corporation shall  
13 furnish to him its most recent financial statement, **IN THE FORM AND**  
14 **SUBSTANCE OF THE FINANCIAL REPORTING REQUIRED BY THE**  
15 **COMMISSION,** [which shall include a balance sheet as of the end of the last  
16 taxable year and a profit or loss statement for said taxable year, showing in  
17 reasonable detail its assets and liabilities and the result of its operations.]

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

24 However, if the [paid-up capital] **TOTAL ASSETS OR TOTAL**  
25 **LIABILITIES** of the corporation [is] **ARE** less than [P50,000.00]  
26 **P500,000.00 OR SUCH HIGHER AMOUNT AS MAY BE LATER SET**  
27 **BY THE COMMISSION,** the financial statements shall be certified under  
28 oath by the **CORPORATION’S** treasurer OR CHIEF FINANCIAL OFFICER  
29 AND PRESIDENT OR CHIEF EXECUTIVE OFFICER.

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

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

33 *Sec. 78. Stockholder's or member's approval.* - Upon approval by  
34 majority vote of each of the board of directors or trustees of the constituent  
35 corporations of the plan of merger or consolidation, the same shall be



1 submitted for approval by the stockholders or members of each of such  
2 corporations at separate corporate meetings duly called for the purpose. Notice  
3 of such meetings shall be given to all stockholders or members of the respective  
4 corporations **IN THE SAME MANNER AS NOTICE OF REGULAR OR**  
5 **SPECIAL MEETINGS UNDER SECTION 51.** [, at least two (2) weeks prior  
6 to the date of the meeting, either personally or by registered mail.] Said notice  
7 shall state, **IN ADDITION TO THE REQUIREMENTS FOR NOTICE OF**  
8 **REGULAR OR SPECIAL MEETINGS UNDER SECTION 51,** the purpose  
9 of the meeting and shall include a copy or a summary of the plan of merger or  
10 consolidation.

11 xxx xxx xxx”

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

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

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

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

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

25 4. **THE CARRYING AMOUNTS AND FAIR VALUES**  
26 **OF THE ASSETS AND LIABILITIES OF THE RESPECTIVE**  
27 **COMPANIES AS OF CUT-OFF DATE AGREED BY THE**  
28 **PARTIES;**

29 5. **THE METHOD THAT WILL BE USED IN THE**  
30 **MERGER OR CONSOLIDATION OF ACCOUNTS OF THE**  
31 **COMPANIES;**

32 6. **THE PROVISIONAL OR PRO-FORMA VALUES, AS**  
33 **MERGED OR CONSOLIDATED, USING THE ACCOUNTING**  
34 **METHOD; AND**

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

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

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

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

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

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

31           **SEC. 82. DE FACTO MERGERS. – A SALE OF THE ASSETS OF**  
32 **A CORPORATION, WHETHER EFFECTUATED THROUGH A**  
33 **SINGLE OR A SERIES OF TRANSACTIONS, SHALL BE DEEMED A**  
34 **DE FACTO MERGER AND TREATED AS A MERGER OR**  
35 **CONSOLIDATION UNDER THIS CODE WHEN THE BUYER AND**

1 SELLER CORPORATIONS ENGAGE IN THE SAME OR SIMILAR  
2 BUSINESS, WHETHER WHOLE OR IN PART, AND THE  
3 TRANSACTION IS COUPLED WITH OR RESULTS IN ANY, SOME,  
4 OR ALL OF THE FOLLOWING OR OTHER SIMILAR  
5 CIRCUMSTANCES:

6 1. THE SALE IS OF ALL OR SUBSTANTIALLY ALL OF THE  
7 ASSETS OF THE CORPORATION. A SALE SHALL BE DEEMED TO  
8 BE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE  
9 CORPORATION WHEN:

10 a. AT LEAST EIGHTY PERCENT (80%) OF THE  
11 SELLER CORPORATION'S ASSETS ARE INCLUDED IN THE  
12 SALE,

13 b. THE SELLER CORPORATION IS LEFT WITH  
14 ONLY BAD OR TOXIC ASSETS OR MASSIVE LIABILITIES,

15 c. THE REMAINING ASSETS ARE NOT SUFFICIENT  
16 FOR THE CONTINUATION OF THE SELLER CORPORATION'S  
17 ORDINARY OPERATIONS, OR

18 d. UNDER CIRCUMSTANCES CONGRUOUS TO THE  
19 FOREGOING.

20 2. THE TRANSACTION RESULTS IN THE CESSATION OF  
21 THE ORDINARY BUSINESS OF THE SELLER CORPORATION.  
22 SUCH CESSATION SHALL BE DEEMED TO EXIST DESPITE THE  
23 NON-DISSOLUTION OF THE SELLER CORPORATION WHEN:

24 a. THE SELLER CORPORATION BECOMES MERELY  
25 A SHELL CORPORATION,

26 b. THE SELLER CORPORATION HAS NO  
27 OPERATIONS WHICH ARE BY THEMSELVES  
28 ECONOMICALLY VIABLE,

29 c. THE SELLER CORPORATION IS RENDERED  
30 INCAPABLE OF DOING BUSINESS EXCEPT THROUGH THE  
31 BUYER CORPORATION, OR

32 d. UNDER CIRCUMSTANCES CONGRUOUS TO THE  
33 FOREGOING.

34 3. THERE IS AN INTEGRATION OF THE SELLER  
35 CORPORATION'S PRODUCTIVE ASSETS AND OPERATIONS INTO

1 THE BUYER CORPORATION'S OWN BUSINESS OR A CONTINUITY  
2 OF THE SELLER CORPORATION'S BUSINESS IN THE BUSINESS  
3 OF THE BUYER CORPORATION. SUCH INTEGRATION OR  
4 CONTINUITY SHALL BE DEEMED TO EXIST WHEN THE BUYER  
5 CORPORATION, WHETHER WHOLLY OR IN PART, CONTINUES  
6 THE SELLER CORPORATION'S BUSINESS IN TERMS OF  
7 MANAGEMENT, PERSONNEL, PHYSICAL LOCATION, ASSETS,  
8 PROCESS, TECHNOLOGY ACTIVITIES, OR GENERAL BUSINESS  
9 OPERATIONS, OR INTEGRATES AND COMBINES THESE ASPECTS  
10 WITH ITS OWN BUSINESS MODEL, WHETHER OR NOT THERE IS  
11 A COMPLETE IDENTITY OR UNIFORMITY IN EVERY MATERIAL  
12 CHARACTERISTIC.

13 4. THERE IS AN ASSUMPTION BY THE BUYER  
14 CORPORATION OF THE SELLER CORPORATION'S LIABILITIES  
15 WHICH WOULD ORDINARILY BE NECESSARY TO CONTINUE THE  
16 SELLER CORPORATION'S BUSINESS OPERATIONS WITHOUT  
17 INTERRUPTION.

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

20 6. UNDER THE TERMS OF THE SALE OF THE ASSETS,  
21 THE SELLER CORPORATION IS PROHIBITED BY THE BUYER  
22 CORPORATION FROM CONTINUING OR ENGAGING IN THE SAME  
23 OR SIMILAR BUSINESS.

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

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

31 Sec. [81]83. *Instances of appraisal right; REMEDY AGAINST*  
32 *OPPRESSIVE ACTS.* - Any stockholder of a corporation shall have the right  
33 to dissent and demand payment of the fair value of his shares in the following  
34 instances:

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

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

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

11           4.     **WHEN THE CORPORATION SUBMITS FALSE OR**  
12 **INACCURATE FINANCIAL STATEMENTS AND/OR**  
13 **REPORTORIAL REQUIREMENTS OR WHEN THEY CONTAIN**  
14 **MISSTATEMENTS OR MISREPRESENTATIONS;**

15           5.     **WHEN THE CORPORATION REFUSES TO HOLD**  
16 **THE REGULAR MEETINGS OF STOCKHOLDERS OR**  
17 **UNDULY PREVENTS ANY STOCKHOLDER FROM**  
18 **PARTICIPATING IN MEETINGS HELD;**

19           6.     **WHEN STOCKHOLDERS REPRESENTING A**  
20 **MAJORITY APPOINT THEIR NOMINEES AS DIRECTORS,**  
21 **WITHOUT HOLDING ELECTIONS;**

22           7.     **WHEN DIRECTORS AUTHORIZE PAYMENTS TO**  
23 **ENTITIES RELATED TO THEM OR OTHERWISE ENGAGE IN**  
24 **RELATED PARTY TRANSACTIONS**

25           8.     **WHEN DIRECTORS ENGAGE IN SELF-DEALING OR**  
26 **THERE IS NO OR INADEQUATE DISCLOSURE OF MATERIAL FACTS**  
27 **AND THEIR FINANCIAL IMPACT; AND**

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

31           **SECTION 60.** Sections 82 and 83 of the Code are hereby renumbered as Sections  
32 84 and 85, respectively.

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

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

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

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

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

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

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

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

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







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

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

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

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

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

30 (4) IN ACCORDANCE WITH SECTION 127, IT  
31 SHALL DESIGNATE A NOMINEE AND ALTERNATE  
32 NOMINEE AND ATTACH THERETO THEIR PRIOR  
33 WRITTEN CONSENT, AS WELL AS STATE THE  
34 COMPENSATION THEY SHALL RECEIVE AND THE  
35 EXTENT OF OR LIMITATIONS ON THEIR AUTHORITY;

1 (5) THE ARTICLES OF INCORPORATION  
2 SHALL BE ACCOMPANIED BY A SWORN STATEMENT  
3 BY THE STOCKHOLDER AS TO THE AMOUNT OF THE  
4 CAPITAL STOCK AND THAT THE SAME HAS BEEN  
5 PAID IN FULL AND MAINTAINED IN AN ACCOUNT  
6 SEPARATE FROM THAT OF THE STOCKHOLDER;

7 (6) THERE SHALL BE ATTACHED TO THE  
8 ARTICLES OF INCORPORATION A CODE OF ETHICS  
9 OR STANDARDS OF CONDUCT AS SET FORTH IN  
10 SECTION 47, SUBPARAGRAPH 11 OF THIS CODE; AND

11 (7) THERE SHALL BE ATTACHED TO THE  
12 ARTICLES OF INCORPORATION INTERNAL  
13 PROCEDURES FOR WHISTLEBLOWERS AS SET  
14 FORTH IN SECTION 47, SUBPARAGRAPH 12 OF THIS  
15 CODE.

16 THE ONE PERSON CORPORATION SHALL BE EXEMPT  
17 FROM THE FILING OF BY-LAWS.

18 **SEC. 123. PROHIBITION AGAINST MULTIPLE ONE PERSON**  
19 **CORPORATIONS.** – ANY PERSON, TRUST, ESTATE OR ACCOUNT  
20 MAY ONLY INCORPORATE AND MAINTAIN ONE ONE PERSON  
21 CORPORATION AT ANY GIVEN INSTANCE. A ONE PERSON  
22 CORPORATION MAY NOT INCORPORATE A NEW ONE PERSON  
23 CORPORATION.

24 **SEC. 124. DISPLAY OF CORPORATE NAME.** – A ONE  
25 PERSON CORPORATION SHALL INDICATE EITHER BELOW OR AT  
26 THE END OF ITS CORPORATE NAME, THE WORDS “ONE PERSON  
27 CORPORATION” OR THE LETTERS “OPC”, WHEREVER ITS NAME  
28 IS PRINTED, AFFIXED, ENGRAVED OR OTHERWISE PRESENTED.

29 **SEC. 125. SINGLE STOCKHOLDER AS DIRECTOR,**  
30 **PRESIDENT AND TREASURER.** – THE SINGLE STOCKHOLDER  
31 SHALL BE THE SOLE DIRECTOR, PRESIDENT (OR CHIEF  
32 EXECUTIVE OFFICER) AND TREASURER (OR CHIEF FINANCE  
33 OFFICER) OF THE ONE PERSON CORPORATION.

34 **SEC. 126. CORPORATE SECRETARY AND OTHER OFFICERS.**  
35 – WITHIN FIFTEEN DAYS FROM THE ISSUANCE OF ITS

1 CERTIFICATE OF INCORPORATION, THE ONE PERSON  
2 CORPORATION SHALL APPOINT A CORPORATE SECRETARY,  
3 WHO SHALL BE OTHER THAN THE SINGLE STOCKHOLDER, AND  
4 NOTIFY THE COMMISSION THEREOF WITHIN FIVE DAYS FROM  
5 APPOINTMENT.

6 THE ONE PERSON CORPORATION MAY APPOINT SUCH  
7 OTHER OFFICERS AS IT MAY DEEM NECESSARY.

8 SEC. 127. *SPECIAL FUNCTIONS OF THE CORPORATE*  
9 *SECRETARY.* – IN ADDITION TO THE FUNCTIONS DESIGNATED  
10 BY THE ONE PERSON CORPORATION AND REQUIRED  
11 ELSEWHERE IN THIS CODE, THE CORPORATE SECRETARY  
12 SHALL:

- 13 (a) BE RESPONSIBLE FOR MAINTAINING THE MINUTES-  
14 BOOK OF THE CORPORATION;
- 15 (b) NOTIFY THE NOMINEE, OR ALTERNATE NOMINEE AS  
16 THE CASE MAY BE, OF THE DEATH OR INCAPACITY  
17 OF THE SINGLE STOCKHOLDER, WHICH NOTICE  
18 SHALL BE GIVEN NOT LATER THAN FIVE (5) DAYS  
19 FROM THE SINGLE STOCKHOLDER'S DEATH OR  
20 INCAPACITY;
- 21 (c) NOTIFY THE COMMISSION OF THE DEATH OF THE  
22 SINGLE STOCKHOLDER WITHIN A PERIOD OF FIVE  
23 (5) DAYS FROM SUCH DEATH AND STATING IN SUCH  
24 NOTICE THE NAMES, RESIDENCES AND CONTACT  
25 DETAILS OF ALL KNOWN LEGAL HEIRS; AND
- 26 (d) CALL THE NOMINEE OR ALTERNATIVE NOMINEE TO  
27 A MEETING WITH THE KNOWN LEGAL HEIRS AND  
28 GIVE GUIDANCE ON THE OPTIONS OF THE LEGAL  
29 HEIRS WITH REGARD TO THE ONE PERSON  
30 CORPORATION, INCLUDING THE ELECTION OF A  
31 NEW DIRECTOR, AMENDING THE ARTICLES OF  
32 INCORPORATION AND OTHER ANCILLARY AND/OR  
33 CONSEQUENTIAL MATTERS.

34 SEC. 128. *NOMINEE AND ALTERNATE NOMINEE.* – THE  
35 SINGLE STOCKHOLDER SHALL DESIGNATE A NOMINEE AND AN

1 ALTERNATE NOMINEE WHO SHALL, IN THE EVENT OF THE  
2 SINGLE STOCKHOLDER'S DEATH OR INCAPACITY AND AFTER  
3 RECEIVING DUE NOTICE THEREOF FROM THE CORPORATE  
4 SECRETARY, TAKE THE PLACE OF THE SINGLE STOCKHOLDER  
5 AS DIRECTOR AND MANAGE THE AFFAIRS OF THE  
6 CORPORATION AS PROVIDED IN THE ARTICLES OF  
7 INCORPORATION.

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

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

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

28 **SEC. 129. TERM OF NOMINEE AND ALTERNATE NOMINEE.**  
29 – WHEN THE INCAPACITY OF THE SINGLE STOCKHOLDER IS  
30 TEMPORARY, THE NOMINEE SHALL SIT AS DIRECTOR AND  
31 MANAGE THE AFFAIRS OF THE ONE PERSON CORPORATION  
32 ONLY UNTIL THE SINGLE STOCKHOLDER, BY HIS OWN  
33 DETERMINATION, REGAINS HIS CAPACITY. IN CASE OF DEATH  
34 OR PERMANENT INCAPACITY OF THE SINGLE STOCKHOLDER,  
35 THE NOMINEE SHALL SIT AS DIRECTOR AND MANAGE THE

1           AFFAIRS OF THE ONE PERSON CORPORATION ONLY UNTIL THE  
2           LEGAL HEIRS OF THE SINGLE STOCKHOLDER HAVE BEEN  
3           LAWFULLY DETERMINED, THE SHARES ARE TRANSFERRED IN  
4           THEIR NAME, AND/OR THEY HAVE DESIGNATED ONE OF THEM  
5           TO ACT ON THEIR BEHALF AS THE SINGLE STOCKHOLDER OF  
6           THE ONE PERSON CORPORATION.

7           THE ALTERNATE NOMINEE SHALL SIT AS DIRECTOR AND  
8           MANAGE THE ONE PERSON CORPORATION IN CASE OF THE  
9           NOMINEE'S INABILITY, INCAPACITY OR DEATH AND ONLY FOR  
10          THE SAME TERM AND UNDER THE SAME CONDITIONS  
11          APPLICABLE TO THE NOMINEE.

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

21          SEC. 131.    *RECORDS IN LIEU OF MEETINGS.* – NO  
22          STOCKHOLDERS MEETING NEED BE HELD IN A ONE PERSON  
23          CORPORATION. WHEN ACTION IS NEEDED ON ANY MATTER, IT  
24          SHALL BE SUFFICIENT, FOR PURPOSES OF VALIDITY, IF THE  
25          RESOLUTION THEREON IS MADE IN WRITING, SIGNED AND  
26          DATED BY THE SINGLE STOCKHOLDER/DIRECTOR, AND  
27          RECORDED IN THE MINUTES-BOOK OF THE ONE PERSON  
28          CORPORATION. THE DATE RECORDED IN THE MINUTES-BOOK  
29          SHALL BE DEEMED TO BE THE DATE OF THE MEETING FOR ALL  
30          PURPOSES UNDER THIS CODE.

31          SEC. 132.    *MINUTES-BOOK.* – EACH ONE PERSON  
32          CORPORATION SHALL MAINTAIN A MINUTES-BOOK IN WHICH  
33          SHALL BE ENTERED IN WRITING ALL ACTIONS, DECISIONS,  
34          RESOLUTIONS TAKEN BY THE ONE PERSON CORPORATION,  
35          SIGNED           AND           DATED           BY           THE           SINGLE

1 STOCKHOLDER/DIRECTOR, AT THE TIME THE ACTION,  
2 DECISION OR RESOLUTION IS MADE.

3 SEC. 133. *CO-MINGLING OF PROPERTY.* – WHERE THE  
4 SINGLE STOCKHOLDER CANNOT PROVE THAT THE PROPERTY  
5 OF THE ONE PERSON CORPORATION IS INDEPENDENT OF HIS  
6 OWN PROPERTY, HE SHALL ASSUME THE JOINT AND SEVERAL  
7 LIABILITY FOR THE DEBTS AND OTHER LIABILITIES OF THE  
8 ONE PERSON CORPORATION.

9 SEC. 134. *REPORTORIAL SUBMISSIONS.* – THE ONE  
10 PERSON CORPORATION SHALL SUBMIT THE FOLLOWING TO  
11 THE COMMISSION ANNUALLY AND WITHIN SUCH PERIODS AS  
12 THE COMMISSION MAY PRESCRIBE:

- 13 1. FINANCIAL STATEMENTS CERTIFIED BY THE CHIEF  
14 EXECUTIVE OFFICER AND CORPORATE SECRETARY  
15 AND DULY AUDITED BY AN INDEPENDENT CERTIFIED  
16 PUBLIC ACCOUNTANT ACCREDITED BY THE BOARD OF  
17 ACCOUNTANCY;
- 18 2. A REPORT CONTAINING EXPLANATIONS OR COMMENTS  
19 BY THE CHIEF EXECUTIVE DIRECTOR ON EVERY  
20 QUALIFICATION, RESERVATION OR ADVERSE REMARK  
21 OR DISCLAIMER MADE BY THE AUDITOR IN HIS  
22 REPORT; AND
- 23 3. A DISCLOSURE OF ALL SELF-DEALINGS AND RELATED  
24 PARTY TRANSACTIONS ENTERED INTO BETWEEN THE  
25 ONE PERSON CORPORATION AND THE SINGLE  
26 STOCKHOLDER.

27 FOR PURPOSES OF THIS PROVISION, THE FISCAL YEAR OF  
28 A ONE PERSON CORPORATION SHALL BE THAT SET FORTH IN  
29 ITS ARTICLES OF INCORPORATION OR, IN THE ABSENCE  
30 THEREOF, THE CALENDAR YEAR.

31 SEC. 135. *CHANGE OF STATUS FROM A REGULAR STOCK*  
32 *CORPORATION TO A ONE PERSON CORPORATION.* – WHEN A  
33 SINGLE STOCKHOLDER, AS DEFINED UNDER THIS TITLE,  
34 ACQUIRES ALL THE STOCKS OF A REGULAR STOCK  
35 CORPORATION, THE LATTER MAY APPLY FOR CONVERSION

1 INTO A ONE PERSON CORPORATION, SUBJECT TO THE  
2 SUBMISSION OF SUCH DOCUMENTS THE SEC MAY REQUIRE. IF  
3 THE APPLICATION FOR CONVERSION IS APPROVED, THE SEC  
4 SHALL FORTHWITH ISSUE AN AMENDED CERTIFICATE OF  
5 INCORPORATION REFLECTING THE CONVERSION. THE ONE  
6 PERSON CORPORATION CONVERTED FROM A REGULAR STOCK  
7 CORPORATION SHALL SUCCEED TO AND BE LEGALLY  
8 RESPONSIBLE FOR ALL THE LATTER'S OUTSTANDING  
9 LIABILITIES AS OF THE DATE OF CONVERSION.

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

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

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

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

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

**"TITLE XIV - DISSOLUTION"**

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

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

2. BY ACTION OF A MAJORITY OF THE INCORPORATORS OR A MAJORITY OF THE DIRECTORS OR TRUSTEES WHEN THE CORPORATION:

a. HAS NOT COMMENCED BUSINESS,

b. BEING A STOCK CORPORATION, HAS NOT ISSUED SHARES,

c. HAS NO DEBTS OR OTHER LIABILITIES, AND

d. HAS RECEIVED NO PAYMENTS ON SUBSCRIPTIONS FOR SHARES IN THE CASE OF STOCK CORPORATIONS, OR CONTRIBUTIONS IN THE CASE OF NON-STOCK CORPORATIONS, OR, HAVING RECEIVED THEM, HAS RETURNED THEM TO THOSE ENTITLED THERETO, LESS AMOUNTS DISBURSED FOR LAWFUL EXPENSES.

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



1           a. NOT QUALIFYING UNDER SECTION 137 (2)  
2 ABOVE, THE CORPORATION FAILS TO COMMENCE OR  
3 CONTINUE ITS BUSINESS OR THE CONSTRUCTION OF ITS  
4 WORKS AND ITS CERTIFICATE OF INCORPORATION HAS  
5 NOT YET BEEN REVOKED IN ACCORDANCE WITH SECTION  
6 22 OF THIS CODE, OR

7           b. FOR ANY OTHER REASON PROPOSED AND  
8 VOTED UPON BY THEM AT A MEETING CALLED  
9 SPECIFICALLY FOR THAT PURPOSE.

10       4. BY ORDER OF THE COMMISSION WHEN THE  
11 CORPORATION:

12           a. FAILED TO COMMENCE OR CONTINUE ITS  
13 BUSINESS OR THE CONSTRUCTION OF ITS WORKS AND  
14 THE REVOCATION OF ITS CERTIFICATE OF  
15 INCORPORATION HAS ATTAINED FINALITY IN  
16 ACCORDANCE WITH SECTION 23 OF THIS CODE;

17           b. HAS BEEN FOUND TO HAVE PROCURED ITS  
18 ORGANIZATION THROUGH FRAUD;

19           c. HAS BEEN FOUND TO HAVE BEEN CREATED  
20 FOR THE PURPOSE OF COMMITTING OR CONCEALING, OR  
21 AIDING IN THE COMMISSION OR CONCEALMENT OF,  
22 SECURITIES VIOLATIONS, SMUGGLING, TAX EVASION,  
23 MONEY LAUNDERING, OR GRAFT AND CORRUPT  
24 PRACTICES;

25           d. HAS BEEN FOUND TO HAVE COMMITTED OR  
26 AIDED IN THE COMMISSION OF SECURITIES VIOLATIONS,  
27 SMUGGLING, TAX EVASION, MONEY LAUNDERING, OR  
28 GRAFT AND CORRUPT PRACTICES, AND ITS  
29 STOCKHOLDERS KNEW OR WERE IN A POSITION TO KNOW  
30 ABOUT SUCH ILLEGAL ACTS;

31           e. FOR THE PURPOSE OF SHIELDING ITSELF  
32 FROM LIABILITY FOR GRAFT AND CORRUPT PRACTICES,  
33 HAS BEEN FOUND TO HAVE ENGAGED THE SERVICES OF  
34 AN INTERMEDIARY WHO COMMITS GRAFT AND CORRUPT  
35 PRACTICES FOR THE CORPORATION'S BENEFIT OR IN ITS

1 INTEREST, AND ITS STOCKHOLDERS KNEW OR WERE IN A  
2 POSITION TO KNOW ABOUT THE ENGAGEMENT;

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

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

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

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

20 j. HAS BEEN FOUND TO HAVE OTHERWISE  
21 VIOLATED THE PROVISIONS OF THIS CODE.

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

25 IN THE CASE OF EXPIRATION OF CORPORATE TERM UNDER  
26 SECTION 137 (1) ABOVE, DISSOLUTION SHALL AUTOMATICALLY  
27 TAKE EFFECT ON THE DAY FOLLOWING THE LAST DAY OF THE  
28 CORPORATE TERM STATED IN THE ARTICLES OF  
29 INCORPORATION, WITHOUT NEED FOR THE ISSUANCE BY THE  
30 COMMISSION OF A CERTIFICATE OF DISSOLUTION. IN ALL  
31 OTHER CASES, THE DISSOLUTION SHALL TAKE EFFECT ONLY  
32 UPON AND AS OF THE ISSUANCE BY THE COMMISSION OF A  
33 CERTIFICATE OF DISSOLUTION, AND SHALL BE WITHOUT  
34 PREJUDICE TO SECTION 142 OF THIS CODE.”

1           **SECTION 75.** Section 118 of the Code is hereby renumbered as Section 138 and  
2 amended to read as follows:

3           “Sec. [118]138. [*Voluntary dissolution*] **DISSOLUTION** where no  
4 *creditors are affected*; **PROCEDURE.** – **DISSOLUTION PURSUANT TO**  
5 **SECTION 137 (2) OF THIS CODE MAY BE MADE BY FILING A**  
6 **VERIFIED REQUEST FOR DISSOLUTION WITH THE**  
7 **COMMISSION:**

8           a.   **STATING THE NAME OF THE CORPORATION**  
9           **AND THE NAMES AND ADDRESSES OF THE**  
10           **INCORPORATORS AND DIRECTORS OR TRUSTEES;**

11           b.   **STATING THE REASON FOR THE DISSOLUTION**  
12           **OF THE CORPORATION;**

13           c.   **ATTESTING TO THE EXISTENCE AND**  
14           **CONCURRENCE OF ALL THE CONDITIONS SET FORTH IN**  
15           **SECTION 137 (2) (A) TO (D) OF THIS CODE;**

16           d.   **STATING THE NAMES OF THE**  
17           **INCORPORATORS, OR OF THE DIRECTORS OR TRUSTEES,**  
18           **CONSTITUTING A MAJORITY, WHO APPROVED THE**  
19           **DISSOLUTION AND THE DATE, PLACE, AND TIME OF THE**  
20           **MEETING IN WHICH THE VOTE WAS MADE, WHICH**  
21           **REQUIREMENT MAY BE DISPENSED WITH IF THE**  
22           **REQUEST ITSELF IS DULY VERIFIED BY SUCH MAJORITY;**  
23           **AND**

24           e.   **WHEN APPLICABLE, ATTACHING: (i) A LIST OF**  
25           **THE NAMES AND ADDRESSES OF THE PERSONS ENTITLED**  
26           **TO A RETURN OF PAID SUBSCRIPTIONS OR**  
27           **CONTRIBUTIONS AS SET FORTH IN SECTION 137 (2) (D), (ii)**  
28           **A SUMMARY OF THE AMOUNTS OF THEIR PAID**  
29           **SUBSCRIPTIONS OR CONTRIBUTIONS, (iii) A SUMMARY OF**  
30           **THE AMOUNTS DISBURSED FOR LAWFUL EXPENSES WITH**  
31           **COPIES OF THE OFFICIAL RECEIPTS THEREFOR, AND (iv)**  
32           **A SUMMARY OF THE AMOUNTS RETURNED WITH PROOF**  
33           **THAT THEY WERE DULY RECEIVED BY THOSE ENTITLED**  
34           **THERE TO.**

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

8 **AT LEAST THIRTY (30) DAYS PRIOR TO THE MEETING, NOTICE**  
9 **SHALL BE GIVEN TO EACH SHAREHOLDER OR MEMBER OF**  
10 **RECORD, WHETHER OR NOT ENTITLED TO VOTE AT THE**  
11 **MEETING, IN THE MANNER PROVIDED IN SECTION 50 OF THIS**  
12 **CODE AND SHALL STATE THAT THE PURPOSE OF THE MEETING**  
13 **IS TO VOTE ON THE DISSOLUTION OF THE CORPORATION.** [after  
14 publication of the notice] **NOTICE** of **THE** time, place and object of the  
15 meeting **SHALL LIKEWISE BE MADE BY PUBLICATION** for three (3)  
16 consecutive weeks **PRIOR TO THE DATE OF THE MEETING** in a  
17 newspaper published in the place where the principal office of said corporation  
18 is located; and if no newspaper is published in such place, then in a newspaper  
19 of general circulation in the Philippines.

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

23 **ONCE THE REQUIRED VOTES OF THE BOARD AND**  
24 **SHAREHOLDERS OR MEMBERS ARE ACHIEVED, A VERIFIED**  
25 **REQUEST FOR DISSOLUTION SHALL BE FILED WITH THE**  
26 **COMMISSION**

27 a. **STATING THE NAME OF THE CORPORATION**  
28 **AND THE NAMES AND ADDRESSES OF THE DIRECTORS OR**  
29 **TRUSTEES;**

30 b. **STATING THE REASON FOR THE DISSOLUTION**  
31 **OF THE CORPORATION;**

32 c. **CERTIFYING THAT NO CREDITOR SHALL BE**  
33 **PREJUDICED BY THE DISSOLUTION AND**  
34 **SUBSTANTIATING THE SAME WITH FINANCIAL**  
35 **STATEMENTS AND OTHER RECORDS;**

1           d.    **STATING THE NAMES OF THE DIRECTORS OR**  
2           **TRUSTEES, CONSTITUTING A MAJORITY, WHO APPROVED**  
3           **THE DISSOLUTION AND THE DATE, PLACE, AND TIME OF**  
4           **THE MEETING IN WHICH THE VOTE WAS MADE;**

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

11          f.    **ATTACHING THERETO** a copy of the resolution  
12          authorizing the dissolution **WHICH shall HAVE BEEN** certified by a  
13          majority of the board of directors or trustees and countersigned by the  
14          secretary of the corporation.

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

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

22                 “Sec. [119]**139.** [*Voluntary dissolution*] **DISSOLUTION** where  
23                 *creditors are affected; PROCEDURE AND CONTENTS OF PETITION.* -  
24                 Where the dissolution of a corporation may prejudice the rights of any creditor,  
25                 [the petition] **A VERIFIED PETITION** for dissolution shall be filed with the  
26                 [Securities and Exchange] Commission. The petition shall be signed by a  
27                 majority of [its] **THE CORPORATION’S** board of directors or trustees or  
28                 other officers having the management of its affairs, verified by its president or  
29                 secretary or one of its directors or trustees, and shall set forth all claims and  
30                 demands against it, and that its dissolution was resolved upon by the  
31                 affirmative vote of the stockholders representing at least two-thirds (2/3) of the  
32                 outstanding capital stock or by at least two-thirds (2/3) of the members at a  
33                 meeting of its stockholders or members called for that purpose. **THE**  
34                 **PETITION SHALL LIKEWISE STATE: (a) THE REASON FOR THE**  
35                 **DISSOLUTION; (b) THE FORM, MANNER AND TIME WHEN THE**

1 NOTICES WERE GIVEN; AND (c) THE DATE, PLACE, AND TIME OF  
2 THE MEETING IN WHICH THE VOTE WAS MADE. THE PETITION  
3 SHALL HAVE AS ANNEXES (a) A COPY OF THE RESOLUTION  
4 AUTHORIZING THE DISSOLUTION, WHICH SHALL HAVE BEEN  
5 CERTIFIED BY A MAJORITY OF THE BOARD OF DIRECTORS OR  
6 TRUSTEES AND COUNTERSIGNED BY THE SECRETARY OF THE  
7 CORPORATION; AND (b) A LIST OF ALL ITS CREDITORS.

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

18 Upon five (5) day's notice, given after the date on which the right to file  
19 objections as fixed in the order has expired, the Commission shall proceed to  
20 hear the petition and try any issue made by the objections filed; and if no such  
21 objection is sufficient, and the material allegations of the petition are true, it  
22 shall render judgment dissolving the corporation and directing such disposition  
23 of its assets as justice requires, and may appoint a receiver to collect such assets  
24 and pay the debts of the corporation.”

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

27 “Sec. [120]140. **WITHDRAWAL OF REQUEST FOR** Dissolution  
28 [by shortening corporate term] **AND WITHDRAWAL OF PETITION FOR**  
29 **DISSOLUTION.** – [A voluntary dissolution may be effected by amending the  
30 articles of incorporation to shorten the corporate term pursuant to the  
31 provisions of this Code. A copy of the amended articles of incorporation shall be  
32 submitted to the Securities and Exchange Commission in accordance with this  
33 Code. Upon approval of the amended articles of incorporation of the expiration  
34 of the shortened term, as the case may be, the corporation shall be deemed

1 dissolved without any further proceedings, subject to the provisions of this  
2 Code on liquidation.]

3 **A WITHDRAWAL OF THE REQUEST FOR DISSOLUTION**  
4 **SHALL:**

- 5 a. **BE MADE IN WRITING;**  
6 b. **BE DULY VERIFIED BY ANY INCORPORATOR,**  
7 **DIRECTOR, SHAREHOLDER OR MEMBER;**  
8 c. **HAVE THE SIGNATURES OF THE SAME NUMBER**  
9 **OF INCORPORATORS, DIRECTORS, SHAREHOLDERS OR**  
10 **MEMBERS NECESSARY TO REQUEST FOR A DISSOLUTION**  
11 **AS SET FORTH IN THE FOREGOING SECTIONS; AND**  
12 d. **BE SUBMITTED WITHIN FIFTEEN (15) DAYS**  
13 **FROM THE RECEIPT BY THE COMMISSION OF THE**  
14 **REQUEST FOR DISSOLUTION.**

15 **UPON RECEIPT OF A DULY SUBMITTED WITHDRAWAL OF**  
16 **REQUEST FOR DISSOLUTION, THE COMMISSION SHALL**  
17 **WITHHOLD ACTION ON THE REQUEST FOR DISSOLUTION AND**  
18 **SHALL, AFTER INVESTIGATION, ISSUE AN ORDER:**

- 19 a. **WITHHOLDING THE ISSUANCE OF THE**  
20 **CERTIFICATE OF DISSOLUTION AND DEEMING THE**  
21 **REQUEST FOR DISSOLUTION WITHDRAWN; OR**  
22 b. **DIRECTING THAT A JOINT MEETING OF THE**  
23 **BOARD AND OF THE STOCKHOLDERS BE HELD FOR THE**  
24 **PURPOSE OF ASCERTAINING WHETHER OR NOT TO**  
25 **PROCEED WITH DISSOLUTION.**

26 **THE COMMISSION SHALL HAVE THE POWER TO ISSUE**  
27 **SUCH ORDERS AS MAY BE APPROPRIATE, INCLUDING,**  
28 **WITHOUT LIMITATION, ORDERS DESIGNATING THE TIME AND**  
29 **PLACE OF THE JOINT MEETING, DIRECTING THE SENDING OF**  
30 **NOTICES, AND SPECIFYING THE FORM OF SUCH NOTICE. THE**  
31 **CONDUCT OF THE JOINT MEETING SHALL BE SUPERVISED BY**  
32 **THE COMMISSION THROUGH A DULY AUTHORIZED**  
33 **REPRESENTATIVE WHO SHALL, IMMEDIATELY AFTER THE**  
34 **JOINT MEETING, CERTIFY ITS OUTCOME WITH A**  
35 **RECOMMENDATION AS TO WHETHER THE CERTIFICATE OF**

1 DISSOLUTION SHOULD BE ISSUED OR THE REQUEST FOR  
2 DISSOLUTION BE DEEMED ABANDONED. THEREAFTER, THE  
3 COMMISSION SHALL ISSUE AN ORDER EITHER APPROVING THE  
4 WITHDRAWAL OF THE REQUEST OR A CERTIFICATE OF  
5 DISSOLUTION OR PROCEEDING TO ACT ON SUCH REQUEST.

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

16 SECTION 78. Section 121 of the Code is hereby renumbered as Section 141 and  
17 amended to read as follows:

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

26 AFTER proper notice and hearing, THE COMMISSION MAY  
27 DISSOLVE THE CORPORATION OR ISSUE SUCH OTHER ORDER  
28 AS IT MAY DEEM APPROPRIATE IN ACCORDANCE WITH THE  
29 PROVISIONS OF THIS CODE OR THE RULES AND REGULATIONS  
30 OF THE COMMISSION.

31 IF THE CORPORATION IS DISSOLVED BY THE COMMISSION  
32 PURSUANT TO ANY OF THE GROUNDS SET FORTH IN SECTION  
33 137 (4) (B) TO (I), ITS ASSETS, AFTER PAYMENT OF ITS  
34 OUTSTANDING LIABILITIES, SHALL BE FORFEITED IN FAVOR OF  
35 THE NATIONAL GOVERNMENT. SUCH FORFEITURE SHALL BE



1 **WITHOUT PREJUDICE TO ANY OTHER PENALTY OR SANCTION**  
2 **FOR THOSE LIABLE UNDER THIS CODE OR OTHER LAWS. [on the**  
3 **grounds provided by existing laws, rules and regulations].”**

4 **SECTION 79.** Section 122 of the Code is hereby renumbered as Section 142 and  
5 amended to read as follows:

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

16 xxx xxx xxx

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

22 xxx xxx xxx”

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

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

28 “Sec. [126]146. *Issuance of a license.* - If the [Securities and Exchange]  
29 Commission is satisfied that the applicant has complied with all the  
30 requirements of this Code and other special laws, rules and regulations, the  
31 Commission shall issue a license to the applicant to transact business in the  
32 Philippines for the purpose or purposes specified in such license. Upon issuance  
33 of the license, such foreign corporation may commence to transact business in  
34 the Philippines and continue to do so for as long as it retains its authority to act  
35 as a corporation under the laws of the country or state of its incorporation,

1 unless such license is sooner surrendered, revoked, suspended or annulled in  
2 accordance with this Code or other special laws.

3 Within sixty (60) days after the issuance of the license to transact  
4 business in the Philippines, the licensee, except foreign banking or insurance  
5 corporations, shall deposit with the [Securities and Exchange] Commission for  
6 the benefit of present and future creditors of the licensee in the Philippines,  
7 securities satisfactory to the [Securities and Exchange] Commission, consisting  
8 of bonds or other evidence of indebtedness of the Government of the  
9 Philippines, its political subdivisions and instrumentalities, or of government-  
10 owned or controlled corporations and entities, shares of stock **OR DEBT**  
11 **SECURITIES THAT ARE REGISTERED UNDER THE SECURITIES**  
12 **REGULATION CODE** [in "registered enterprises" as this term is defined in  
13 Republic Act No. 5186], shares of stock in domestic corporations [registered]  
14 **LISTED** in the stock exchange, [or] shares of stock in domestic insurance  
15 companies and banks, **OR ANY FINANCIAL INSTRUMENT**  
16 **DETERMINED SUITABLE BY THE COMMISSION**, or any combination  
17 **THEREOF** [of these kinds of securities,] in the actual market value of at least  
18 [one] **FIVE** hundred thousand [(P100,000.)] **(P500,000)** pesos **OR SUCH**  
19 **OTHER AMOUNT THAT MAY BE SET BY THE COMMISSION**;  
20 Provided, however, That within six (6) months after each fiscal year of the  
21 licensee, the [Securities and Exchange] Commission shall require the licensee to  
22 deposit additional securities **OR FINANCIAL INSTRUMENTS** equivalent in  
23 actual market value to two (2%) percent of the amount by which the licensee's  
24 gross income for that fiscal year exceeds [five] **TEN** million [(P5,000,000.00)]  
25 **(P10,000,000.00)** pesos. The [Securities and Exchange] Commission shall  
26 also require **THE** deposit of additional securities **OR FINANCIAL**  
27 **INSTRUMENTS** if the actual market value of the securities **OR FINANCIAL**  
28 **INSTRUMENTS** on deposit has decreased by at least ten (10%) percent of  
29 their actual market value at the time they were deposited. The [Securities and  
30 Exchange] Commission may at its discretion release part of the additional  
31 [securities] deposit[ed with it] if the gross income of the licensee has decreased,  
32 or if the actual market value of the total [securities on] deposit has increased, by  
33 more than ten (10%) percent of the **IR** actual market value [of the securities] at  
34 the time they were deposited. The [Securities and Exchange] Commission may,  
35 from time to time, allow the licensee to **MAKE** substitute **DEPOSITS** [other

1 securities] for those already on deposit as long as the licensee is solvent. Such  
2 licensee shall be entitled to collect the interest or dividends on [the] **SUCH**  
3 [securities] depositS[ed]. In the event the licensee ceases to do business in the  
4 Philippines, **ITS** [the securities] depositS[ed as aforesaid] shall be returned,  
5 upon the licensee's application therefor and upon proof to the satisfaction of the  
6 [Securities and Exchange] Commission that the licensee has no liability to  
7 Philippine residents, including the Government of the Republic of the  
8 Philippines. **FOR PURPOSES OF COMPUTING THE SECURITIES**  
9 **DEPOSIT, THE COMPOSITION OF GROSS INCOME AND**  
10 **ALLOWABLE DEDUCTIONS THEREFROM SHALL BE IN**  
11 **ACCORDANCE WITH THE RULES OF THE COMMISSION."**

12 **SECTION 82.** Sections 128, 130, 131, 132, 134, 135, and 136 of the Code are hereby  
13 amended to delete "Securities and Exchange" from "Securities and Exchange Commission" in  
14 each instance. Further, Sections 127 to 136 are hereby renumbered as Sections 147 to 156  
15 accordingly.

16 **SECTION 83.** A new title is inserted in the Code containing Sections 157 to 176,  
17 thus:

18 **TITLE XVI – INVESTIGATIONS, OFFENSES**  
19 **AND PENALTIES**

20 **"Sec. 157. INVESTIGATION AND PROSECUTION OF**  
21 **OFFENSES. – THE COMMISSION MAY, UPON COMPLAINT OR**  
22 **MOTU PROPRIO, MAKE SUCH INVESTIGATIONS AS IT DEEMS**  
23 **NECESSARY TO DETERMINE WHETHER ANY PERSON HAS**  
24 **VIOLATED OR IS ABOUT TO VIOLATE ANY PROVISION OF THIS**  
25 **CODE, ANY RULE, REGULATION OR ORDER THEREUNDER, AND**  
26 **MAY REQUIRE OR PERMIT ANY PERSON TO FILE WITH IT A**  
27 **STATEMENT IN WRITING, UNDER OATH OR OTHERWISE, AS THE**  
28 **COMMISSION SHALL DETERMINE, AS TO ALL FACTS AND**  
29 **CIRCUMSTANCES CONCERNING THE MATTER TO BE**  
30 **INVESTIGATED.**

31 **THE COMMISSION MAY PUBLISH INFORMATION**  
32 **CONCERNING ANY SUCH VIOLATIONS, AND TO INVESTIGATE**  
33 **ANY FACT, CONDITION, PRACTICE OR MATTER WHICH IT MAY**  
34 **DEEM NECESSARY OR PROPER TO AID IN THE ENFORCEMENT**  
35 **OF THE PROVISIONS OF THIS CODE, IN THE PRESCRIBING OF**  
36 **RULES AND REGULATIONS THEREUNDER, OR IN SECURING**

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

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

30 **SECTION 159. CEASE AND DESIST ORDERS.** – WHENEVER IT  
31 SHALL APPEAR TO THE COMMISSION THAT ANY PERSON HAS  
32 ENGAGED OR IS ABOUT TO ENGAGE IN ANY ACT OR PRACTICE  
33 CONSTITUTING A VIOLATION OF ANY PROVISION OF THIS CODE,  
34 ANY RULE, REGULATION OR ORDER THEREUNDER, IT MAY  
35 ISSUE AN ORDER FOR SUCH PERSON TO DESIST FROM

1 COMMITTING SUCH ACT OR PRACTICE. AFTER FINDING THAT  
2 SUCH PERSON HAS ENGAGED IN ANY SUCH ACT OR PRACTICE  
3 AND THAT THERE IS A REASONABLE LIKELIHOOD OF SUCH  
4 PERSON CONTINUING FURTHER OR FUTURE VIOLATIONS, THE  
5 COMMISSION MAY ISSUE, *EX PARTE* A CEASE AND DESIST  
6 ORDER ENJOINING SUCH PERSON FROM FURTHER OR FUTURE  
7 VIOLATIONS FOR A MAXIMUM PERIOD OF TWENTY (20) DAYS.

8 THEREAFTER, THE COMMISSION MAY PROCEED  
9 ADMINISTRATIVELY AGAINST SUCH PERSON IN ACCORDANCE  
10 WITH SECTION 161, AND/OR TRANSMIT SUCH EVIDENCE AS MAY  
11 BE AVAILABLE CONCERNING ANY VIOLATION OF ANY  
12 PROVISION OF THIS CODE, OR ANY RULE, REGULATION OR  
13 ORDER THEREUNDER, TO THE DEPARTMENT OF JUSTICE,  
14 WHICH MAY INSTITUTE THE APPROPRIATE CRIMINAL  
15 PROCEEDINGS UNDER THIS CODE, AND/OR TO THE PROPER  
16 COURT, TRIBUNAL, OR QUASI-JUDICIAL AGENCY IN INSTANCES  
17 WHERE THE LAW ALLOWS INDEPENDENT CIVIL OR CRIMINAL  
18 PROCEEDINGS OF VIOLATIONS ARISING FROM THE SAME ACT.

19 **SEC. 160. CONTEMPT.** – ANY PERSON WHO, WITHIN HIS  
20 POWER BUT WITHOUT JUSTIFIABLE OR LAWFUL CAUSE, FAILS  
21 OR REFUSES TO COMPLY WITH ANY LAWFUL ORDER, DECISION  
22 OR SUBPOENA ISSUED BY THE COMMISSION SHALL, AFTER DUE  
23 NOTICE AND HEARING, BE GUILTY OF CONTEMPT OF THE  
24 COMMISSION. SUCH PERSON SHALL BE FINED IN SUCH  
25 AMOUNT AS THE COMMISSION MAY DETERMINE. WHEN THE  
26 FAILURE OR REFUSAL IS A CLEAR AND OPEN DEFIANCE OF THE  
27 COMMISSION'S ORDER, DECISION OR SUBPOENA, THE PERSON  
28 SHALL BE FINED ON A DAILY BASIS IN AN AMOUNT THE  
29 COMMISSION MAY DETERMINE AND DETAINED UNDER AN  
30 ARREST ORDER ISSUED BY THE COMMISSION UNTIL SUCH  
31 ORDER, DECISION OR SUBPOENA IS COMPLIED WITH.

32 **SEC. 161. ADMINISTRATIVE SANCTIONS.** – IF, AFTER DUE  
33 NOTICE AND HEARING INITIATED EITHER BY COMPLAINT OR  
34 *MOTU PROPRIO*, THE COMMISSION FINDS THAT ANY PROVISION  
35 OF THIS CODE, OR ANY OF THE COMMISSION'S RULES OR

1           **ORDERS HAS BEEN VIOLATED, THE COMMISSION MAY IMPOSE**  
2           **ANY OR ALL OF THE FOLLOWING SANCTIONS ON THOSE FOUND**  
3           **RESPONSIBLE FOR THE VIOLATION:**

4           **(A) A FINE RANGING FROM FIVE THOUSAND PESOS**  
5           **(PHP5,000.00) TO TWO MILLION PESOS**  
6           **(PHP2,000,000.00) PLUS NOT MORE THAN ONE**  
7           **THOUSAND PESOS (PHP1,000.00) FOR EACH DAY OF**  
8           **CONTINUING VIOLATION, IN NO CASE TO EXCEED TWO**  
9           **MILLION PESOS (PHP2,000,000.00);**

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

12           **(C) SUSPENSION OR REVOCATION OF THE**  
13           **CERTIFICATE OF INCORPORATION;**

14           **(D) DISSOLUTION OF THE CORPORATION AND**  
15           **FORFEITURE OF ITS ASSETS UNDER THE CONDITIONS IN**  
16           **TITLE XV OF THIS CODE; AND**

17           **(E) OTHER PENALTIES WITHIN THE POWER OF**  
18           **THE COMMISSION TO IMPOSE OR AS PRESCRIBED IN ITS**  
19           **RULES AND REGULATIONS.**

20           **THE IMPOSITION OF THE FOREGOING ADMINISTRATIVE**  
21           **SANCTIONS SHALL BE WITHOUT PREJUDICE TO THE FILING OF**  
22           **CIVIL COMPLAINTS AND/OR CRIMINAL CHARGES UNDER THIS**  
23           **CODE AND OTHER LAWS AGAINST THE CORPORATION AND/OR**  
24           **THOSE RESPONSIBLE FOR THE VIOLATION, IN INSTANCES**  
25           **WHERE THE LAW ALLOWS INDEPENDENT CIVIL OR CRIMINAL**  
26           **PROCEEDINGS OF VIOLATIONS ARISING FROM THE SAME ACT.**

27           **SEC. 162. CONTINUED AND UNJUSTIFIED USE OF FORMER**  
28           **CORPORATE NAME; PENALTIES. - A CORPORATION THAT**  
29           **CONTINUES TO USE A CORPORATE NAME ALREADY PREVIOUSLY**  
30           **REMOVED FROM REGISTRATION OR RESERVATION SHALL BE**  
31           **PUNISHED WITH A FINE RANGING FROM FIFTY THOUSAND**  
32           **PESOS (PHP50,000.00) TO TWO HUNDRED THOUSAND PESOS**  
33           **(PHP200,000.00); PROVIDED THAT THE CORPORATION MAY**  
34           **CLAIM THE DEFENSE THAT IT, OR ANY OF ITS STOCKHOLDERS**  
35           **OR OTHER DIRECTORS/OFFICERS EXERTED REASONABLE**

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

5 **Sec. 163. CONCEALMENT OF DISQUALIFICATION;**  
6 **PENALTIES.** – EACH WILLFUL OR DELIBERATE CONCEALMENT  
7 BY A DIRECTOR OR TRUSTEE OF ANY DISQUALIFICATION  
8 UNDER SECTION 28 ALREADY EXISTING AT THE TIME HE  
9 ACCEPTED THE POST OR WHICH OCCURS WHILE HE HOLDS THE  
10 POST, SHALL BE PUNISHED BY A FINE RANGING FROM FIFTY  
11 THOUSAND PESOS (PHP50,000.00) TO TWO HUNDRED  
12 THOUSAND PESOS (PHP200,000.00) AND/OR IMPRISONMENT  
13 OF SIX (6) MONTHS TO TWO (2) YEARS AT THE DISCRETION OF  
14 THE COURT, AND BY A PERMANENT DISQUALIFICATION FROM  
15 FURTHER ACTING AS DIRECTOR OF ANY CORPORATION. FOR  
16 PURPOSES OF THIS SECTION, CONCEALMENT SHALL BE  
17 WILLFUL OR DELIBERATE WHEN, DESPITE HAVING  
18 KNOWLEDGE OF THE EXISTENCE OF THE DISQUALIFICATION,  
19 THE DIRECTOR OR TRUSTEE ACCEPTS OR RETAINS THE POST.

20 **Sec. 164. VIOLATION OF DUTY TO KEEP OR MAINTAIN**  
21 **RECORDS AND/OR ALLOW THEIR INSPECTION OR**  
22 **REPRODUCTION; PENALTIES.** – THE UNJUSTIFIED FAILURE OR  
23 REFUSAL BY THE CORPORATION, OR BY THOSE RESPONSIBLE  
24 FOR KEEPING AND MAINTAINING THE CORPORATION'S  
25 RECORDS, TO COMPLY WITH SECTIONS 47, 75, 95, 181 AND  
26 OTHER PROVISIONS OF THIS CODE AND THE RULES OF THE  
27 COMMISSION WITH RESPECT TO THE RETENTION,  
28 MAINTENANCE AND KEEPING OF RECORDS AND ALLOWING  
29 THEIR INSPECTION OR REPRODUCTION, AS THE CASE MAY BE,  
30 SHALL BE PUNISHED WITH A FINE RANGING FROM FIFTY  
31 THOUSAND PESOS (PHP50,000.00) TO FIVE HUNDRED  
32 THOUSAND PESOS (PHP500,000.00) AND IMPRISONMENT OF  
33 THIRTY (30) DAYS TO TWO (2) YEARS AT THE DISCRETION OF  
34 THE COURT.

1 THE PENALTIES IMPOSED UNDER THIS SECTION SHALL BE  
2 IN ADDITION TO THE SANCTIONS IMPOSED BY THE  
3 COMMISSION IN THE EXERCISE OF ITS CONTEMPT POWERS  
4 UNDER SECTION 160 TO COMPEL COMPLIANCE WITH THE  
5 DUTIES UNDER THE MENTIONED PROVISIONS.

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

21 SEC. 166. *INDEPENDENT AUDITOR COLLUSION;*  
22 *PENALTIES.* – WHEN AN INDEPENDENT AUDITOR COLLUDES  
23 WITH A CORPORATION OR ITS REPRESENTATIVES AND  
24 CERTIFIES THE CORPORATION'S FINANCIAL STATEMENTS  
25 WHICH ARE EITHER INCOMPLETE OR WHICH CONTAIN  
26 INACCURATE, FALSE OR MISLEADING STATEMENTS OR  
27 REPORTS, OR WHICH DO NOT GIVE A FAIR AND ACCURATE  
28 PRESENTATION OF THE CORPORATION'S CONDITION, SUCH  
29 AUDITOR SHALL BE PUNISHED WITH A FINE RANGING FROM  
30 FOUR HUNDRED THOUSAND PESOS (PHP400,000.00) TO FOUR  
31 MILLION PESOS (PHP4,000,000.00) AND/OR IMPRISONMENT OF  
32 FOUR (4) TO TWENTY (20) YEARS.

33 SEC. 167. *PROCURING THE ORGANIZATION OF A*  
34 *CORPORATION THROUGH FRAUD; PENALTIES.* – THOSE  
35 RESPONSIBLE FOR PROCURING THE ORGANIZATION OF A



1 CORPORATION THROUGH FRAUD, OR ASSISTING DIRECTLY OR  
2 INDIRECTLY THEREIN, SHALL BE PUNISHED WITH A FINE  
3 RANGING FROM FIVE HUNDRED THOUSAND PESOS  
4 (PHP500,000.00) TO TWO MILLION PESOS (PHP2,000,000.00)  
5 AND/OR IMPRISONMENT OF TWO (2) TO TEN (10) YEARS AT THE  
6 DISCRETION OF THE COURT.

7 **Sec. 168. FRAUDULENT OR UNLAWFUL CONDUCT OF**  
8 **BUSINESS; PENALTIES.** – A CORPORATION THAT WILLFULLY  
9 CONDUCTS ITS BUSINESS IN A FRAUDULENT OR OTHERWISE  
10 UNLAWFUL MANNER SHALL BE PUNISHED WITH A FINE  
11 RANGING FROM FIVE HUNDRED THOUSAND PESOS  
12 (PHP500,000.00) TO TWO MILLION PESOS (PHP2,000,000.00).

13 **Sec. 169. THEFT OF IDENTITY; PENALTIES.** – ANY  
14 CORPORATION WHO WILLFULLY OBTAINS ANY IDENTIFYING  
15 INFORMATION OF A PERSON, WHETHER NATURAL OR  
16 JURIDICAL, AND USES THAT INFORMATION FOR ANY  
17 UNLAWFUL PURPOSE, INCLUDING BUT NOT LIMITED TO  
18 OBTAINING, OR ATTEMPTING TO OBTAIN, CREDIT, GOODS,  
19 SERVICES, OR REAL PROPERTY WITHOUT THE CONSENT OF  
20 THAT PERSON, SHALL BE PUNISHED WITH A FINE RANGING  
21 FROM ONE MILLION PESOS (PHP1,000,000.00) TO FIVE MILLION  
22 PESOS (PHP5,000,000.00). THE SAME PENALTY SHALL BE  
23 IMPOSED WHEN THE OFFENDER IS A NATURAL PERSON, OR A  
24 GROUP THEREOF, AND THE IDENTITY STOLEN IS THAT OF A  
25 CORPORATION.

26 **Sec. 170. ACTING AS INTERMEDIARIES FOR GRAFT AND**  
27 **CORRUPT PRACTICES; PENALTIES.** – A CORPORATION CREATED  
28 FOR THE PURPOSE OF COMMITTING, OR AIDING IN THE  
29 COMMISSION OF, GRAFT AND CORRUPT PRACTICES OR IN THE  
30 CONCEALMENT THEREOF SHALL BE PUNISHED BY A FINE  
31 RANGING FROM ONE MILLION (PHP1,000,000.00) TO FIVE  
32 MILLION (PHP5,000,000.00) PESOS.

33 THE CORPORATION'S FAILURE TO SHOW THAT IT HAS  
34 INSTALLED SAFEGUARDS TO ENSURE THAT IT IS CARRYING OUT  
35 ITS SERVICES IN A TRANSPARENT AND LAWFUL MANNER, AND

1 THAT IT HAS INSTALLED POLICIES, CODES OF ETHICS AND  
2 PROCEDURES AGAINST GRAFT AND CORRUPTION, WHEN  
3 COUPLED WITH A FINDING OF GRAFT AND CORRUPT PRACTICES  
4 AGAINST ANY OF THEIR DIRECTORS, OFFICER, EMPLOYEES,  
5 AGENTS, OR REPRESENTATIVES, SHALL BE PRIMA FACIE  
6 EVIDENCE OF LIABILITY UNDER THIS SECTION.

7 **Sec. 171. ENGAGING INTERMEDIARIES FOR GRAFT AND**  
8 **CORRUPT PRACTICES; PENALTIES.** – A CORPORATION THAT,  
9 FOR THE PURPOSE OF SHIELDING ITSELF FROM LIABILITY FOR  
10 GRAFT AND CORRUPT PRACTICES, ENGAGES THE SERVICES OF  
11 AN INTERMEDIARY WHO COMMITS GRAFT AND CORRUPT  
12 PRACTICES FOR THE CORPORATION'S BENEFIT OR IN ITS  
13 INTEREST, SHALL BE PUNISHED BY A FINE OF ONE MILLION  
14 PESOS (PHP1,000,000.00).

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

26 **Sec. 172. TOLERATING GRAFT AND CORRUPT PRACTICES;**  
27 **PENALTIES.** – A DIRECTOR, TRUSTEE, OR OFFICER OF THE  
28 CORPORATION WHO KNOWINGLY ALLOWS OR TOLERATES THE  
29 COMMISSION OF GRAFT AND CORRUPT PRACTICES OR OTHER  
30 FRAUDULENT ACTS BY ITS DIRECTORS, TRUSTEES, OFFICERS,  
31 OR EMPLOYEES, FAILING TO SANCTION THEM, REPORT THEIR  
32 ACTIONS TO THE PROPER AGENCIES, AND/OR FILE THE  
33 APPROPRIATE ACTION AGAINST THEM, SHALL BE PUNISHED BY  
34 A FINE OF ONE MILLION PESOS (PHP1,000,000.00) AND  
35 IMPRISONMENT TEN (10) YEARS.

1           **SEC. 173. RETALIATION AGAINST WHISTLEBLOWERS. –**  
2 **ANY PERSON WHO, KNOWINGLY AND WITH THE INTENT TO**  
3 **RETALIATE, TAKES ANY ACTION HARMFUL TO ANOTHER**  
4 **PERSON, INCLUDING BUT NOT LIMITED TO INTERFERENCE**  
5 **WITH THE LAWFUL EMPLOYMENT OR LIVELIHOOD OF ANY**  
6 **PERSON, FOR PROVIDING ANY TRUTHFUL INFORMATION**  
7 **RELATING TO THE COMMISSION OR POSSIBLE COMMISSION OF**  
8 **ANY OFFENSE OR VIOLATION UNDER THIS CODE, SHALL BE**  
9 **PUNISHED WITH A FINE RANGING FROM FIVE HUNDRED**  
10 **THOUSAND PESOS (PHP500,000.00) TO ONE MILLION PESOS**  
11 **(PHP1,000,000.00) AND/OR IMPRISONMENT OF FIVE (5) TO TEN**  
12 **(10) YEARS, AT THE 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 THAN**  
17 **[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 AND**  
23 **HEARING, BE DISSOLVED IN APPROPRIATE PROCEEDINGS BEFORE THE**  
24 **[SECURITIES AND EXCHANGE] COMMISSION: PROVIDED, THAT SUCH**  
25 **DISSOLUTION SHALL NOT PRECLUDE THE INSTITUTION OF**  
26 **APPROPRIATE ACTION AGAINST THE DIRECTOR, TRUSTEE OR OFFICER**  
27 **OF THE CORPORATION RESPONSIBLE FOR SAID VIOLATION: PROVIDED,**  
28 **FURTHER, THAT NOTHING IN THIS SECTION SHALL BE CONSTRUED TO**  
29 **REPEAL THE OTHER CAUSES FOR DISSOLUTION OF A CORPORATION**  
30 **PROVIDED IN THIS CODE.**

31           **LIABILITY FOR ANY OF THE FOREGOING OFFENSES SHALL**  
32 **BE SEPARATE FROM AND WITHOUT PREJUDICE TO ANY OTHER**  
33 **ADMINISTRATIVE CIVIL, CRIMINAL LIABILITY UNDER THIS**  
34 **CODE AND OTHER LAWS.**

1           **SEC. 175. LIABILITY OF DIRECTORS, TRUSTEES, OFFICERS**  
2 **OR OTHER EMPLOYEES. – IF THE OFFENDER IS A**  
3 **CORPORATION THE PENALTY MAY, AT THE DISCRETION OF THE**  
4 **COURT, BE IMPOSED UPON SUCH CORPORATION AND/OR UPON**  
5 **ITS DIRECTORS, TRUSTEES, STOCKHOLDERS, MEMBERS,**  
6 **OFFICERS OR EMPLOYEES RESPONSIBLE FOR THE VIOLATION**  
7 **OR INDISPENSABLE TO ITS COMMISSION.**

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

20           **SECTION 84.** Title XVI on Miscellaneous Provisions is hereby renumbered as Title  
21 XVII.

22           **SECTION 85.** Sections 137 and 138 of the Code are renumbered as Sections 177 and  
23 178, respectively.

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

26           “Sec. [139]179. **COLLECTION AND USE OF REGISTRATION,**  
27 ***Incorporation and other fees.* – [The Securities and Exchange] FOR A MORE**  
28 **EFFECTIVE AND EXPEDITIOUS IMPLEMENTATION OF THIS**  
29 **CODE, THE Commission is hereby authorized to collect, [and] receive AND**  
30 **RETAIN, WITHOUT NEED OF SEPARATE APPROVAL FROM ANY**  
31 **GOVERNMENT AGENCY, AND SUBJECT ONLY TO EXISTING**  
32 **ACCOUNTING AND AUDITING RULES AND REGULATIONS, ALL**  
33 **fees, FINES AND OTHER CHARGES, COLLECTED BY THE**  
34 **COMMISSION PURSUANT TO THIS CODE AND ITS RULES AND**  
35 **REGULATIONS. THIS AMOUNT, WHICH SHALL BE IN ADDITION**

1 TO THE COMMISSION'S ANNUAL BUDGET, SHALL BE DEPOSITED  
2 AND MAINTAINED IN A SEPARATE ACCOUNT OR FUND, WHICH  
3 MAY BE USED AND DISBURSED DIRECTLY BY THE COMMISSION.  
4 [as authorized by law or by rules and regulations promulgated by the  
5 Commission.]

6 THE COMMISSION SHALL USE SUCH RETENTION MONEY  
7 IN ITS OPERATIONS IN THE MANNER IT SHALL DEEM FIT  
8 INCLUDING, BUT NOT LIMITED TO:

9 (A) UPGRADING ITS FACILITIES AND EQUIPMENT  
10 OUTLAY;

11 (B) INCREASING THE COMPENSATION AND BENEFITS OF  
12 ITS EMPLOYEES AS APPROVED BY THE COMMISSION EN  
13 BANC, BASED ON JOB EVALUATION STUDIES AND  
14 COMPENSATION SURVEYS AND CONSISTENT WITH THE  
15 GENERAL PRINCIPLES LAID DOWN IN R.A. NO. 6758,  
16 OTHERWISE KNOWN AS "THE SALARY STANDARDIZATION  
17 LAW";

18 (C) PROVIDING APPROPRIATE ALLOWANCES TO ITS  
19 EMPLOYEES, PROVIDED THAT SAID ALLOWANCES SHALL  
20 NOT EXCEED ONE HUNDRED PERCENT (100%) OF THEIR  
21 BASIC SALARY;

22 (D) PROVIDING OTHER EMPLOYEE BENEFITS AND  
23 PRIVILEGES SUCH AS

24 a. MEDICAL AND HOSPITALIZATION BENEFITS TO  
25 SUPPLEMENT STATUTORY HEALTH BENEFITS,

26 b. MANDATORY ANNUAL EXECUTIVE CHECK-UP  
27 OF THE CHAIRPERSON, COMMISSIONERS,  
28 DIRECTORS AND ASSISTANT DIRECTORS,

29 c. ACCIDENT INSURANCE FOR EMPLOYEES FOR  
30 TRAVELS DONE IN THE PERFORMANCE OF THEIR  
31 OFFICIAL DUTIES AND FUNCTIONS, AND

32 d. A PROVIDENT FUND CONSISTING OF JOINT  
33 CONTRIBUTIONS BY THE COMMISSION AND ITS  
34 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  
9 THE EFFICIENCY OF SERVICES RENDERED BY THE  
10 COMMISSION

11 b. THE COVERAGE OF REGISTRATION AND  
12 INCIDENTAL COSTS FOR ATTENDANCE AT  
13 SEMINARS, CONFERENCES AND WORKSHOPS  
14 WHETHER IN THE PHILIPPINES OR ABROAD,  
15 PROVIDED THAT SUCH ATTENDANCE SHALL NOT  
16 IMPEDE IN THE EFFICIENCY OF SERVICES  
17 RENDERED BY THE 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  
22 MEET ITS BUDGETARY REQUIREMENTS FOR THE NEXT FIVE  
23 YEARS. IF SO, THE COMMISSION SHALL RECEIVE NO FUNDS  
24 FROM THE ANNUAL BUDGET OF THE NATIONAL GOVERNMENT  
25 FOR THAT PERIOD; IF NOT, THE COMMISSION SHALL CONTINUE  
26 TO RECEIVE ITS ANNUAL BUDGET UNTIL SUCH TIME AS THE  
27 FEES, FINES AND OTHER CHARGES FROM ITS COLLECTIONS ARE  
28 SUFFICIENT TO FULLY FUND ITS OPERATIONS.”

29 SECTION 87. Section 140 of the Code is hereby renumbered as Section 180 and  
30 amended to read as follows:

31 “Sec. [140]180. NATIONALITY AND Stock ownership OF [in  
32 certain] corporations. – THE NATIONALITY OF A CORPORATION  
33 SHALL BE DETERMINED BY COMPUTING THE REQUIRED  
34 PERCENTAGE OF FILIPINO OWNERSHIP BASED ON BOTH (A)  
35 THE ENTIRE OUTSTANDING CAPITAL STOCK, AND (b) THE

1 VOTING STOCKS, TAKING INTO CONSIDERATION THE FULL  
2 BENEFICIAL OWNERSHIP OF THE STOCKS.

3 EXCEPT WHEN THE CORPORATION IS REQUIRED BY THE  
4 CONSTITUTION OR BY STATUTE TO BE WHOLLY NATIONALIZED,  
5 OR WHEN THE CORPORATION HAS A CORPORATE  
6 STOCKHOLDER OWNING LESS THAN 60% OF BOTH ITS  
7 OUTSTANDING CAPITAL STOCK AND VOTING STOCKS, THE  
8 CONTROL TEST SHALL BE APPLIED WHEN DETERMINING ITS  
9 NATIONALITY.

10 EXCEPT WHEN A MORE STRINGENT MEASURE IS REQUIRED IN  
11 THE CONSTITUTION OR OTHER LAWS, A CORPORATION SHALL  
12 BE DEEMED A PHILIPPINE NATIONAL WHEN:

13 (A) IT IS ORGANIZED UNDER THE LAWS OF THE  
14 PHILIPPINES AND AT LEAST SIXTY PERCENT (60%)  
15 OF THE CAPITAL STOCK OUTSTANDING AND  
16 ENTITLED TO VOTE IS OWNED AND HELD BY  
17 CITIZENS OF THE PHILIPPINES, PROVIDED, THAT  
18 WHERE A CORPORATION AND ITS NON-FILIPINO  
19 STOCKHOLDERS OWN STOCKS IN ANOTHER  
20 CORPORATION, AT LEAST SIXTY PERCENT (60%) OF  
21 THE CAPITAL STOCKS OUTSTANDING AND ENTITLED  
22 TO VOTE OF BOTH CORPORATIONS MUST BE OWNED  
23 AND HELD BY CITIZENS OF THE PHILIPPINES AND  
24 AT LEAST SIXTY PERCENT (60%) OF THE MEMBERS  
25 OF THE BOARD OF DIRECTORS OF BOTH  
26 CORPORATIONS MUST BE CITIZENS OF THE  
27 PHILIPPINES; OR

28 (B) ALTHOUGH ORGANIZED ABROAD, IT IS REGISTERED  
29 AS DOING BUSINESS IN THE PHILIPPINES UNDER  
30 THIS CODE AND ONE HUNDRED PERCENT (100%) OF  
31 THE CAPITAL STOCK OUTSTANDING AND ENTITLED  
32 TO VOTE IS WHOLLY OWNED BY FILIPINOS.

33 [Pursuant to the duties specified by Article XIV of the Constitution, the] THE  
34 National Economic and Development Authority shall, from time to time,  
35 UPON FINDING OR RECOMMENDATION FROM THE

1 **COMMISSION OR FROM OTHER APPROPRIATE GOVERNMENT**  
2 **AGENCIES**, make a determination of whether the corporate vehicle has been  
3 used by any corporation or by business or industry to frustrate the provisions  
4 thereof or of applicable laws, and shall submit to the [Batasang Pambansa]  
5 **CONGRESS**, whenever deemed necessary, a report of its findings, including  
6 recommendations for their prevention or correction.

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

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

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

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

30 [an annual report of its operations, together with a financial statement  
31 of its assets and liabilities, certified by any independent certified public  
32 accountant in appropriate cases, covering the preceding fiscal year and such  
33 other requirements as the Securities and Exchange Commission may require.]

34 **1. ANNUAL FINANCIAL STATEMENTS DULY AUDITED**  
35 **BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT WHO IS**



1 ACCREDITED BY THE BOARD OF ACCOUNTANCY AND WHO  
2 POSSESSES SUCH OTHER ACCREDITATION AS THE COMMISSION  
3 MAY REQUIRE;

4 2. A GENERAL INFORMATION SHEET;

5 3. A DIRECTOR OR TRUSTEE COMPENSATION REPORT  
6 WHICH SHALL CONTAIN, AMONG OTHERS, THE FOLLOWING:

7 a. THE CORPORATION'S POLICY ON DIRECTOR OR  
8 TRUSTEE REMUNERATION, INCLUDING THE FRAMEWORK  
9 FOR DETERMINING THE REMUNERATION LEVELS FOR  
10 INDIVIDUAL DIRECTORS OR TRUSTEES;

11 b. A CLEAR, CONCISE AND EASILY  
12 UNDERSTANDABLE STATEMENT OF ALL FIXED AND  
13 VARIABLE COMPENSATION PAID AND ALL INCENTIVES,  
14 AWARDS, AND/OR OPTIONS GIVEN, DIRECTLY OR  
15 INDIRECTLY, TO DIRECTORS OR TRUSTEES DURING THE  
16 PRECEDING FISCAL YEAR; AND

17 c. A STATEMENT OF OTHER FORMS OF  
18 REMUNERATION AND/OR COMPENSATION  
19 ARRANGEMENTS NOT COVERED UNDER THE PRECEDING  
20 SUB-PARAGRAPHS;

21 4. A DIRECTOR OR TRUSTEE APPRAISAL OR  
22 PERFORMANCE REPORT AND THE STANDARDS OR CRITERIA  
23 USED TO ASSESS EACH DIRECTOR OR TRUSTEE;

24 5. A DIRECTOR OR TRUSTEE ATTENDANCE REPORT,  
25 INDICATING THE ATTENDANCE OF EACH DIRECTOR OR  
26 TRUSTEE AT EACH OF THE MEETINGS OF THE BOARD AND ITS  
27 COMMITTEES;

28 6. A STATEMENT OF ALL EXTERNAL AUDIT AND NON-  
29 AUDIT FEES;

30 7. SUCH OTHER REPORTS THAT THE COMMISSION MAY  
31 REQUIRE BY RULE.

32 THE FOREGOING REPORTORIAL REQUIREMENTS SHALL  
33 BE ACCOMPANIED BY A CERTIFICATION FROM THE CHAIRMAN  
34 OF THE BOARD, THE PRESIDENT, THE TREASURER AND THE  
35 CORPORATE SECRETARY (OR THEIR EQUIVALENT) TO WIT:

1           1. AS TO THE ANNUAL FINANCIAL STATEMENTS,  
2 THAT THE INFORMATION CONTAINED THEREIN IS  
3 COMPLETE, FAIRLY AND ACCURATELY PRESENTS, IN  
4 ALL MATERIAL RESPECTS, THE FINANCIAL CONDITION  
5 OF THE CORPORATION AND DOES NOT CONTAIN ANY  
6 FALSE OR MISLEADING STATEMENT OR  
7 MISREPRESENTATION;

8           2. AS TO THE GENERAL INFORMATION SHEET,  
9 THAT THE INFORMATION CONTAINED THEREIN IS  
10 COMPLETE, ACCURATE AND DOES NOT CONTAIN ANY  
11 FALSE OR MISLEADING STATEMENT OR  
12 MISREPRESENTATION; AND

13           3. AS TO THE DIRECTOR OR TRUSTEE  
14 COMPENSATION REPORT, THAT THE INFORMATION  
15 CONTAINED THEREIN IS COMPLETE, FAIRLY AND  
16 ACCURATELY PRESENTS, IN ALL MATERIAL RESPECTS,  
17 THE CORPORATION'S POLICY ON DIRECTOR OR  
18 TRUSTEE REMUNERATION, THE ACTUAL  
19 REMUNERATIONS OF SUCH DIRECTORS OR TRUSTEES,  
20 AND DOES NOT CONTAIN ANY FALSE OR MISLEADING  
21 STATEMENT OR MISREPRESENTATION.

22           Such [report] **REPORTORIAL REQUIREMENTS** shall be submitted  
23 **ANNUALLY AND** within such period as may be prescribed by the [Securities  
24 and Exchange] Commission.

25           **IF A CORPORATION FAILS TO SUBMIT ANY OF THE**  
26 **FOREGOING REPORTORIAL REQUIREMENTS THREE TIMES,**  
27 **WHETHER INTERMITTENTLY OR CONSECUTIVELY, WITHIN A**  
28 **PERIOD OF FIVE YEARS, THE COMMISSION MAY, AFTER DUE**  
29 **NOTICE AND HEARING, PUT THE CORPORATION ON**  
30 **DELINQUENCY STATUS OR REVOKE ITS CERTIFICATE OF**  
31 **INCORPORATION IN ACCORDANCE WITH SECTION 22."**

32           **SECTION 89.** Section 142 of the Code is hereby renumbered as Section 182 and  
33 amended to read as follows:

34           "Sec. [142]182. **VISITORIAL POWER AND** *Confidential nature of*  
35 *examination results.* – **THE COMMISSION SHALL EXERCISE**

1 VISITORIAL POWERS OVER ALL CORPORATIONS REGISTERED  
2 WITH IT. THESE VISITORIAL POWERS SHALL INCLUDE, BUT  
3 NOT BE LIMITED TO EXAMINATION, INVESTIGATION,  
4 INSPECTION OF RECORDS REGARDLESS OF THE FORM IN  
5 WHICH THE INFORMATION IS CONTAINED, REGULATION AND  
6 SUPERVISION OF ACTIVITIES, ENFORCING COMPLIANCE AND  
7 IMPOSING 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  
19 kept strictly confidential, except insofar as the law may require the same to be  
20 made 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:

26 "Sec. [143]183. *[Rule-making power]* **POWERS AND FUNCTIONS**  
27 *of the [Securities and Exchange] Commission AND JURISDICTION OVER*  
28 **ACTIONS. – CONSISTENT WITH AND IN ADDITION TO THE**  
29 **POWERS AND FUNCTIONS PROVIDED IN PRESIDENTIAL**  
30 **DECREE NO. 902-A, THE SECURITIES REGULATION CODE, THE**  
31 **INVESTMENT HOUSES LAW, THE FINANCING COMPANY ACT**  
32 **AND OTHER LAWS, [The Securities and Exchange] Commission shall have**  
33 **[the power and authority], AMONG OTHERS, THE FOLLOWING**  
34 **POWERS AND FUNCTIONS:**

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

4           **2. FORMULATE POLICIES AND**  
5 **RECOMMENDATIONS ON ISSUES PERTAINING TO THE**  
6 **REGULATION AND SUPERVISION OF CORPORATIONS, AND**  
7 **PROPOSE LEGISLATION AND AMENDMENTS THERETO;**

8           **3. APPROVE OR REJECT APPLICATIONS, ISSUE OR**  
9 **REVOKE OTHER CERTIFICATIONS, REQUIRE ADDITIONAL**  
10 **SUBMISSIONS OR AMENDMENTS THERETO;**

11           **4. REGULATE, INVESTIGATE, SUPERVISE THE**  
12 **ACTIVITIES OF PERSONS TO ENSURE COMPLIANCE WITH**  
13 **THIS CODE;**

14           **5. IMPOSE SANCTIONS FOR THE VIOLATIONS OF**  
15 **THIS CODE AND ITS RULES, REGULATIONS AND ORDERS**  
16 **OF THE COMMISSION ISSUED PURSUANT THERETO;**

17           **6. PROMOTE CORPORATE GOVERNANCE AND, IN**  
18 **FURTHERANCE THEREOF, EXPAND OR ADD TO THE**  
19 **REQUIREMENTS WITH RESPECT TO, AMONG OTHERS, THE**  
20 **CONTENTS OF THE BY-LAWS, THE QUALIFICATIONS AND**  
21 **DISQUALIFICATIONS OF DIRECTORS, AND THE RECORDS**  
22 **THAT MUST BE ON HAND AT THE CORPORATION'S**  
23 **ADDRESS OF RECORD AND THE ANNUAL REPORTS THAT**  
24 **MUST BE SUBMITTED TO THE COMMISSION;**

25           **7. PREPARE, APPROVE, AMEND OR REPEAL**  
26 **RULES, REGULATIONS AND ORDERS, AND ISSUE**  
27 **OPINIONS AND PROVIDE GUIDANCE ON AND SUPERVISE**  
28 **COMPLIANCE WITH SUCH RULES, REGULATIONS AND**  
29 **ORDERS**

30           **8. [to implement the provisions of this Code, and to**  
31 **promulgate rules and regulations reasonably necessary to enable it to**  
32 **perform its duties hereunder, particularly in the prevention of fraud and**  
33 **abuses on the part of the controlling stockholders, members, directors,**  
34 **trustees or officers.] ISSUE CEASE AND DESIST ORDERS**

1 WITHOUT THE NECESSITY OF A HEARING, TO PREVENT  
2 FRAUD OR INJURY TO THE PUBLIC[.];

3 9. PUNISH FOR CONTEMPT OF THE COMMISSION,  
4 BOTH DIRECT AND INDIRECT;

5 10. COMPEL THE OFFICERS OF ANY REGISTERED  
6 CORPORATION TO CALL MEETINGS OF STOCKHOLDERS OR  
7 MEMBERS UNDER ITS SUPERVISION AND TO ISSUE SUCH  
8 ORDERS AS MAY BE APPROPRIATE, INCLUDING, WITHOUT  
9 LIMITATION, ORDERS DESIGNATING THE TIME AND  
10 PLACE OF THE ELECTION, THE RECORD DATE OR DATES  
11 FOR DETERMINATION OF STOCKHOLDERS ENTITLED TO  
12 NOTICE OF THE ELECTION AND TO VOTE THEREAT, AND  
13 THE FORM OF NOTICE OF SUCH ELECTION;

14 11. ISSUE SUBPOENA DUCES TECUM AND SUMMON  
15 WITNESSES TO APPEAR IN PROCEEDINGS BEFORE THE  
16 COMMISSION AND IN APPROPRIATE CASES ORDER THE  
17 EXAMINATION, SEARCH AND SEIZURE OF ALL  
18 DOCUMENTS, PAPERS, FILES AND RECORDS, TAX  
19 RETURNS, AND BOOKS OF ACCOUNTS OF ANY ENTITY OR  
20 PERSON UNDER INVESTIGATION AS MAY BE NECESSARY  
21 FOR THE PROPER DISPOSITION OF THE CASES BEFORE IT,  
22 SUBJECT TO THE PROVISIONS OF EXISTING LAWS;

23 12. SUSPEND OR REVOKE, AFTER PROPER NOTICE  
24 AND HEARING, THE CERTIFICATE OF INCORPORATION OF  
25 CORPORATIONS UPON ANY OF THE GROUNDS PROVIDED  
26 UNDER THIS CODE OR WHEN DIRECTED BY FINAL  
27 JUDGMENT OF A COURT OF COMPETENT JURISDICTION;

28 13. DISSOLVE OR OTHERWISE SANCTION  
29 CORPORATIONS CREATED FOR, COMMITTING, AIDING IN  
30 THE COMMISSION OF, OR IN ANY MANNER FURTHERING  
31 SECURITIES VIOLATIONS, SMUGGLING, TAX EVASION,  
32 MONEY LAUNDERING, GRAFT AND CORRUPT PRACTICES  
33 OR OTHER FRAUDULENT OR ILLEGAL ACTS;

34 14. ISSUE WRITS OF EXECUTION AND OF  
35 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  
18 to 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  
22 TECHNOLOGY, DEVELOP SUCH SYSTEMS AS IT MAY DEEM  
23 NECESSARY TO FACILITATE AND EXPEDITE, AMONG OTHERS,  
24 CORPORATE NAME RESERVATION AND REGISTRATION,  
25 INCORPORATION, AND THE SUBMISSION OF REPORTS, NOTICES,  
26 DOCUMENTS AND OTHER PAPERS REQUIRED UNDER THIS CODE,  
27 AND PRESCRIBE THE CORRESPONDING RULES AND  
28 REGULATIONS THEREFOR. THE COMMISSION SHALL HAVE FULL  
29 DISCRETION TO DETERMINE WHICH SYSTEM OR SYSTEMS  
30 ALLOW THE MOST EFFECTIVE IMPLEMENTATION AND  
31 ENFORCEMENT OF THE PROVISIONS OF THIS CODE

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

33 “SEC. 185. *ARBITRATION.* – WHEN THE ARTICLES OF  
34 INCORPORATION OR BY-LAWS OF A DOMESTIC UNLISTED  
35 CORPORATION SO PROVIDE, ANY OR ALL DISPUTES BETWEEN

1 OR AMONG THE CORPORATION, ITS STOCKHOLDERS OR  
2 MEMBERS, AND DIRECTORS ARISING OUT OF THE  
3 IMPLEMENTATION OF THEIR ARTICLES OF INCORPORATION OR  
4 BY-LAWS, AS WELL AS OTHER CONTROVERSIES ARISING OUT OF  
5 THEIR INTRACORPORATE RELATIONS, INCLUDING BUT NOT  
6 LIMITED TO CONTROVERSIES IN THE ELECTION OR  
7 APPOINTMENT OF THE CORPORATION'S DIRECTORS, TRUSTEES,  
8 OFFICERS OR MANAGERS, SHALL BE REFERRED TO  
9 ARBITRATION. HOWEVER, A DISPUTE SHALL NOT BE SUBMITTED  
10 TO ARBITRATION WHEN SUCH WILL LIMIT OR PRECLUDE ANY  
11 RIGHT, ACTION OR DETERMINATION BY THE COMMISSION THAT  
12 IT WOULD OTHERWISE BE AUTHORIZED TO ADOPT,  
13 ADMINISTER OR ENFORCE UNDER THIS CODE AND EXISTING  
14 LAWS. SUCH DISPUTE SHALL BE DEEMED EXCLUDED FROM THE  
15 AGREEMENT TO ARBITRATE, WHICH SHALL OTHERWISE  
16 REMAIN VALID AND BINDING.

17 THE ARBITRATION AGREEMENT SHALL BE BINDING  
18 AGAINST THE CORPORATION'S DIRECTORS, TRUSTEES,  
19 OFFICERS OR MANAGERS, UPON ACCEPTANCE OF THEIR POST.

20 TO BE VALID, THE AGREEMENT TO ARBITRATE IN THE  
21 ARTICLES OF INCORPORATION OR THE BY-LAWS SHOULD  
22 INDICATE THE NUMBER AND PROCEDURE FOR THE  
23 APPOINTMENT OF ARBITRATORS AND GRANT TO A DESIGNATED  
24 THIRD, INDEPENDENT, AND EXTERNAL PARTY OR BODY THE  
25 POWER TO APPOINT THE ARBITRATORS. IF THE THIRD PARTY  
26 OR BODY FAILS TO APPOINT THE ARBITRATORS IN THE MANNER  
27 AND WITHIN THE PERIOD SPECIFIED IN THE AGREEMENT TO  
28 ARBITRATE, EACH PARTY TO THE ARBITRATION MAY REQUEST  
29 THAT THE APPOINTMENT OF THE ARBITRATORS BE MADE BY  
30 THE COMMISSION. ARBITRATORS SHALL BE THOSE WHO ARE  
31 EITHER DULY ACCREDITED BY THE COMMISSION OR MEMBERS  
32 OF ORGANIZATIONS DULY-ACCREDITED BY THE COMMISSION.

33 THE ARBITRAL TRIBUNAL SHALL HAVE FULL AUTHORITY  
34 TO RESOLVE ALL ISSUES RELATING TO ITS JURISDICTION  
35 AND/OR THE VALIDITY OR EFFECTIVITY OF THE ARBITRATION

1 AGREEMENT. A REGIONAL TRIAL COURT BEFORE WHICH AN  
2 INTRACORPORATE DISPUTE IS FILED SHALL, BEFORE THE  
3 TERMINATION OF THE PRETRIAL CONFERENCE, DISMISS THE  
4 CASE UPON DETERMINING THE EXISTENCE OF AN AGREEMENT  
5 TO ARBITRATE IN THE ARTICLES OF INCORPORATION OR BY-  
6 LAWS OF THE CORPORATION, ANY AMENDMENT THEREOF, OR  
7 IN A SEPARATE AGREEMENT.

8 THE ARBITRAL TRIBUNAL SHALL HAVE THE POWER TO  
9 GRANT INTERIM MEASURES NECESSARY TO ENSURE  
10 ENFORCEMENT OF THE AWARD, TO PREVENT A MISCARRIAGE  
11 OF JUSTICE, OR TO OTHERWISE PROTECT THE RIGHTS OF THE  
12 PARTIES.

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

18 THE COMMISSION SHALL FORMULATE THE RULES AND  
19 REGULATIONS WHICH SHALL GOVERN ARBITRATION UNDER  
20 THIS SECTION.”

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

23 “SEC. 186. JURISDICTION OVER CORPORATIONS OF SPECIAL  
24 CHARACTER. – THE POWERS, AUTHORITIES AND  
25 RESPONSIBILITIES THAT ARE VESTED IN THE COMMISSION  
26 UNDER THIS CODE AND PRESIDENTIAL DECREE 902-A  
27 INVOLVING CORPORATIONS OF A SPECIAL CHARACTER ARE  
28 TRANSFERRED TO THE COMMISSION ON ELECTIONS (COMELEC)  
29 WITH RESPECT TO PARTY-LIST ORGANIZATIONS, TO THE  
30 HOUSING AND LAND USE REGULATORY BOARD (HLURB) WITH  
31 RESPECT TO NEIGHBORHOOD ASSOCIATIONS AND  
32 HOMEOWNERS’ ASSOCIATIONS AND TO THE LOCAL  
33 GOVERNMENT UNITS (LGUs) OR DEPARTMENT OF  
34 TRANSPORTATION AND COMMUNICATIONS (DOTC) WITH  
35 RESPECT TO THE ASSOCIATIONS OF OPERATORS AND DRIVERS



1           **OF PUBLIC TRANSPORT WHERE APPROPRIATE.**

2           **THE MONITORING, SUPERVISION AND REGULATION OF**  
3           **CORPORATIONS OF SUCH CHARACTER ABOVE-DESCRIBED**  
4           **PREVIOUSLY REGISTERED WITH THE COMMISSION SHALL**  
5           **LIKEWISE BE TRANSFERRED TO THE SAID PERTINENT**  
6           **GOVERNMENT AGENCIES, RESPECTIVELY.**

7           **FOR THIS PURPOSE, THE COMELEC, HLURB, LGUs AND**  
8           **DOTC, IN COORDINATION WITH THE COMMISSION, SHALL**  
9           **PROMULGATE THE CORRESPONDING IMPLEMENTING RULES**  
10          **AND/OR ENTER INTO INTER-AGENCY AGREEMENTS.”**

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

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

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

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

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

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

*Approved,*