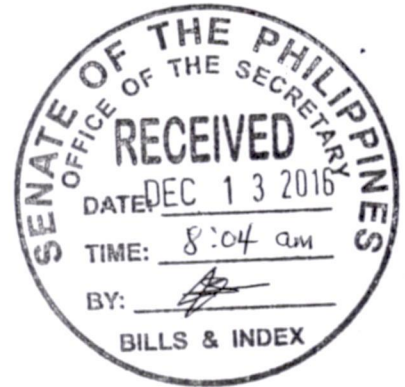


SEVENTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES  
*First Regular Session*

SENATE  
S.B. No. 1280



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Prepared by the Committees on Constitutional Amendment and Revision of Codes and Trade  
Commerce and Entrepreneurship, with Senators Escudero, Drilon, Aquino, Angara and Zubiri  
*as Authors. 12/16/16*

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AN ACT  
AMENDING BATAS PAMBANSA BLG. 68 OR 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 CLASSIFICATION OF SHARES, THEIR**  
4 **CORRESPONDING RIGHTS, PRIVILEGES, OR RESTRICTIONS, AND THEIR**  
5 **STATED PAR VALUE, IF ANY, MUST BE INDICATED IN THE ARTICLES OF**  
6 **INCORPORATION. EACH SHARE SHALL BE EQUAL IN ALL RESPECTS TO**  
7 **EVERY OTHER SHARE, EXCEPT AS OTHERWISE PROVIDED IN THE ARTICLES**  
8 **OF INCORPORATION AND IN THE CERTIFICATE OF STOCK.**

9               The shares [of stock of] **IN** stock corporations may be divided into classes  
10 or series of shares, or both[, any of which classes or series of shares may have  
11 such rights, privileges or restrictions as may be stated in the articles of  
12 incorporation: *Provided, That*]. **N[n]o** share may be deprived of voting rights  
13 except those classified and issued as “preferred” or “redeemable” shares, unless  
14 otherwise provided in this Code: *Provided [further,]* That, there shall always be a  
15 class or series of shares [which have] **WITH** complete voting rights.

1           **HOLDERS OF NON-VOTING SHARES SHALL NEVERTHELESS BE**  
2           **ENTITLED TO VOTE ON THE FOLLOWING MATTERS:**

- 3           **1. AMENDMENT OF THE ARTICLES OF INCORPORATION;**
- 4           **2. ADOPTION AND AMENDMENT OF BY-LAWS;**
- 5           **3. SALE, LEASE, EXCHANGE, MORTGAGE, PLEDGE, OR OTHER**  
6           **DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE CORPORATE**  
7           **PROPERTY;**
- 8           **4. INCURRING, CREATING OR INCREASING BONDED INDEBTEDNESS;**
- 9           **5. INCREASE OR DECREASE OF CAPITAL STOCK;**
- 10          **6. MERGER OR CONSOLIDATION OF THE CORPORATION WITH**  
11          **ANOTHER CORPORATION OR OTHER CORPORATIONS;**
- 12          **7. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION**  
13          **OR BUSINESS IN ACCORDANCE WITH THIS CODE; AND**
- 14          **8. DISSOLUTION OF THE CORPORATION.**

15           **EXCEPT AS PROVIDED IN THE IMMEDIATELY PRECEDING**  
16           **PARAGRAPH, THE VOTE NECESSARY TO APPROVE A PARTICULAR**  
17           **CORPORATE ACT AS PROVIDED IN THIS CODE SHALL BE DEEMED TO REFER**  
18           **ONLY TO STOCKS WITH VOTING RIGHTS.**

19           [Any or all of] T[t]he shares or series of shares may **OR MAY NOT** have a  
20           par value [or have no par value as may be provided for in the articles of  
21           incorporation: *Provided, however,*] **EXCEPT** That banks, trust [companies],  
22           insurance [companies], **AND PRE-NEED COMPANIES**, public utilities, [and]  
23           building and loan associations, **AND OTHER CORPORATIONS AUTHORIZED TO**  
24           **OBTAIN OR ACCESS FUNDS FROM THE PUBLIC, WHETHER PUBLICLY LISTED**  
25           **OR NOT**, shall not be permitted to issue no-par value shares of stock.

1 Preferred shares of stock issued by a[ny] corporation may be given  
2 preference in the distribution of **DIVIDENDS** and **IN THE DISTRIBUTION OF**  
3 **CORPORATE** [the] assets in case of liquidation [of the corporation and in the  
4 distribution of dividends], or such other preferences [as may be stated in the  
5 articles of incorporation which are not violative of the provisions of this Code:]  
6 *Provided*, That preferred shares of stock may be issued only with a stated par  
7 value. The board of directors, where authorized in the articles of incorporation,  
8 may fix the terms and conditions of preferred shares of stock or any series  
9 thereof: *Provided*, That such terms and conditions shall be effective upon filing of a  
10 certificate thereof with the [Securities and Exchange] Commission

11 Shares of capital stock issued without par value shall be deemed fully paid  
12 and non-assessable and the holder of such shares shall not be liable to the  
13 corporation or to its creditors in respect thereto; *Provided*, That [shares without]  
14 **NO** par value [may not] **MUST** be issued for a consideration [less than the value]  
15 of **AT LEAST** five **PESOS** (P5.00) [pesos] per share: *Provided*[,] *further*, That the  
16 entire consideration received by the corporation for its no-par value of shares  
17 shall be treated as capital and shall not be available for distribution as dividends.

18 A corporation may further[more,] classify its shares for the purpose of  
19 insuring compliance with constitutional or legal requirements.

20 [Except as otherwise provided in the articles of incorporation and stated in  
21 the certificate of stock, each share shall be equal in all respects to every other  
22 share.

23 Where the articles of incorporation provide for non-voting shares in the  
24 cases allowed by this Code, the holders of such shares shall be entitled to vote on  
25 the following matters:

26 9. Amendment of the articles of incorporation;

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

11           Except as provided in the immediately preceding paragraph, the vote  
12 necessary to approve a particular corporate act as provided in this Code shall be  
13 deemed to refer only to stocks with voting rights.]

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

15                 *Sec. 7. Founders' shares.* - Founders' shares [classified as such in the articles  
16 of incorporation] may be given certain rights and privileges not enjoyed by the  
17 owners of other stocks. [provided that w]

18                 Where the exclusive right to vote and be voted for in the election of  
19 directors is granted, it must be for a limited period not to exceed five (5) years  
20 [subject to the] **FROM THE DATE OF** [approval of the Securities and Exchange  
21 Commission] **INCORPORATION, EXCEPT IN MERITORIOUS CASES, AS**  
22 **DETERMINED BY THE COMMISSION, PROVIDED, THAT SUCH EXCLUSIVE**  
23 **RIGHT SHALL NOT BE ALLOWED IF ITS EXERCISE WILL VIOLATE**  
24 **COMMONWEALTH ACT NO. 108 OR THE ANTI-DUMMY LAW, REPUBLIC ACT**  
25 **NO. 7042 OR THE FOREIGN INVESTMENTS ACT, AND OTHER PERTINENT**  
26 **LAWS.**

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

2               *Sec. 8. Redeemable shares.* - Redeemable shares **ARE SHARES** [may be  
3 issued by the corporation when expressly so provided in the articles of  
4 incorporation. They] **WHICH** may be purchased by the corporation **FROM THE**  
5 **HOLDERS OF SUCH SHARES** upon the expiration of a fixed period, regardless of  
6 the existence of unrestricted retained earnings in the books of the corporation,  
7 and upon such other terms and conditions [as may be] stated in the articles of  
8 incorporation [which terms and conditions must also be stated in] **AND** the  
9 certificate of stock representing said shares[.], **SUBJECT TO RULES AND**  
10 **REGULATIONS ISSUED BY THE COMMISSION.**

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

12               *Sec. 10. Number and qualifications of incorporators.* - [Any number of  
13 natural persons not less than five (5) but not more than fifteen (15), all of legal age,  
14 and a majority of whom are residents of the Philippines, may form a private  
15 corporation for any lawful purpose or purposes.] **ANY PERSON, PARTNERSHIP,**  
16 **ASSOCIATION OR CORPORATION, SINGLY OR JOINTLY WITH OTHERS BUT**  
17 **NOT MORE THAN FIFTEEN (15) IN NUMBER, MAJORITY OF WHOM ARE**  
18 **RESIDENTS OF THE PHILIPPINES, MAY ORGANIZE A CORPORATION FOR ANY**  
19 **LAWFUL PURPOSE OR PURPOSES. INCORPORATORS WHO ARE NATURAL**  
20 **PERSONS MUST BE OF LEGAL AGE.**

21               Each [of the] incorporator[s] of a stock corporation must own or be a  
22 subscriber to at least one (1) share of the capital stock [of the corporation].

23               **A CORPORATION WITH A SINGLE STOCKHOLDER IS CONSIDERED A**  
24 **ONE PERSON CORPORATION COVERED BY TITLE XIII, CHAPTER III.**

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

26               *Sec. 11. Corporate term.* - [A corporation shall exist for a period not exceeding

1 fifty (50) years from the date of incorporation unless sooner dissolved or unless  
2 said period is extended. The corporate term as originally stated in the articles of  
3 incorporation may be extended for periods not exceeding fifty (50) years in any  
4 single instance by an amendment of the articles of incorporation;] **A**  
5 **CORPORATION SHALL HAVE PERPETUAL EXISTENCE UNLESS ITS CERTIFICATE**  
6 **OF INCORPORATION PROVIDES OTHERWISE. A CORPORATE TERM FOR A**  
7 **SPECIFIC PERIOD MAY BE EXTENDED OR SHORTENED BY AMENDING THE**  
8 **ARTICLES OF INCORPORATION; Provided, That no extension [can] MAY be made**  
9 earlier than [five (5)] **THREE (3)** years prior to the original or subsequent expiry  
10 date(s) unless there are justifiable reasons for an earlier extension as may be  
11 determined by the [Securities and Exchange] Commission, **PROVIDED FURTHER,**  
12 **THAT SUCH EXTENSION OF THE CORPORATE TERM SHALL TAKE EFFECT ONLY**  
13 **ON THE DAY FOLLOWING THE ORIGINAL OR SUBSEQUENT EXPIRY DATE(S).**

14 **A CORPORATION WHOSE TERM HAS EXPIRED MAY, AT ANY TIME APPLY**  
15 **FOR A REVIVAL OF ITS CORPORATE EXISTENCE, TOGETHER WITH ALL THE**  
16 **RIGHTS AND PRIVILEGES UNDER ITS CERTIFICATE OF INCORPORATION AND**  
17 **SUBJECT TO ALL OF ITS DUTIES, DEBTS AND LIABILITIES EXISTING PRIOR TO**  
18 **THE EXPIRATION OF ITS CORPORATE TERM. UPON APPROVAL BY THE**  
19 **COMMISSION, THE CORPORATION SHALL BE DEEMED REVIVED AND AN**  
20 **AMENDED CERTIFICATE OF INCORPORATION SHALL BE ISSUED, GIVING IT**  
21 **PERPETUAL EXISTENCE UNLESS ITS APPLICATION FOR REVIVAL PROVIDES**  
22 **OTHERWISE.**

23 **SECTION 6.** Section 12 of the Code is hereby amended to read as follows:

24 *Sec. 12. Minimum capital stock required of stock corporations.* – Stock  
25 corporations [incorporated under this Code] shall not be required to have [any] **A**

1 minimum authorized capital stock, except as otherwise specifically provided [for]  
2 by special law, and subject to the provisions of the following section.

3 **SECTION 7.** Section 13 of the Code is hereby amended to read as follows:

4 *Sec. 13. Amount of capital stock to be subscribed and paid for purposes of*  
5 *incorporation.* - At least twenty-five [(25%)] percent **(25%)** of the **NUMBER OF**  
6 **SHARES OF THE** authorized capital stock [as] stated in the articles of  
7 incorporation must be subscribed at the time of incorporation, and at least  
8 twenty-five [(25%)] percent **(25%)** of the **VALUE OF THE** total subscription must  
9 be paid upon subscription, the balance to be payable on a date or dates fixed in  
10 the contract of subscription without need of call, or in the absence of a fixed date  
11 or dates, upon call for payment by the board of directors: *Provided, however,* That  
12 [in no case shall] the paid-up capital **NOT** be less than five thousand (P5,000.00)  
13 pesos.

14 **SECTION 8.** Section 14 of the Code is hereby amended to read as follows:

15 *Sec. 14. Contents of articles of incorporation.* - All corporations [organized  
16 under this Code] shall file with the [Securities and Exchange] Commission, articles  
17 of incorporation in any of the official languages, duly signed and acknowledged  
18 **OR AUTHENTICATED, IN SUCH FORM AND MANNER AS MAY BE ALLOWED BY**  
19 **THE COMMISSION,** by all [of] the incorporators, containing substantially the  
20 following matters, except as otherwise prescribed by this Code or by special law:

- 21 1. The name of the corporation;
- 22 2. The specific purpose or purposes for which the corporation is being  
23 [incorporated] **FORMED.** Where a corporation has more than one  
24 stated purpose, the articles of incorporation shall state which is the  
25 primary purpose and which is/are the secondary purpose or

1 purposes: Provided, That a non-stock corporation may not include a  
2 purpose which would change or contradict its nature as such;

3 3. [The place where the principal office of the corporation is to be  
4 located, which must be within the Philippines] **THE SPECIFIC**  
5 **ADDRESS OF THE PRINCIPAL OFFICE OF THE CORPORATION,**  
6 **WHICH MUST BE WITHIN THE PHILIPPINES;**

7 4. The term for which the corporation is to exist, **IF THE CORPORATION**  
8 **HAS NOT ELECTED PERPETUAL EXISTENCE;**

9 5. The names, nationalities and residences of the incorporators;

10 6. The number of directors or trustees, which shall not be [less than five  
11 (5) nor] more than fifteen (15);

12 7. The names, nationalities and residences of persons who shall act as  
13 directors or trustees until the first regular directors or trustees are  
14 duly elected and qualified in accordance with this Code;

15 8. If it be a stock corporation, the amount of its authorized capital stock  
16 [in lawful money of the Philippines, the], number of shares into which  
17 it is divided, [and in case the share are par value shares, the] par value  
18 of each, [the] names, nationalities and residences of the original  
19 subscribers, [and the ] amount subscribed and paid by each on his **OR**  
20 **HER** subscription, and **A STATEMENT THAT** [if] some or all of the  
21 shares are without par value, **IF APPLICABLE**[such fact must be  
22 stated];

23 9. If it be a non-stock corporation, the amount of its capital, [the] names,  
24 nationalities and residences of the contributors, and [the] amount  
25 contributed by each; [and]



1           10.    IF IT BE A STOCK CORPORATION, A STATEMENT OF THE  
2                    TREASURER, WHO SHALL BE AN INCORPORATOR, THAT AT  
3                    LEAST TWENTY-FIVE PERCENT (25%) OF THE NUMBER OF  
4                    SHARES IN THE CORPORATION'S AUTHORIZED CAPITAL STOCK  
5                    HAS BEEN SUBSCRIBED, AND AT LEAST TWENTY-FIVE PERCENT  
6                    (25%) OF THE TOTAL SUBSCRIPTION HAS BEEN FULLY PAID IN  
7                    ACTUAL CASH AND/OR IN PROPERTY, THE FAIR VALUATION OF  
8                    WHICH IS EQUAL TO AT LEAST TWENTY-FIVE PERCENT (25%) OF  
9                    THE SAID SUBSCRIPTION, THE PAID-UP CAPITAL BEING AT  
10                  LEAST THAN FIVE THOUSAND PESOS (P5,000.00); AND

11                [10.]11. Such other matters as are not inconsistent with law and which the  
12                    incorporators may deem necessary and convenient.

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

21                **THE ARTICLES OF INCORPORATION AND APPLICATIONS FOR**  
22                **AMENDMENTS THERETO MAY BE FILED WITH THE COMMISSION IN THE FORM**  
23                **OF AN ELECTRONIC DOCUMENT, IN ACCORDANCE WITH THE COMMISSION'S**  
24                **RULES AND REGULATIONS ON ELECTRONIC FILING.**

25                **SECTION 9.**     Section 15 of the Code is hereby amended to delete the form on the  
26                Treasurer's Affidavit and to read as follows:

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

4 ARTICLES OF INCORPORATION

5 OF

6 \_\_\_\_\_  
7 (Name of Corporation)

8 KNOW ALL [MEN] **PERSONS** BY THESE PRESENTS:

9 FIRST: That the name of said corporation shall be " \_\_\_\_\_, INC., CORPORATION  
10 **OR OPC**";

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

13 THIRD: That the principal office of the corporation is located in the City/Municipality  
14 of \_\_\_\_\_, Province of \_\_\_\_\_, Philippines;

15 FOURTH: That the **CORPORATION SHALL HAVE PERPETUAL EXISTENCE OR**  
16 **FOR A TERM OF** \_\_\_\_\_ years from [and after the date of] the date of  
17 issuance of the certificate of incorporation;

18 FIFTH: That the names, nationalities and residences of the incorporators of  
19 the corporation are as follows:

20 NAME	NATIONALITY	RESIDENCE
21 _____	_____	_____

22 xxx

23 SIXTH: That the number of directors or trustees of the corporation shall be  
24 \_\_\_\_\_; and the names, nationalities and residences of the first directors  
25 or trustees of the corporation are as follows:

26 NAME	NATIONALITY	RESIDENCES	x
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xxx

SEVENTH: That the authorized capital stock of the corporation is \_\_\_\_\_  
(P\_\_\_\_\_) PESOS [in lawful money of the Philippines], divided into shares [are of]  
**WITH** the par value of \_\_\_\_\_ (P\_\_\_\_\_) PESOS each, and of which  
\_\_\_\_\_ shares are without par value.

(In case all the shares are without par value):

That the capital stock of the corporation is \_\_\_\_\_ shares  
without par value. (In case some shares have par value and some are without par  
value): That the capital stock of said corporation consists of  
\_\_\_\_\_ shares of which \_\_\_\_\_ shares are of the par  
value of \_\_\_\_\_ shares are of the par value of \_\_\_\_\_  
PESOS (P\_\_\_\_\_) each, and of which \_\_\_\_\_ shares are without  
par value.

EIGHTH: That at least twenty five **PERCENT** (25%) [percent] of the  
authorized capital stock above stated has been subscribed as follows:

Name of Subscriber	Nationality	No. of Shares Subscribed	Amount Subscribed
_____	_____	_____	_____

xxx

NINTH: That the above-named subscribers have paid at least twenty five  
**PERCENT** (25%) [percent] of the total subscription as follows:

Name of Subscriber	Amount Subscribed[r]	Total Paid-In
_____	_____	_____

TENTH: That \_\_\_\_\_ has been elected by the subscribers as  
Treasurer of the Corporation to act as such until his **OR HER** successor is duly  
elected and qualified in accordance with the by-laws, [and] that as [such]

1 Treasurer, he **OR SHE** has been authorized to receive [for and] in the name and  
2 for the benefit of the corporation, all subscriptionS, [(or fees) or] contributions or  
3 donations paid or given by the subscribers or members, **THAT HE OR SHE**  
4 **CERTIFIES THE INFORMATION SET FORTH IN THE SEVENTH, EIGHTH AND**  
5 **NINTH CLAUSES ABOVE, AND THAT HE OR SHE HAS RECEIVED THE PAID-UP**  
6 **PORTION OF THE SUBSCRIPTION IN CASH AND/OR PROPERTY FOR THE**  
7 **BENEFIT AND CREDIT OF THE CORPORATION.**

8 **ELEVENTH: THAT THE INCORPORATORS UNDERTAKE TO CHANGE THE**  
9 **NAME OF THE CORPORATION IMMEDIATELY UPON RECEIPT OF NOTICE**  
10 **FROM THE COMMISSION THAT ANOTHER CORPORATION, PARTNERSHIP OR**  
11 **PERSON HAS ACQUIRED A PRIOR RIGHT TO THE USE OF SUCH NAME, THAT**  
12 **THE NAME HAS BEEN DECLARED NOT DISTINGUISHABLE FROM A**  
13 **REGISTERED NAME, OR THAT IT IS CONTRARY TO LAW, PUBLIC MORALS,**  
14 **GOOD CUSTOMS OR PUBLIC POLICY.**

15 **TWELFTH [ELEVENTH]** (Corporations which will engage in any business or  
16 activity reserved for Filipino citizens shall provide the following):

17 "No transfer of stock or interest which shall reduce the ownership of Filipino  
18 citizens to less than the required percentage of capital stock as provided by  
19 existing laws shall be allowed or permitted to be recorded in the proper books of  
20 the corporation and this restriction shall be indicated in all stock certificates  
21 issued by the corporation."

22 IN WITNESS WHEREOF, we have hereunto signed these Articles of Incorporation,  
23 this ..... day of ....., [19] 20..... in the City/Municipality of  
24 ....., Province of ....., Republic of the  
25 Philippines.

26 (Names and signatures of the incorporators)

1 [TREASURER'S AFFIDAVIT  
2 REPUBLIC OF THE PHILIPPINES)  
3 CITY/MUNICIPALITY OF ) S.S.  
4 PROVINCE OF)

5 I, \_\_\_\_\_, being duly sworn, depose and say:

6 That I have been elected by the subscribers of the corporation as Treasurer thereof, to act  
7 as such until my successor has been duly elected and qualified in accordance with the by-  
8 laws of the corporation, and that as such Treasurer, I hereby certify under oath that at  
9 least 25% of the authorized capital stock of the corporation has been subscribed and at  
10 least 25% of the total subscription has been paid, and received by me, in cash or property,  
11 in the amount of not less than P5,000.00, in accordance with the Corporation Code.

12 \_\_\_\_\_

13 (Signature of Treasurer)

14 SUBSCRIBED AND SWORN to before me, a Notary Public, for and in the City/Municipality  
15 of \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_; by \_\_\_\_\_ with  
16 Res. Cert. No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_,  
17 19\_\_\_\_\_

18 NOTARY PUBLIC

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

20 Doc. No. ....;

21 Page No. ....;

22 Book No. ....;

23 Series of 19 .....]

24 **SECTION 10.** Section 17 of the Code is hereby amended to read as follows:

25 *Sec. 17. Grounds when articles of incorporation or amendment may be rejected*  
26 *or disapproved.* - The [Securities and Exchange] Commission may **DISAPPROVE**

1 [reject] the articles of incorporation or [disapprove] any amendment thereto if the  
2 same is not [in compliance] **COMPLIANT** with the requirements of this Code:  
3 Provided, That the Commission shall give the incorporators, **DIRECTORS,**  
4 **TRUSTEES OR OFFICERS** [a reasonable time] **TEN (10) DAYS FROM RECEIPT OF**  
5 **THE DISAPPROVAL** within which to [correct or] modify the objectionable portions  
6 of the articles or amendment. The following are grounds for such [rejection or]  
7 disapproval:

- 8 1. That the articles of incorporation or any amendment  
9 thereto is not substantially in accordance with the form  
10 prescribed herein;
- 11 2. That the purpose or purposes of the corporation are  
12 patently unconstitutional, illegal, immoral or contrary to  
13 government rules and regulations;
- 14 3. That the **CERTIFICATION** [Treasurer's Affidavit]  
15 concerning the amount of capital stock subscribed and/or  
16 paid is false; and
- 17 4. That the **REQUIRED** percentage of **FILIPINO** ownership of  
18 the capital stock [be owned by citizens of the Philippines]  
19 [has not been complied with as required] **UNDER** [by]  
20 existing laws or the Constitution **HAS NOT BEEN**  
21 **COMPLIED WITH.**

22 No articles of incorporation or amendment to articles of incorporation of banks,  
23 banking and quasi-banking institutions, [building and loan associations,] trust  
24 companies and other financial intermediaries, and insurance companies shall be  
25 [accepted or] approved by the Commission unless accompanied by a favorable

1 recommendation of the appropriate government agency to the effect that such  
2 articles or amendment is in accordance with law.

3 **SECTION 11.** Section 18 of the Code is hereby amended to read as follows:

4 Sec. 18. *Corporate name.* - No corporate name **SHALL** be allowed by the  
5 [Securities and Exchange] Commission if **IT** is [identical or deceptively or  
6 confusingly similar] **NOT DISTINGUISHABLE** [to that of] **FROM THAT ALREADY**  
7 **RESERVED OR REGISTERED FOR THE USE OF ANOTHER** corporation, or [any  
8 other] **IF SUCH** name **IS** already protected by law, or **WHEN ITS USE** is [patently  
9 deceptive, confusing or] contrary to law, **RULES AND REGULATIONS.**

10 **A NAME IS NOT DISTINGUISHABLE EVEN IF IT CONTAINS ONE OR**  
11 **MORE OF THE FOLLOWING:**

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

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

18 THE COMMISSION, UPON DETERMINATION THAT THE CORPORATE  
19 NAME IS: A) NOT DISTINGUISHABLE; B) ALREADY PROTECTED BY LAW, C)  
20 OR CONTRARY TO LAW, MAY SUMMARILY ORDER THE CORPORATION TO  
21 IMMEDIATELY CEASE AND DESIST FROM USING SUCH NAME AND REQUIRE  
22 THE CORPORATION TO REGISTER A NEW ONE. THE COMMISSION SHALL  
23 ALSO CAUSE THE REMOVAL OF ALL VISIBLE SIGNAGES, MARKS,  
24 ADVERTISEMENTS, LABELS, PRINTS AND OTHER EFFECTS BEARING SUCH  
25 CORPORATE NAME. When [a change in] the **NEW** corporate name is approved,

1 the Commission shall issue an amended certificate of incorporation under the  
2 amended name.

3 **IF THE CORPORATION FAILS TO COMPLY WITH THE COMMISSION'S**  
4 **ORDER, THE COMMISSION MAY HOLD THE CORPORATION AND ITS**  
5 **RESPONSIBLE DIRECTORS OR OFFICERS IN CONTEMPT AND/OR HOLD THEM**  
6 **ADMINISTRATIVELY, CIVILLY AND/OR CRIMINALLY LIABLE UNDER THIS**  
7 **CODE AND OTHER APPLICABLE LAWS AND/OR REVOKE THE REGISTRATION**  
8 **OF THE CORPORATION.**

9 **SECTION 12.** Section 19 of the Code is hereby amended to read as follows:

10 Sec. 19. *REGISTRATION, INCORPORATION AND commencement of*  
11 *corporate existence.* - A PERSON OR GROUP OF PERSONS DESIRING TO  
12 INCORPORATE SHALL SUBMIT THE INTENDED CORPORATE NAME TO THE  
13 COMMISSION FOR VERIFICATION. IF THE COMMISSION FINDS THAT THE  
14 NAME IS DISTINGUISHABLE, NOT PROTECTED BY LAW AND NOT CONTRARY  
15 TO LAW, RULES AND REGULATIONS, THE NAME SHALL BE RESERVED IN  
16 FAVOR OF THE INCORPORATORS. THE INCORPORATORS SHALL THEN  
17 SUBMIT THEIR ARTICLES OF INCORPORATION, BY-LAWS, AND SUCH OTHER  
18 DOCUMENTS AND/OR INFORMATION AS MAY BE REQUIRED BY THE  
19 COMMISSION.

20 **IF THE COMMISSION FINDS THAT THE SUBMITTED DOCUMENTS AND**  
21 **INFORMATION ARE FULLY COMPLIANT WITH THE REQUIREMENTS OF THIS**  
22 **CODE AND OTHER RELEVANT LAWS, AND RULES AND REGULATIONS, THE**  
23 **COMMISSION SHALL ISSUE THE CERTIFICATE OF INCORPORATION.**

24 A private corporation [formed or] organized under this Code commences  
25 ITS [to have] corporate existence and juridical personality [and is deemed  
26 incorporated] from the date the [Securities and Exchange] Commission issues [a]



1 THE certificate of incorporation under its official seal and thereupon the  
2 incorporators, stockholders/members and their successors shall constitute a body  
3 [politic and ] corporate under the name stated in the articles of incorporation for  
4 the period of time mentioned therein, unless said period is extended or the  
5 corporation is sooner dissolved in accordance with law.

6 **SECTION 13.** Section 22 of the Code is hereby amended to read as follows:

7 *Sec. 22. Effects of non-use of corporate charter and continuous inoperation of*  
8 *a corporation; - If a corporation does not formally organize and commence [the*  
9 *transaction of] its business [or the construction of its works] within [two (2)]*  
10 **FIVE (5) years from the date of its incorporation, its [corporate powers cease and**  
11 **the corporation] CERTIFICATE OF INCORPORATION shall be deemed**  
12 **[dissolved] REVOKED AS OF THE DAY FOLLOWING THE END OF SAID FIVE-**  
13 **YEAR PERIOD, WITHOUT THE NEED FOR FURTHER ACTION BY THE**  
14 **COMMISSION.**

15 However, if a corporation has commenced [the transaction of] its business  
16 but subsequently becomes [continuously] inoperative for a period of at least five  
17 (5) CONSECUTIVE years, [the same shall be a ground for the suspension or  
18 revocation of its corporate franchise or certificate of incorporation] **THE**  
19 **COMMISSION MAY, AFTER DUE NOTICE AND HEARING, PLACE THE**  
20 **CORPORATION UNDER DELINQUENT STATUS.**

21 **THE COMMISSION SHALL GIVE A DELINQUENT CORPORATION A**  
22 **PERIOD OF TWO (2) YEARS WITHIN WHICH TO RESUME OPERATIONS AND**  
23 **COMPLY WITH ALL REQUIREMENTS THAT THE COMMISSION SHALL**  
24 **PRESCRIBE. UPON COMPLIANCE BY THE CORPORATION, THE COMMISSION**  
25 **SHALL ISSUE AN ORDER LIFTING THE DELINQUENT STATUS. FAILURE TO**  
26 **COMPLY WITH THE REQUIREMENTS AND RESUME OPERATIONS WITHIN**

1 THE PERIOD GIVEN BY THE COMMISSION SHALL CAUSE THE REVOCATION  
2 OF THE CORPORATION'S CERTIFICATE OF INCORPORATION.

3 THE COMMISSION SHALL GIVE REASONABLE NOTICE TO, AND  
4 COORDINATE WITH, THE APPROPRIATE REGULATORY AGENCY PRIOR TO  
5 THE SUSPENSION OR REVOCATION OF THE CERTIFICATE OF  
6 INCORPORATION OF COMPANIES UNDER THEIR SPECIAL REGULATORY  
7 JURISDICTION.

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

12 **SECTION 14.** Section 23 of the Code is hereby amended to read as follows:

13 *Sec. 23. The board of directors or trustees; QUALIFICATION AND TERM. -*  
14 Unless otherwise provided in this Code, **THE BOARD OF DIRECTORS OR**  
15 **TRUSTEES SHALL EXERCISE** the corporate powers [of all corporations formed  
16 under this Code shall be exercised], **CONDUCT** all business [conducted,], and  
17 **CONTROL** all [property] **PROPERTIES** of **THE** [such] corporation. [s controlled  
18 and held by the board of directors or trustees]

19 **DIRECTORS SHALL** [to] be elected **FOR A TERM OF ONE (1) YEAR** from  
20 among the holders of stocks **REGISTERED IN THE CORPORATION'S BOOKS** [or  
21 where there is no stock, from among the members of the corporation, who shall  
22 hold office for one (1) year until their successors are elected and qualified],  
23 **WHILE TRUSTEES SHALL BE ELECTED FOR A TERM NOT EXCEEDING THREE**  
24 **(3) YEARS FROM AMONG THE MEMBERS OF THE CORPORATION. EACH**  
25 **DIRECTOR AND TRUSTEE SHALL HOLD OFFICE UNTIL HIS OR HER**  
26 **SUCCESSOR IS ELECTED AND QUALIFIED. A DIRECTOR WHO CEASES TO OWN**

1 AT LEAST ONE (1) SHARE OF STOCK OR A TRUSTEE WHO CEASES TO BE A  
2 MEMBER OF THE CORPORATION SHALL CEASE TO BE SUCH.

3 AT LEAST ONE THIRD (1/3) OF THE BOARD OF THE FOLLOWING  
4 CORPORATIONS VESTED WITH PUBLIC INTEREST MUST BE COMPOSED OF  
5 INDEPENDENT DIRECTORS:

6 (A) PUBLIC UTILITIES, EDUCATIONAL INSTITUTIONS, HOSPITALS,  
7 BANKS, INSURANCE, TRANSPORTATION, AND  
8 TELECOMMUNICATION COMPANIES;

9 (B) CORPORATIONS COVERED BY SECTION 17.2 OF THE SECURITIES  
10 REGULATION CODE, NAMELY THOSE WHOSE SECURITIES ARE  
11 REGISTERED WITH THE COMMISSION, CORPORATIONS  
12 LISTED WITH AN EXCHANGE OR WITH ASSETS OF AT LEAST  
13 FIFTY MILLION PESOS (PHP50,000,000) AND HAVING TWO  
14 HUNDRED (200) OR MORE HOLDERS OF SHARES, WITH AT  
15 LEAST ONE HUNDRED (100) SHARES OF A CLASS OF ITS  
16 EQUITY SHARES;

17 (C) THOSE PRIMARILY REGULATED BY ANOTHER GOVERNMENT  
18 AGENCY; AND

19 (D) OTHER CORPORATIONS VESTED WITH PUBLIC INTEREST AS MAY  
20 BE DETERMINED BY THE COMMISSION.

21 THESE DIRECTORS MUST BE ELECTED BY A MAJORITY OF THE TOTAL  
22 NUMBER OF OUTSTANDING SHARES ENTITLED TO VOTE IN THE ELECTION OF  
23 DIRECTORS AND MAJORITY OF MINORITY SHAREHOLDERS. SUCH  
24 INDEPENDENT DIRECTORS SHALL BE SUBJECT TO RULES AND REGULATIONS  
25 GOVERNING THEIR QUALIFICATIONS, DISQUALIFICATIONS, TERM LIMIT,  
26 MAXIMUM NUMBER OF BOARD MEMBERSHIP AND OTHER REQUIREMENTS

1 THAT THE COMMISSION WILL PRESCRIBE IN LINE WITH INTERNATIONAL  
2 BEST PRACTICES THAT THE COMMISSION MAY, IN ITS JUDGMENT, FIND  
3 BENEFICIAL FOR THE COUNTRY.

4 [Every director must own at least one (1) share of the capital stock of the  
5 corporation of which he is a director, which share shall stand in his name on the  
6 books of the corporation. Any director who ceases to be the owner of at least one  
7 (1) share of the capital stock of the corporation of which he is a director shall  
8 thereby cease to be a director. Trustees of non-stock corporations must be  
9 members thereof. A majority of the directors or trustees of all corporations  
10 organized under this Code must be residents of the Philippines. ]

11 **SECTION 15.** Section 24 of the Code is hereby amended to read as follows:

12 *Sec. 24. Election of directors or trustees.* – **EXCEPT WHEN THE EXCLUSIVE**  
13 **RIGHT IS RESERVED FOR HOLDERS OF FOUNDERS' SHARES UNDER SECTION**  
14 **7, EACH STOCKHOLDER OR MEMBER SHALL HAVE THE RIGHT TO NOMINATE**  
15 **ANY DIRECTOR OR TRUSTEE WHO POSSESSES ALL OF THE QUALIFICATIONS**  
16 **AND NONE OF THE DISQUALIFICATIONS SET FORTH IN THIS CODE.**

17 At all elections of directors or trustees, there must be present, either in  
18 person or [by] **THROUGH A** representative authorized to act by written proxy,  
19 the owners of [a] majority of the outstanding capital stock, or if there be no capital  
20 stock, a majority of the members entitled to vote. **WHEN SO AUTHORIZED IN**  
21 **THE BY-LAWS OR BY A MAJORITY OF THE BOARD OF DIRECTORS, THE**  
22 **STOCKHOLDERS OR MEMBERS MAY ALSO VOTE THROUGH REMOTE**  
23 **COMMUNICATION OR *IN ABSENTIA*; PROVIDED, THAT, THE RIGHT TO VOTE**  
24 **THROUGH SUCH MODES MAY BE EXERCISED IN CORPORATIONS VESTED**  
25 **WITH PUBLIC INTEREST, NOTWITHSTANDING THE ABSENCE OF A**  
26 **PROVISION IN THE BY-LAWS OF SUCH CORPORATIONS.**

1           **WHEN A STOCKHOLDER OR MEMBER PARTICIPATES THROUGH**  
2 **REMOTE COMMUNICATION OR *IN ABSENTIA*, HE OR SHE SHALL BE DEEMED**  
3 **PRESENT FOR PURPOSES OF QUORUM.**

4           The election must be by ballot if requested by any voting stockholder or  
5 member.

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

22           [Candidates receiving] **NOMINEES FOR DIRECTORS OR TRUSTEES**  
23 **RECEIVING** the highest number of votes shall be declared elected.

24           [Any meeting of the stockholders or members called for an election may  
25 adjourn from day to day or from time to time but not sine die or indefinitely] If [,  
26 for any reason,] no election is held, or **THE OWNERS OF MAJORITY OF THE**

1           OUTSTANDING CAPITAL STOCK OR THE MAJORITY OF THE MEMBERS  
2           ENTITLED TO VOTE [if there] are not present IN PERSON [or represented] by  
3           proxy OR THROUGH REMOTE COMMUNICATION OR NOT VOTING IN  
4           ABSENTIA [,] at the meeting, [the owners of a majority of the outstanding capital  
5           stock, or if there be no capital stock, a majority of the members entitled to vote,]  
6           THE MEETING MAY BE ADJOURNED AND THE CORPORATION SHALL  
7           PROCEED IN ACCORDANCE WITH SECTION 26 OF THIS CODE.

8           THE DIRECTORS OR TRUSTEES ELECTED SHALL PERFORM THEIR  
9           DUTIES AS PRESCRIBED BY LAW, RULES OF GOOD CORPORATE  
10          GOVERNANCE, AND THE BY-LAWS OF THE CORPORATION.

11         **SECTION 16.**     Section 25 of the Code is hereby amended to read as follows:

12                 *Sec. 25. Corporate officers[; quorum.]* – Immediately after their election, the  
13                 directors of a corporation must formally organize [by the election of] **AND ELECT**  
14                 **THE** [a] president, [who shall be a director, a], treasurer, [who may or may not be a  
15                 director, a] secretary, [who shall be a resident and citizen of the Philippines,] and  
16                 such other officers as may be provided [for] in the by-laws [.] **PROVIDED, THAT, IF**  
17                 **THE CORPORATION IS VESTED WITH PUBLIC INTEREST, THE BOARD SHALL**  
18                 **ALSO ELECT A COMPLIANCE OFFICER.** Any two (2) or more positions may be held  
19                 concurrently by the same person, except that no one shall act as president and  
20                 secretary or as president and treasurer at the same time.

21                 **THE PRESIDENT AND THE TREASURER MUST BE DIRECTORS AND AT**  
22                 **LEAST ONE OF THEM MUST BE A RESIDENT OF THE PHILIPPINES.**

23                 **THE CORPORATE SECRETARY MUST BE A RESIDENT OF THE**  
24                 **PHILIPPINES.**

25                 **THE OFFICERS SHALL MANAGE THE CORPORATION AND PERFORM**  
26                 **SUCH DUTIES AS MAY BE PROVIDED IN THE BY-LAWS OR, TO THE EXTENT**

1       **NOT SO PROVIDED, BY THE BOARD OF DIRECTORS.** [The directors or trustees  
2       and officers to be elected shall perform the duties enjoined on them by law and by  
3       the by-laws of the corporation. Unless the articles of incorporation or the by-laws  
4       provide for a greater majority, a majority of the number of directors or trustees as  
5       fixed in the articles of incorporation shall constitute a quorum for the transaction of  
6       corporate business., and every decision of at least a majority of the directors or  
7       trustees present at a meeting at which there is a quorum shall be valid as a  
8       corporate act, except for the election of officers which shall require the vote of a  
9       majority of all the members of the board. Directors or trustees cannot attend or vote  
10      by proxy at board meeting.]

11      **SECTION 17.**     Section 26 of the Code is hereby amended to read as follows:

12                *Sec. 26. Report of election of directors, trustees and officers, **NON-HOLDING***  
13      ***OF ELECTION AND CESSATION FROM OFFICE. -***

14                Within thirty (30) days after the election of the directors, trustees and  
15      officers of the corporation, the secretary, or any other officer of the corporation,  
16      shall submit to the [Securities and Exchange] Commission, the names,  
17      nationalities, **SHAREHOLDINGS** and residences of the directors, trustees, and  
18      officers elected.

19                **THE NON-HOLDING OF ELECTIONS AND THE REASONS THEREFOR,**  
20      **SHALL BE REPORTED TO THE COMMISSION WITHIN THIRTY (30) DAYS**  
21      **FROM THE DATE OF THE SCHEDULED ELECTION. THE REPORT SHALL**  
22      **SPECIFY A NEW DATE FOR THE ELECTION, WHICH SHALL NOT BE LATER**  
23      **THAN SIXTY (60) DAYS FROM THE SCHEDULED DATE.**

24                **IF NO NEW DATE HAS BEEN DESIGNATED, OR IF THE RESCHEDULED**  
25      **ELECTION IS LIKewise NOT HELD, THE COMMISSION MAY, UPON THE**  
26      **APPLICATION OF A STOCKHOLDER, MEMBER, DIRECTOR OR TRUSTEE AND**

1 AFTER VERIFICATION OF THE NON-HOLDING OF THE ELECTION,  
2 SUMMARILY ORDER THAT AN ELECTION BE HELD. THE COMMISSION SHALL  
3 HAVE THE POWER TO ISSUE SUCH ORDERS AS MAY BE APPROPRIATE,  
4 INCLUDING ORDERS DIRECTING THE ISSUANCE OF A NOTICE STATING THE:  
5 TIME AND PLACE OF THE ELECTION; DESIGNATED PRESIDING OFFICER;  
6 QUORUM REQUIREMENT; AND THE RECORD DATE OR DATES FOR THE  
7 DETERMINATION OF STOCKHOLDERS OR MEMBERS ENTITLED TO VOTE.

8 NOTWITHSTANDING ANY PROVISION OF THE ARTICLES OF  
9 INCORPORATION OR BY-LAWS TO THE CONTRARY, THE SHARES OF STOCK  
10 OR MEMBERSHIP REPRESENTED AT SUCH MEETING AND ENTITLED TO  
11 VOTE SHALL CONSTITUTE A QUORUM FOR PURPOSES OF CONDUCTING AN  
12 ELECTION UNDER THIS SECTION.

13 Should a director, trustee or officer die, resign or in any manner cease to  
14 hold office, his **OR HER** heirs in case of his **OR HER** death, the secretary, or any  
15 other officer of the corporation, or the director, trustee or officer himself, shall  
16 [immediately] **WITHIN SEVEN (7) DAYS FROM KNOWLEDGE THEREOF**, report  
17 **IN WRITING** such fact to the [Securities and Exchange] Commission.

18 **IN ELECTING DIRECTORS OR TRUSTEES TO FILL VACANCIES, THE**  
19 **PROCEDURE SET FORTH IN SECTION 24 SHALL APPLY.**

20 **SECTION 18.** Section 27 of the Code is hereby amended to read as follows:

21 *Sec. 27. Disqualification of directors, trustees or officers. – A PERSON SHALL*  
22 **BE DISQUALIFIED FROM BEING A DIRECTOR, TRUSTEE, OR OFFICER OF ANY**  
23 **CORPORATION IF WITHIN FIVE (5) YEARS PRIOR TO HIS OR HER ELECTION**  
24 **OR APPOINTMENT HE OR SHE WAS:**

25 1. [No person] **C[c]**onvicted by final judgment of an offense punishable by  
26 imprisonment for a period exceeding six (6) years, **o[r]F** a violation of this Code,



1 OR OF REPUBLIC ACT 8799 OTHERWISE KNOWN AS THE SECURITIES  
2 REGULATIONS CODE [committed within five (5) years prior to the date of his  
3 election or , shall qualify as a director, trustee or officer of any corporation];

4 2. CONVICTED BY FINAL JUDGMENT OR FOUND ADMINISTRATIVELY  
5 LIABLE FOR ANY OFFENSE INVOLVING FRAUD, THEFT, ESTAFA,  
6 COUNTERFEITING, MISAPPROPRIATION, FORGERY, BRIBERY, FALSE OATH,  
7 PERJURY AND OTHER FRAUDULENT ACTS;

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

12 THE FOREGOING IS WITHOUT PREJUDICE TO QUALIFICATIONS OR  
13 OTHER DISQUALIFICATIONS WHICH THE COMMISSION MAY IMPOSE IN ITS  
14 PROMOTION OF GOOD CORPORATE GOVERNANCE OR AS A SANCTION IN ITS  
15 ADMINISTRATIVE PROCEEDINGS.

16 **SECTION 19.** Section 28 of the Code is hereby amended to read as follows:

17 *Sec. 28. Removal of directors or trustees.* - Any director or trustee of a  
18 corporation may be removed from office by a vote of the stockholders holding or  
19 representing at least two-thirds (2/3) of the outstanding capital stock, or if the  
20 corporation be a non-stock corporation, by a vote of at least two-thirds (2/3) of  
21 the members entitled to vote: Provided, That such removal shall take place either  
22 at a regular meeting of the corporation or at a special meeting called for the  
23 purpose, and in either case, after previous notice to stockholders or members of  
24 the corporation of the intention to propose such removal at the meeting. A special  
25 meeting of the stockholders or members of a corporation for the purpose of  
26 removal of directors or trustees [, or any of them,] must be called by the secretary

1 on order of the president or [on the] **UPON** written demand of the stockholders  
2 representing or holding at least a majority of the outstanding capital stock [.] or [,  
3 if it be a non-stock corporation, on the written demand of] a majority of the  
4 members entitled to vote. **IF THERE IS NO SECRETARY, OR** [Should] **IF** the  
5 secretary, **DESPITE DEMAND**, failS or refuseS to call the special meeting [upon  
6 such demand or fail or refuse to] **OR TO** give [the] notice **THEREOF**, [or if there is  
7 no secretary, the call for the meeting may be addressed directly to the  
8 stockholders or members by any] **THE** stockholder or member of the corporation  
9 signing the demand **MAY CALL FOR THE MEETING BY DIRECTLY ADDRESSING**  
10 **THE STOCKHOLDERS OR MEMBERS**. Notice of the time and place of such  
11 meeting, as well as of the intention to propose such removal, must be given by  
12 publication or by written notice prescribed in this Code. Removal may be with or  
13 without cause: Provided, That removal without cause may not be used to deprive  
14 minority stockholders or members of the right of representation to which they  
15 may be entitled under Section 25 of this Code.

16 **THE COMMISSION SHALL, MOTU PROPRIO OR UPON VERIFIED**  
17 **COMPLAINT AND AFTER DUE NOTICE AND HEARING, ORDER THE REMOVAL**  
18 **OF A DIRECTOR OR TRUSTEE ELECTED DESPITE THE DISQUALIFICATION, OR**  
19 **WHOSE DISQUALIFICATION AROSE OR IS DISCOVERED SUBSEQUENT TO**  
20 **ELECTION. THE REMOVAL OF ANY DISQUALIFIED DIRECTOR SHALL BE**  
21 **WITHOUT PREJUDICE TO OTHER SANCTIONS THAT THE COMMISSION MAY**  
22 **IMPOSE ON THE BOARD OF DIRECTORS OR TRUSTEES WHO, WITH**  
23 **KNOWLEDGE OF THE DISQUALIFICATION, FAILED TO REMOVE SUCH**  
24 **DIRECTOR OR TRUSTEE.**

25 **SECTION 20.** Section 29 of the Code is hereby amended to read as follows:

1           Sec. 29. *Vacancies in the office of director or trustee; EMERGENCY BOARD.* -

2           Any vacancy occurring in the board of directors or trustees other than by removal  
3           by the stockholders or members or by expiration of term, may be filled by the vote  
4           of at least a majority of the remaining directors or trustees, if still constituting a  
5           quorum; otherwise, said vacancies must be filled by the stockholders in a regular  
6           or special meeting called for that purpose.

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

18          **HOWEVER, WHEN THE VACANCY PREVENTS THE REMAINING**  
19          **DIRECTORS FROM CONSTITUTING A QUORUM AND EMERGENCY ACTION IS**  
20          **REQUIRED TO PREVENT GRAVE, SUBSTANTIAL, AND IRREPARABLE LOSS OR**  
21          **DAMAGE TO THE CORPORATION, THE VACANCY MAY BE TEMPORARILY**  
22          **FILLED FROM AMONG THE OFFICERS OF THE CORPORATION BY UNANIMOUS**  
23          **VOTE OF THE REMAINING DIRECTORS OR TRUSTEES. THE ACTION BY THE**  
24          **DESIGNATED DIRECTOR OR TRUSTEE SHALL BE LIMITED TO THE**  
25          **EMERGENCY ACTION NECESSARY, AND HIS OR HER TERM SHALL CEASE**  
26          **WITHIN A REASONABLE TIME FROM THE TERMINATION OF THE**

1 EMERGENCY OR UPON ELECTION OF THE REPLACEMENT DIRECTOR OR  
2 TRUSTEE, WHICHEVER COMES EARLIER. THE CORPORATION MUST NOTIFY  
3 THE COMMISSION WITHIN THREE (3) DAYS FROM THE CREATION OF THE  
4 EMERGENCY BOARD, STATING THEREIN THE REASON FOR ITS CREATION.

5 Any directorship or trusteeship to be filled by reason of an increase in the  
6 number of directors or trustees shall be filled only by an election at a regular or at  
7 a special meeting of stockholders or members duly called for the purpose, or in  
8 the same meeting authorizing the increase of directors or trustees if so stated in  
9 the notice of the meeting.

10 IN ALL ELECTIONS TO FILL VACANCIES UNDER THIS SECTION, THE  
11 PROCEDURE SET FORTH IN SECTIONS 24 AND 26 SHALL APPLY.

12 **SECTION 21.** Section 30 of the Code is hereby amended to read as follows:

13 Sec. 30. *Compensation of directors* **OR TRUSTEES.** – In the absence of any  
14 provision in the by-laws fixing their compensation, the directors **OR TRUSTEES**  
15 shall not receive any compensation [as such directors **OR TRUSTEES,**] **IN THEIR**  
16 **CAPACITY AS SUCH,** except for reasonable per diems: *Provided, however,* That  
17 [any such compensation other than per diems may be granted to directors by the  
18 vote of the stockholders representing at least a majority of the outstanding capital  
19 stock at a regular or special meeting.] **THE STOCKHOLDERS REPRESENTING AT**  
20 **LEAST A MAJORITY OF THE OUTSTANDING CAPITAL STOCK OR MAJORITY**  
21 **OF THE MEMBERS MAY GRANT DIRECTORS OR TRUSTEES WITH**  
22 **COMPENSATION AND APPROVE THE AMOUNT THEREOF AT A REGULAR OR**  
23 **SPECIAL MEETING.**

24 NO DIRECTOR OR TRUSTEE SHALL PARTICIPATE IN THE  
25 DETERMINATION OF HIS OR HER OWN PER DIEMS OR COMPENSATION.

1           CORPORATIONS VESTED WITH PUBLIC INTEREST SHALL SUBMIT AN  
2 ANNUAL REPORT OF THE TOTAL COMPENSATION OF EACH OF ITS  
3 DIRECTORS OR TRUSTEES TO THE SEC AND ITS SHAREHOLDERS.

4 **SECTION 22.** Section 32 of the Code is hereby amended to read as follows:

5           *Sec. 32. Dealings of directors, trustees or officers with the corporation.* - A  
6 contract of the corporation with one or more of its directors or trustees or officers  
7 **OR THEIR SPOUSES AND RELATIVES WITHIN THE FOURTH CIVIL DEGREE OF**  
8 **CONSANGUINITY OR AFFINITY** is voidable, at the option of such corporation,  
9 unless all the following conditions are present:

10           1. That the presence of such director or trustee in the board meeting in which  
11 the contract was approved was not necessary to constitute a quorum for such  
12 meeting;

13           2. That the vote of such director or trustee was nor necessary for the approval  
14 of the contract;

15           3. That the contract is fair and reasonable under the circumstances; [and]

16           4. **THAT IN CASE OF CORPORATIONS VESTED WITH PUBLIC INTEREST,**  
17 **MATERIAL CONTRACTS ARE APPROVED BY AT LEAST TWO-THIRDS**  
18 **(2/3) OF THE ENTIRE MEMBERSHIP OF THE BOARD, WITH AT LEAST A**  
19 **MAJORITY OF THE INDEPENDENT DIRECTORS VOTING TO APPROVE THE**  
20 **MATERIAL CONTRACT; AND**

21 [4.] 5. That in case of an officer, the contract has been previously authorized  
22 by the board of directors;

23           Where any of the first [two] **THREE** conditions set forth in the preceding  
24 paragraph is absent, in the case of a contract with a director or trustee, such  
25 contract may be ratified by the vote of the stockholders representing at least two-  
26 thirds (2/3) of the outstanding capital stock or of at least two-thirds (2/3) of the

1 members in a meeting called for the purpose: Provided, That full disclosure of the  
2 adverse interest of the directors or trustees involved is made at such meeting:  
3 Provided, however, That the contract is fair and reasonable under the  
4 circumstances.

5 **SECTION 23.** Section 33 of the Code is hereby amended to read as follows:

6 *Sec. 33. Contracts between corporations with interlocking directors.* - Except in  
7 cases of fraud, and provided the contract is fair and reasonable under the  
8 circumstances, a contract between two or more corporations having interlocking  
9 directors shall not be invalidated on that ground alone: Provided, That if the interest  
10 of the interlocking director in one corporation is substantial and his interest in the  
11 other corporation or corporations is merely nominal, [he] **THE CONTRACT** shall be  
12 subject to the provisions of the preceding section insofar as the latter corporation or  
13 corporations are concerned.

14 Stockholdings exceeding twenty (20%) percent of the outstanding capital  
15 stock shall be considered substantial for purposes of interlocking directors.

16 **SECTION 24.** Section 35 of the Code is hereby amended to read as follows:

17 *Sec. 35. Executive, **MANAGEMENT AND OTHER SPECIAL** committeeS.* - [The  
18 by-laws of a corporation may create an executive committee, composed of not less  
19 than three members of the board, to be appointed by the board.] **IF THE BY-**  
20 **LAWS SO PROVIDE, THE BOARD MAY CREATE AN EXECUTIVE COMMITTEE**  
21 **COMPOSED OF NOT LESS THAN THREE DIRECTORS.** Said committee may act,  
22 by majority vote of all its members, on such specific matters within the  
23 competence of the board, as may be delegated to it in the by-laws or [on a] **BY**  
24 majority vote of the board, except with respect to **THE:** (1) approval of any action  
25 for which shareholders' approval is also required; (2) [the] filling of vacancies in  
26 the board; (3) [the] amendment or repeal of by-laws or the adoption of new by-

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

4 **THE BY-LAWS MAY AUTHORIZE THE BOARD OF DIRECTORS TO**  
5 **CREATE SPECIAL COMMITTEES OF TEMPORARY OR PERMANENT NATURE**  
6 **AND TO DETERMINE THE MEMBERS' TERM, COMPOSITION, COMPENSATION,**  
7 **POWERS, AND RESPONSIBILITIES.**

8 **WHEN NECESSARY TO ENSURE GOOD CORPORATE GOVERNANCE,**  
9 **COMBAT GRAFT AND CORRUPT PRACTICES, OR WHEN PARAMOUNT**  
10 **INTEREST OF THE PUBLIC SO REQUIRES, THE COMMISSION MAY REQUIRE**  
11 **THE CREATION OF OTHER COMMITTEES AND PROVIDE FOR THEIR DUTIES**  
12 **AND RESPONSIBILITIES. TO REFLECT SUCH CHANGE, THE CORPORATION'S**  
13 **BY-LAWS SHALL BE AMENDED WITHIN THE PERIOD PRESCRIBED BY THE**  
14 **COMMISSION.**

15 **SECTION 25.** Section 36 of the Code is hereby amended to read as follows:

16 *Sec. 36. Corporate powers and capacity.* - Every corporation incorporated  
17 under this Code has the power and capacity:

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

19 2. **TO HAVE PERPETUAL EXISTENCE UNLESS THE CERTIFICATE OF**  
20 **INCORPORATION PROVIDES OTHERWISE** [Of succession by its corporate name  
21 for the, period of time stated in the articles of incorporation and the certificate of  
22 incorporation];

23 3. To adopt and use a corporate seal;

24 4. To amend its articles of incorporation in accordance with the  
25 provisions of this Code;

1           5. To adopt by-laws, not contrary to law, morals or public policy, and to  
2 amend or repeal the same in accordance with this Code;

3           6. In case of stock corporations, to issue or sell stocks to subscribers and  
4 to sell treasury stocks in accordance with the provisions of this Code; and to admit  
5 members to the corporation if it be a non-stock corporation;

6           7. To purchase, receive, take or grant, hold, convey, sell, lease, pledge,  
7 mortgage and otherwise deal with such real and personal property, including  
8 securities and bonds of other corporations, as the transaction of the lawful  
9 business of the corporation may reasonably and necessarily require, subject to the  
10 limitations prescribed by law and Constitution;

11           8. To enter into **A PARTNERSHIP, JOINT VENTURE**, merger,  
12 consolidation, **OR ANY OTHER COMMERCIAL AGREEMENT WITH NATURAL**  
13 **AND JURIDICAL PERSONS** [as provided under this Code];

14           9. To make reasonable donations, including those for the public welfare or  
15 for hospital, charitable, cultural, scientific, civic, or similar purposes: *Provided*,  
16 That no corporation, domestic or foreign, shall give donations in aid of any  
17 political party or candidate or for purposes of partisan political activity;

18           10. To establish pension, retirement, and other plans for the benefit of its  
19 directors, trustees, officers, and employees; and

20           11. To exercise such other powers as may be essential or necessary to  
21 carry out its purpose or purposes as stated in the articles of incorporation.

22 **SECTION 26.** Section 37 of the Code is hereby amended to read as follows:

23           *Sec. 37. Power to extend or shorten corporate term.* - A private corporation  
24 may extend or shorten its term as stated in the articles of incorporation when  
25 approved by a majority vote of the board of directors or trustees, and ratified at a  
26 meeting by the stockholders **OR MEMBERS** representing at least two-thirds (2/3)



1 of the outstanding capital stock or [by at least two-thirds (2/3)] of **ITS** [the]  
2 members[ in case of non-stock corporations]. Written notice of the proposed  
3 action and [of ] the time and place of the meeting shall be [addressed] **SENT** to  
4 each stockholder or member at his **OR HER** place of residence as shown [on] **IN**  
5 the books of the corporation, and **MUST EITHER BE** deposited to the addressee in  
6 the post office with postage prepaid, [or] served personally[.], **OR WHEN**  
7 **ALLOWED BY THE BY-LAWS OR DONE WITH THE CONSENT OF THE**  
8 **STOCKHOLDER, SENT ELECTRONICALLY IN ACCORDANCE WITH THE RULES**  
9 **AND REGULATIONS OF THE COMMISSION ON THE USE OF ELECTRONIC DATA**  
10 **MESSAGES.** [Provided, That in]

11 **IN** case of extension of corporate term, [any] **A** dissenting stockholder may  
12 exercise his **OR HER** appraisal right under the conditions provided in this [c]  
13 **Code.**

14 **SECTION 27.** Section 38 of the Code is hereby amended to read as follows:

15 *Sec. 38. Power to increase or decrease capital stock; incur, create or increase*  
16 *bonded indebtedness.* - No corporation shall increase or decrease its capital stock  
17 or incur, create or increase any bonded indebtedness unless approved by a  
18 majority vote of the board of directors and[, at a stockholder's meeting duly called  
19 for the purpose,] **BY** two-thirds (2/3) of the outstanding capital stock **AT A**  
20 **STOCKHOLDERS' MEETING DULY CALLED FOR THE PURPOSE** [shall favor the  
21 increase or diminution of the capital stock or of the incurring, creating, or  
22 increasing of any bonded indebtedness]. Written notice **OF THE TIME AND**  
23 **PLACE OF THE STOCKHOLDERS' MEETING AND THE PURPOSE FOR SAID**  
24 **MEETING,** [proposed increase or diminution of the capital stock or of the  
25 incurring, creating, or increasing of any bonded indebtedness and of the time and  
26 place of the stockholder's meeting at which the proposed increase or diminution

1 of capital stock or the incurring or increasing of any bonded indebtedness is to be  
2 considered,] must be [addressed to] **SENT TO** each stockholder at his **OR HER**  
3 place of residence as shown In the books of the corporation and [deposited to the  
4 addressee] **SERVED ON THE STOCKHOLDER PERSONALLY, THROUGH**  
5 **DEPOSIT** in the post office with postage prepaid, **OR THROUGH ELECTRONIC**  
6 **MEANS RECOGNIZED IN THE CORPORATION'S BY-LAWS AND/OR THE**  
7 **COMMISSION'S RULES AS A VALID MODE FOR SERVICE OF NOTICES** [or served  
8 personally].

9 A certificate in duplicate must be signed by a majority of the directors of the  
10 corporation and countersigned by the chairman and secretary of the stockholders'  
11 meeting, setting forth:

12 xxx

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

14 5 [(6)] xxx

15 6 [(7)] xxx

16 Any increase or decrease in the capital stock or the incurring, creating or  
17 increasing of any bonded indebtedness shall require prior approval of the  
18 [Securities and Exchange] Commission. **THE APPLICATION WITH THE**  
19 **COMMISSION SHALL BE MADE WITHIN SIX (6) MONTHS FROM THE DATE OF**  
20 **APPROVAL OF THE BOARD OF DIRECTORS AND STOCKHOLDERS, WHICH**  
21 **PERIOD MAY BE EXTENDED FOR JUSTIFIABLE REASONS.**

22 One of the duplicate certificates shall be kept on file in the office of the  
23 corporation and the other shall be filed with the [Securities and Exchange]  
24 Commission and attached to the original articles of incorporation. [From and a]  
25 After approval by the [Securities and Exchange] Commission and the issuance by  
26 the Commission of its certificate of filing, the capital stock shall **BE DEEMED**

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

15 xxx xxx xxx

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

19 **SECTION 28.** Section 40 of the Code is hereby amended to read as follows:

20 Sec. 40. *Sale or other disposition of assets.* - Subject to the provisions of  
21 existing laws on illegal combinations and monopolies, a corporation may, by a  
22 majority vote of its board of directors or trustees, sell, lease, exchange, mortgage,  
23 pledge, or otherwise dispose of [all or substantially all of] its property and assets,  
24 [including its goodwill,] upon such terms and conditions and for such  
25 consideration, which may be money, stocks, bonds or other instruments for the

1 payment of money or other property or consideration, as its board of directors or  
2 trustees may deem expedient.

3 **A SALE OF ALL OR SUBSTANTIALLY ALL OF THE CORPORATION'S**  
4 **PROPERTIES AND ASSETS, INCLUDING ITS GOODWILL MUST BE [when]**  
5 authorized by the vote of the stockholders representing at least two-thirds (2/3)  
6 of the outstanding capital stock, or [in case of non-stock corporation, by the vote  
7 of] at least to two-thirds (2/3) of the members, in a stockholders' or members'  
8 meeting duly called for the purpose.

9 **IN NON-STOCK CORPORATIONS WHERE THERE ARE NO MEMBERS**  
10 **WITH VOTING RIGHTS, THE VOTE OF AT LEAST A MAJORITY OF THE**  
11 **TRUSTEES IN OFFICE WILL BE SUFFICIENT AUTHORIZATION FOR THE**  
12 **CORPORATION TO ENTER INTO ANY TRANSACTION AUTHORIZED BY THIS**  
13 **SECTION. THE DETERMINATION OF WHETHER OR NOT THE SALE INVOLVES**  
14 **ALL OR SUBSTANTIALLY ALL OF THE CORPORATION'S PROPERTIES AND**  
15 **ASSETS MUST BE COMPUTED BASED ON ITS NET ASSET VALUE, AS SHOWN**  
16 **IN ITS LATEST FINANCIAL STATEMENTS. A SALE OR OTHER DISPOSITION**  
17 **SHALL BE DEEMED TO COVER SUBSTANTIALLY ALL THE CORPORATE**  
18 **PROPERTY AND ASSETS IF THEREBY THE CORPORATION WOULD BE**  
19 **RENDERED INCAPABLE OF CONTINUING THE BUSINESS OR ACCOMPLISHING**  
20 **THE PURPOSE FOR WHICH IT WAS INCORPORATED.**

21 Written notice of the proposed action and of the time and place [of] **FOR**  
22 the meeting shall be addressed to each stockholder or member at his **OR HER**  
23 place of residence as shown [on] **IN** the books of the corporation and deposited to  
24 the addressee in the post office with postage prepaid, [or ] served personally, **OR**  
25 **WHEN ALLOWED BY THE BY-LAWS OR DONE WITH THE CONSENT OF THE**  
26 **STOCKHOLDER, SENT ELECTRONICALLY:** Provided, That any dissenting

1 stockholder may exercise his **OR HER** appraisal right under the conditions  
2 provided in this Code.

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

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

12 Nothing in this section is intended to restrict the power of any corporation,  
13 without the authorization by the stockholders or members, to sell, lease,  
14 exchange, mortgage, pledge, or otherwise dispose of any of its property and assets  
15 if the same is necessary in the usual and regular course of business of said  
16 corporation or if the proceeds of the sale or other disposition of such property and  
17 assets **SHALL** be appropriated for the conduct of its remaining business.

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

22 **SECTION 29.** Section 43 of the Code is hereby amended to read as follows:

23 Sec. 43. *Power to declare dividends.* - The board of directors of a stock  
24 corporation may declare dividends out of the unrestricted retained earnings  
25 which **SHALL BE DETERMINED IN ACCORDANCE WITH THE GUIDELINES SET**  
26 **BY THE COMMISSION. SUCH DIVIDENDS** shall be payable in cash, [in ]property,

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

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

18 **SECTION 30.** Section 46 of the Code is hereby amended to read as follows:

19 *Sec. 46. Adoption of by-laws.* – [Every corporation formed under this Code  
20 must, within one (1) month after receipt of official notice of the issuance of its  
21 certificate of incorporation by the Securities and Exchange Commission, adopt a  
22 code of by-laws for its government not in consistent with this Code.] For the  
23 adoption of by-laws by the corporation, the affirmative vote of the stockholders  
24 representing at least a majority of the outstanding capital stock, or of at least a  
25 majority of the members in case of non-stock corporations, shall be necessary.  
26 The by-laws shall be signed by the stockholders or members voting for them and

1 shall be kept in the principal office of the corporation, subject to the inspection of  
2 the stockholders or members during office hours. A copy thereof, duly certified  
3 [to] by a majority of the directors or trustees **AND** countersigned by the secretary  
4 of the corporation, shall be filed with the [Securities and Exchange] Commission  
5 [which shall be] **AND** attached to the original articles of incorporation.

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

10 In all cases, by-laws shall be effective only upon the issuance by the  
11 [Securities and Exchange] Commission of a certification that the by-laws are [not  
12 inconsistent] **IN ACCORDANCE** with this Code.

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

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

21 Sec. 48. *Contents of by-laws.* – [Subject to the provisions of the Constitution,  
22 this Code, other special laws, and the articles of incorporation,] **A** private  
23 corporation may provide **THE FOLLOWING** in its by-laws:

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

1           2. The time and manner of calling and conducting regular or special  
2 meetings of the stockholders or members;

3           3. The required quorum in meetings of stockholders or members and the  
4 manner of voting therein;☐

5           4. **THE MANNER OF SENDING NOTICES OF REGULAR OR SPECIAL**  
6 **MEETINGS, WHETHER IN PERSON, THROUGH POSTAL MAIL OR ELECTRONIC**  
7 **MEANS**

8           5 [4]. The form for proxies of stockholders and members and the manner  
9 of voting them;

10          6[5]. The **DIRECTORS' OR TRUSTEES'** qualifications, duties **AND**  
11 **RESPONSIBILITIES, [and] THE GUIDELINES FOR SETTING THE** compensation  
12 of directors or trustees **AND [.] officers [and employees], AND THE MAXIMUM**  
13 **NUMBER OF OTHER BOARD REPRESENTATIONS THAT AN INDEPENDENT**  
14 **DIRECTOR OR TRUSTEE MAY HAVE WHICH SHALL, IN NO CASE, BE MORE**  
15 **THAN THE NUMBER PRESCRIBED BY THE COMMISSION;**

16          7[6]. The time for holding the annual election of directors of trustees and  
17 the mode or manner of giving notice thereof;☐

18          8[7]. The manner of election or appointment and the term of office of all  
19 officers other than directors or trustees;☐

20          9[8]. The penalties for violation of the by-laws;☐

21          10[9]. In the case of stock corporations, the manner of issuing stock  
22 certificates; [and]

23          11[10]. Such other matters as may be necessary for the proper or  
24 convenient transaction of its corporate [business and] affairs **OR AS MAY BE**  
25 **DEEMED NECESSARY BY THE COMMISSION FOR THE PROMOTION OF GOOD**  
26 **GOVERNANCE AND ANTI-GRAFT AND CORRUPTION MEASURES.**



1       **SECTION 32.**     Section 48 of the Code is hereby amended to read as follows:

2               Section 48. Amendment to by-laws. – The board of directors or trustees, by  
3 a majority vote thereof, and the owners of at least a majority of the outstanding  
4 capital stock, or at least a majority of the members of a non-stock corporation, at a  
5 regular or special meeting duly called for the purpose, may amend or repeal [any]  
6 **THE** by-laws or adopt new by-laws. The owners of two-thirds (2/3) of the  
7 outstanding capital stock or two-thirds (2/3) of the members in a non-stock  
8 corporation may delegate to the board of directors or trustees the power to  
9 amend or repeal [any] **THE** by-laws or adopt new by-laws: Provided, That any  
10 power delegated to the board of directors or trustees to amend or repeal [any]  
11 **THE** by-laws or adopt new by-laws shall be considered as revoked whenever  
12 stockholders owning or representing a majority of the outstanding capital stock  
13 or [a] majority of the members [in non-stock corporations,] shall so vote at a  
14 regular or special meeting.

15               [Whenever any amendment or new by-laws are adopted, such amendment  
16 or new by-laws shall be attached to the original by-laws in the office of the  
17 corporation, and a copy thereof, duly certified under oath by the corporate  
18 secretary and a majority of the directors or trustees, shall be filed with the  
19 Securities and Exchange Commission the same to be attached to the original  
20 articles of incorporation and original by-laws.]

21               **WHENEVER THE BY-LAWS IS AMENDED OR NEW BY-LAWS IS**  
22 **ADOPTED, THE CORPORATION SHALL FILE WITH THE COMMISSION SUCH**  
23 **AMENDED OR NEW BY-LAWS AND, IF APPLICABLE, THE STOCKHOLDERS' OR**  
24 **MEMBERS' RESOLUTION AUTHORIZING THE DELEGATION OF THE POWER**  
25 **TO AMEND AND/OR ADOPT NEW BY-LAWS, DULY CERTIFIED UNDER OATH**

1 BY THE CORPORATE SECRETARY AND A MAJORITY OF THE DIRECTORS OR  
2 TRUSTEES.

3 The amended or new by-laws shall only be effective upon the issuance by  
4 the [Securities and Exchange] Commission of a certification that the same IS [are  
5 not] in [consistent] **ACCORDANCE** with this Code, **AND OTHER RELEVANT**  
6 **LAWS.**

7 **SECTION 33.** Section 50 of the Code is hereby amended to read as follows:

8 *Sec. 50. Regular and special meetings of stockholders or members.* - Regular  
9 meetings of stockholders or members shall be held annually on a date fixed in the  
10 by-laws, or if not so fixed, on any date **AFTER** [in] April **15** of every year as  
11 determined by the board of directors or trustees: *Provided,* That written notice of  
12 regular meetings shall be sent to all stockholders or members of record at least  
13 [two (2)] **TWENTY (20) DAYS** prior to the meeting, unless a [different] **LONGER**  
14 period is required [by] **IN** the by-laws, **LAW OR REGULATION.**

15 **AT EACH REGULAR MEETING OF STOCKHOLDERS OR MEMBERS, THE**  
16 **BOARD OF DIRECTORS OR TRUSTEES SHALL ENDEAVOR TO PRESENT TO**  
17 **STOCKHOLDERS OR MEMBERS THE FOLLOWING:**

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

20 (i) **A DESCRIPTION OF THE VOTING AND VOTE**  
21 **TABULATION PROCEDURES USED AND TO BE USED IN THE**  
22 **CURRENT MEETING;**

23 (ii) **A DESCRIPTION OF THE OPPORTUNITY GIVEN TO**  
24 **STOCKHOLDERS OR MEMBERS TO ASK QUESTIONS AND A**  
25 **RECORD OF THE QUESTIONS ASKED AND ANSWERS GIVEN;**

1 (iii) THE MATTERS DISCUSSED AND RESOLUTIONS  
2 REACHED;

3 (iv) A RECORD OF THE VOTING RESULTS FOR EACH  
4 AGENDA ITEM; AND

5 (v) A LIST OF THE DIRECTORS OR TRUSTEES,  
6 OFFICERS AND STOCKHOLDERS OR MEMBERS WHO ATTENDED  
7 THE MEETING;

8 (vi) SUCH OTHER ITEMS THAT THE COMMISSION MAY  
9 REQUIRE IN THE INTEREST OF GOOD CORPORATE  
10 GOVERNANCE AND THE PROTECTION OF MINORITY  
11 STOCKHOLDERS;

12 b. A MEMBERS' LIST FOR NON-STOCK CORPORATIONS AND,  
13 FOR STOCK CORPORATIONS, MATERIAL INFORMATION ON THE  
14 CURRENT STOCKHOLDERS AND THEIR VOTING RIGHTS;

15 c. A DETAILED, DESCRIPTIVE, BALANCED AND  
16 COMPREHENSIBLE ASSESSMENT OF THE CORPORATION'S  
17 PERFORMANCE WHICH SHALL INCLUDE INFORMATION ON ANY  
18 MATERIAL CHANGE IN THE CORPORATION'S BUSINESS, STRATEGY,  
19 AND OTHER AFFAIRS;

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

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

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

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

13 h. APPRAISALS AND PERFORMANCE REPORTS FOR THE  
14 BOARD AND THE CRITERIA AND PROCEDURE FOR ASSESSMENT;

15 i. A DIRECTOR OR TRUSTEE COMPENSATION REPORT  
16 PREPARED IN ACCORDANCE WITH THIS CODE AND THE RULES THE  
17 COMMISSION MAY PRESCRIBE;

18 j. DIRECTOR DISCLOSURES ON SELF-DEALINGS AND  
19 RELATED PARTY TRANSACTIONS;

20 k. THE PROFILES OF DIRECTORS NOMINATED OR SEEKING  
21 ELECTION OR RE-ELECTION; AND/OR

22 l. THE COMPENSATION/BENEFITS OF EMPLOYEES WHO  
23 ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR, TRUSTEE, OR AN  
24 OFFICER OF THE CORPORATION OR WHOSE EMPLOYMENT WAS  
25 MADE WITH THEIR ENDORSEMENT; AND

1           A DIRECTOR, TRUSTEE, STOCKHOLDER OR MEMBER MAY PROPOSE  
2 ANY OTHER MATTER FOR INCLUSION IN THE AGENDA AT ANY REGULAR  
3 MEETING OF STOCKHOLDERS OR MEMBERS.

4           Special meetings of stockholders or members shall be held at any time  
5 deemed necessary or as provided in the by-laws: Provided, however, That [at least  
6 one (1) week] written notice shall be sent to all stockholders or members AT  
7 LEAST TWO (2) WEEKS PRIOR TO THE MEETING, unless [otherwise] A  
8 LONGER PERIOD IS provided in the by-laws, LAW OR REGULATION.

9           A STOCKHOLDER OR MEMBER SHALL HAVE THE RIGHT TO PROPOSE  
10 THE HOLDING OF A SPECIAL MEETING AND ITEMS TO BE INCLUDED IN THE  
11 AGENDA.

12           Notice of any meeting may be waived, expressly or impliedly, by any  
13 stockholder or member[.]; PROVIDED THAT GENERAL WAIVERS OF NOTICE IN  
14 THE ARTICLES OF INCORPORATION OR THE BY-LAWS SHALL NOT BE  
15 ALLOWED; PROVIDED FURTHER, THAT ATTENDANCE AT A MEETING SHALL  
16 CONSTITUTE A WAIVER OF NOTICE OF SUCH MEETING, EXCEPT WHEN THE  
17 PERSON ATTENDS A MEETING FOR THE EXPRESS PURPOSE OF OBJECTING  
18 TO THE TRANSACTION OF ANY BUSINESS BECAUSE THE MEETING IS NOT  
19 LAWFULLY CALLED OR CONVENED.

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

1 the stockholders or members present have chosen [one of their number as] FROM  
2 AMONG THEMSELVES A presiding officer.

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

6 IN CASE OF POSTPONEMENT OF STOCKHOLDERS' OR MEMBERS'  
7 MEETINGS, WRITTEN NOTICE THEREOF AND THE REASON THEREFOR SHALL  
8 BE SENT TO ALL STOCKHOLDERS OR MEMBERS OF RECORD AT LEAST TWO  
9 (2) WEEKS PRIOR TO THE DATE OF THE MEETING, UNLESS A DIFFERENT  
10 PERIOD IS REQUIRED BY THE BY-LAWS, LAW OR REGULATION.

11 THE RIGHT TO VOTE MAY BE EXERCISED THROUGH REMOTE  
12 COMMUNICATION OR *IN ABSENTIA* UNDER SUCH RULES AND REGULATIONS  
13 ADOPTED BY THE COMMISSION, TAKING INTO ACCOUNT THE COMPANY'S  
14 SCALE, NUMBER OF SHAREHOLDERS OR MEMBERS, STRUCTURE AND OTHER  
15 FACTORS CONSISTENT WITH THE PROTECTION AND PROMOTION OF  
16 SHAREHOLDERS' OR MEMBER'S MEETINGS.

17 **SECTION 34.** Section 51 of the Code is hereby amended to read as follows:

18 *Sec. 51. Place and time of meetings of stockholders of members. -*  
19 Stockholders' or members' meetings, whether regular or special, shall be held in  
20 the **PRINCIPAL OFFICE OF THE CORPORATION AS SET FORTH IN THE**  
21 **ARTICLES OF INCORPORATION, OR, IF NOT PRACTICABLE, IN THE** city or  
22 municipality where the principal office of the corporation is located [, and if  
23 practicable in the principal office of the corporation]: Provided, That Metro  
24 Manila, **METRO CEBU, METRO DAVAO, AND OTHER METROPOLITAN AREAS**  
25 shall, for purposes of this section, be considered a city or municipality.

1 [Notice of meetings shall be in writing, and the time and place thereof  
2 stated therein.] **WRITTEN NOTICE OF MEETINGS SHALL BE SENT THROUGH**  
3 **THE MEANS OF COMMUNICATION PROVIDED FOR IN THE BY-LAWS, WHICH**  
4 **NOTICE SHALL STATE THE TIME, PLACE AND PURPOSES OF THE MEETINGS.**

5 **EACH NOTICE OF MEETING SHALL FURTHER BE ACCOMPANIED BY**  
6 **THE FOLLOWING:**

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

8 **(B) A PROXY FORM WHICH SHALL BE SUBMITTED TO THE**  
9 **CORPORATE SECRETARY WITHIN A REASONABLE TIME PRIOR**  
10 **TO THE MEETING;**

11 **(C) WHEN ATTENDANCE, PARTICIPATION AND VOTING ARE**  
12 **ALLOWED BY REMOTE COMMUNICATION OR *IN ABSENTIA*,**  
13 **THE REQUIREMENTS AND PROCEDURES TO BE FOLLOWED**  
14 **WHEN A STOCKHOLDER OR MEMBER ELECTS EITHER OPTION;**  
15 **AND**

16 **(D) WHEN THE MEETING IS FOR THE ELECTION OF DIRECTORS OR**  
17 **TRUSTEES, THE REQUIREMENTS AND PROCEDURE FOR**  
18 **NOMINATION.**

19 All proceedings had and any business transacted at a[ny] 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;[J] P[p]rovided,  
22 **THAT** all the stockholders or members of the corporation are present or duly  
23 represented at the meeting **AND NONE OF THEM EXPRESSLY STATES AT THE**  
24 **BEGINNING OF THE MEETING THAT THE PURPOSE OF THEIR ATTENDANCE**  
25 **IS TO OBJECT TO THE TRANSACTION OF ANY BUSINESS BECAUSE THE**  
26 **MEETING IS NOT LAWFULLY CALLED OR CONVENED.**

1       **SECTION 35.**     Section 53 of the Code is hereby amended to read as follows:

2               *Sec. 53. Regular and special meetings of directors or trustees; QUORUM. –*

3               **UNLESS THE ARTICLES OF INCORPORATION OR THE BY-LAWS**  
4       **PROVIDES FOR A GREATER MAJORITY, A MAJORITY OF THE NUMBER OF**  
5       **DIRECTORS OR TRUSTEES SHALL CONSTITUTE A QUORUM TO TRANSACT**  
6       **CORPORATE BUSINESS, AND EVERY DECISION OF AT LEAST A MAJORITY OF**  
7       **THE DIRECTORS OR TRUSTEES CONSTITUTING A QUORUM SHALL BE VALID AS**  
8       **A CORPORATE ACT, EXCEPT FOR THE ELECTION OF OFFICERS WHICH SHALL**  
9       **REQUIRE THE VOTE OF A MAJORITY OF ALL THE MEMBERS OF THE BOARD.**

10              Regular meetings of the board of directors or trustees of every corporation  
11       shall be held monthly, unless the by-laws provideS otherwise.

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

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

21              **DIRECTORS OR TRUSTEES CANNOT ATTEND OR VOTE BY PROXY AT**  
22       **BOARD MEETINGS. THEY CAN PARTICIPATE AND VOTE THROUGH REMOTE**  
23       **COMMUNICATION SUCH AS VIDEOCONFERENCING, TELECONFERENCING OR**  
24       **OTHER ALTERNATIVE MODES OF COMMUNICATION THAT ALLOW THEM**  
25       **REASONABLE OPPORTUNITY TO PARTICIPATE.**



1           A DIRECTOR OR TRUSTEE WHO HAS A POTENTIAL INTEREST IN ANY  
2 RELATED PARTY TRANSACTION MUST RECUSE HIMSELF OR HERSELF FROM  
3 VOTING ON THE APPROVAL OF THE RELATED PARTY TRANSACTION.

4 **SECTION 36.**     Section 58 of the Code is hereby amended to read as follows:

5           Sec. 58. *MANNER OF VOTING; Proxies.* - Stockholders and members may  
6 vote in person or by proxy in all meetings of stockholders or members.

7           **WHEN SO AUTHORIZED IN THE BY-LAWS OR BY A MAJORITY OF THE**  
8 **BOARD OF DIRECTORS, THE STOCKHOLDERS OR MEMBERS OF REGULAR**  
9 **CORPORATIONS MAY ALSO VOTE THROUGH REMOTE COMMUNICATION OR**  
10 **IN ABSENTIA; PROVIDED, THAT, THE RIGHT TO VOTE THROUGH SUCH**  
11 **MODES MAY BE EXERCISED IN CORPORATIONS VESTED WITH PUBLIC**  
12 **INTEREST, NOTWITHSTANDING THE ABSENCE OF A PROVISION IN THE BY-**  
13 **LAWS OF THE CORPORATION; PROVIDED, FURTHER, THE VOTES ARE**  
14 **RECEIVED BEFORE THE CORPORATION FINISHES THE TALLY OF VOTES.**

15           **WHEN A STOCKHOLDER OR MEMBER PARTICIPATES THROUGH**  
16 **REMOTE COMMUNICATION OR IN ABSENTIA, HE OR SHE SHALL BE DEEMED**  
17 **PRESENT FOR PURPOSES OF QUORUM.**

18           **THE CORPORATION SHALL ESTABLISH THE APPROPRIATE**  
19 **REQUIREMENTS AND PROCEDURES FOR VOTING THROUGH REMOTE**  
20 **COMMUNICATION AND IN ABSENTIA, TAKING INTO ACCOUNT THE**  
21 **COMPANY'S SCALE, NUMBER OF SHAREHOLDERS OR MEMBERS, STRUCTURE**  
22 **AND OTHER FACTORS CONSISTENT WITH THE BASIC RIGHT CORPORATE**  
23 **SUFFRAGE.**

24           Proxies shall be [in writing,] signed **AND FILED**, by the stockholder or  
25 member, **IN ANY FORM AUTHORIZED IN THE BY-LAWS** and **RECEIVED BY THE**  
26 **CORPORATE SECRETARY WITHIN A REASONABLE TIME** before the scheduled

1 meeting [the corporate secretary]. Unless otherwise provided in the proxy **FORM**,  
2 it shall be valid only for the meeting for which it is intended. No proxy shall be  
3 valid and effective for a period longer than five (5) years at any one time.

4 **SECTION 37.** Section 59 of the Code is hereby amended to read as follows:

5 Section 59. *Voting Trusts.* - One or more stockholders of a stock  
6 corporation may create a voting trust for the purpose of conferring upon a trustee  
7 or trustees the right to vote and other rights pertaining to the shares for a period  
8 not exceeding five (5) years at any time: Provided, That in the case of a voting  
9 trust specifically required as a condition in a loan agreement, said voting trust  
10 may be for a period exceeding five (5) years but shall automatically expire upon  
11 full payment of the loan. A voting trust agreement must be in writing and  
12 notarized, and shall specify the terms and conditions thereof. A certified copy of  
13 such agreement shall be filed with the corporation and with the [Securities and  
14 Exchange] Commission; otherwise, said agreement is ineffective and  
15 unenforceable. The certificate or certificates of stock covered by the voting trust  
16 agreement shall be cancelled and new ones shall be issued in the name of the  
17 trustee or trustees, stating that they are issued pursuant to said agreement. [In t]  
18 The books of the corporation [, it] shall **STATE** [be noted ] that the transfer in the  
19 name of the trustee or trustees is made pursuant to said voting trust agreement.

20 The trustee or trustees shall execute and deliver to the transferors, voting  
21 trust certificates, which shall be transferable in the same manner and with the  
22 same effect as certificates of stock.

23 The voting trust agreement filed with the corporation shall be subject to  
24 examination by any stockholder of the corporation in the same manner as any  
25 other corporate book or record: Provided, That both the transferor and the

1 trustee or trustees may exercise the right of inspection of all corporate books and  
2 records in accordance with the provisions of this Code.

3 Any other stockholder may transfer his **OR HER** shares to the same trustee  
4 or trustees upon the terms and conditions stated in the voting trust agreement,  
5 and thereupon shall be bound by all the provisions of said agreement.

6 No voting trust agreement shall be entered into for [the] purposeS of  
7 circumventing the lawS against [monopolies and illegal combinations] **ANTI-**  
8 **COMPETITIVE AGREEMENTS, ABUSE OF DOMINANT POSITION, ANTI-**  
9 **COMPETITIVE MERGERS AND ACQUISITIONS, VIOLATION OF NATIONALITY**  
10 **AND CAPITAL REQUIREMENTS, OR [or used for purposes of fraud [.] FOR THE**  
11 **PERPETUATION OF FRAUD.**

12 Unless expressly renewed, all rights granted in a voting trust agreement  
13 shall automatically expire at the end of the agreed period, and the voting trust  
14 certificates as well as the certificates of stock in the name of the trustee or  
15 trustees shall thereby be deemed cancelled and new certificates of stock shall be  
16 reissued in the name of the transferors.

17 The voting trustee or trustees may vote by proxy unless the agreement  
18 provides otherwise.

19 **SECTION 38.** Section 62 of the Code is hereby amended to read as follows:

20 "Sec. 62. *Consideration for stocks.* - Stocks shall not be issued for a  
21 consideration less than the par or issued price thereof. Consideration for the  
22 issuance of stock may be: [any or a combination of any two or more of the  
23 following:]

- 24 1. Actual cash paid to the corporation;

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

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

6           4.     Previously incurred indebtedness of the corporation;

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

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

11           7.     **SHARES OF STOCK IN ANOTHER CORPORATION; AND/OR**

12           8.     **AS MAY BE ALLOWED BY THE COMMISSION.**

13           Where the consideration is other than actual cash, or consists of intangible  
14 property such as patents [of] **OR** copyrights, the valuation thereof shall initially be  
15 determined by the incorporators or the board of directors, subject to **THE**  
16 approval [by] **OF** the [Securities and Exchange] Commission.

17           Shares of stock shall not be issued in exchange for promissory notes or  
18 future service. The same considerations provided for in this section, insofar as  
19 they may be applicable, may be used for the issuance of bonds by the corporation.

20           The issued price of no-par value shares may be fixed in the articles of  
21 incorporation or by the board of directors pursuant to authority conferred upon it  
22 by the articles of incorporation or the by-laws, or [in the absence thereof] **IF NOT**  
23 **SO FIXED**, by the stockholders representing at least a majority of the outstanding  
24 capital stock at a meeting duly called for the purpose.

25           **SECTION 39.**     Section 63 of the Code is hereby amended to read as follows:

1           Sec. 63. *Certificate of stock and transfer of shares.* - The capital stock of  
2           [stock] corporations shall be divided into shares for which certificates signed by  
3           the president or vice president, countersigned by the secretary or assistant  
4           secretary, and sealed with the seal of the corporation shall be issued in  
5           accordance with the by-laws. Shares of stock so issued are personal property and  
6           may be transferred by delivery of the certificate or certificates indorsed by the  
7           owner, [or] his attorney-in-fact, or **ANY** other person legally authorized to make  
8           the transfer. No transfer, however, shall be valid, except as between the parties,  
9           until the transfer is recorded in the books of the corporation [so as] to show the  
10          names of the parties to the transaction, the date of the transfer, the number of the  
11          certificate or certificates, and the number of shares transferred. **THE**  
12          **COMMISSION MAY REQUIRE CORPORATIONS WHOSE SECURITIES ARE**  
13          **TRADED IN TRADING MARKETS AND WHICH CAN REASONABLY**  
14          **DEMONSTRATE THEIR CAPABILITY TO DO SO TO ISSUE THEIR SECURITIES**  
15          **OR SHARES OF STOCKS IN UNCERTIFICATED OR SCRIPLESS FORM IN**  
16          **ACCORDANCE WITH THE RULES OF THE COMMISSION.**

17                                 xxx     xxx     xxx

18          **SECTION 40.**     Section 74 of the Code is hereby amended to read as follows:

19                 *Sec. 74. Books to be kept; stock transfer agent.* - Every corporation shall  
20                 keep and carefully preserve at its principal office **ALL INFORMATION RELATING**  
21                 **TO THE CORPORATION INCLUDING, BUT NOT LIMITED TO:**

- 22                     1. **THE ARTICLES OF INCORPORATION AND BY-LAWS OF THE**
- 23                         **CORPORATION AND ALL THEIR AMENDMENTS;**
- 24                     2. **THE CURRENT OWNERSHIP STRUCTURE AND VOTING RIGHTS**
- 25                         **OF THE CORPORATION, INCLUDING LISTS OF STOCKHOLDERS**

- 1 OR MEMBERS, GROUP STRUCTURES, INTRA-GROUP  
2 RELATIONS, OWNERSHIP DATA, AND BENEFICIAL OWNERSHIP;
- 3 3. THE NAMES AND ADDRESSES OF ALL THE MEMBERS OF THE  
4 BOARD OF DIRECTORS OR TRUSTEES AND THE EXECUTIVE  
5 OFFICERS;
- 6 4. [A] A record of all business transactions;
- 7 5. A RECORD OF THE RESOLUTIONS OF THE BOARD OF  
8 DIRECTORS OR TRUSTEES AND OF THE STOCKHOLDERS OR  
9 MEMBERS;
- 10 6. COPIES OF THE LATEST REPORTORIAL REQUIREMENTS  
11 SUBMITTED TO THE COMMISSION; and
- 12 7. THE minutes of all meetings of stockholders or members, or of the  
13 board of directors or trustees[.]. **SUCH MINUTES** [in which] shall  
14 [be] set forth in detail, **AMONG OTHERS:** the time and place of  
15 [holding] the meeting **HELD**, how it was authorized, the notice  
16 given, **THE AGENDA THEREFOR**, whether the meeting was regular  
17 or special, [if special,] its object **IF SPECIAL**, those present and  
18 absent, and every act done or ordered done at the meeting. Upon  
19 the demand of a[ny] director, trustee, stockholder or member, the  
20 time when any director, trustee, stockholder or member entered or  
21 left the meeting must be noted in the minutes; and on a similar  
22 demand, the yeas and nays must be taken on any motion or  
23 proposition, and a record thereof carefully made. The protest of  
24 a[ny] director, trustee, stockholder or member on any action or  
25 proposed action must be recorded in full on his **OR HER** demand.

1           **SUBJECT TO THE PROVISIONS OF THE DATA PRIVACY ACT, [The]**  
2     **CORPORATE** records, [of all business transactions of the corporation and the  
3     minutes of any meetings] **REGARDLESS OF THE FORM IN WHICH THEY ARE**  
4     **STORED**, shall be open to inspection by any director, trustee, stockholder or  
5     member of the corporation **IN PERSON OR BY A REPRESENTATIVE** at  
6     reasonable hours on business days, and he **OR SHE** may demand [,] in writing, **AT**  
7     **HIS OR HER EXPENSE**, for [a copy of] **COPIES** of **SUCH RECORDS OR** excerpts  
8     from said records [or minutes, at his expense]. **THE INSPECTING OR**  
9     **REPRODUCING PARTY SHALL REMAIN BOUND BY CONFIDENTIALITY UNDER**  
10    **PREVAILING LAWS.**

11           **THERE IS NO RIGHT TO INSPECT AND/OR REPRODUCE CORPORATE**  
12    **RECORDS IF THE REQUESTING PARTY IS NOT A STOCKHOLDER OR MEMBER**  
13    **OF RECORD, OR IS A COMPETITOR OF THE CORPORATION.**

14           Any officer or agent of the corporation who shall refuse to allow [any  
15    director, trustee, stockholder or member of the corporation to examine and/**OR**  
16    copy excerpts from its records or minutes,] **THE INSPECTION AND/OR**  
17    **REPRODUCTION OF RECORDS** in accordance with the provisions of this Code,  
18    shall be liable to such director, trustee, stockholder or member for damages, and  
19    in addition, shall be guilty of an offense which shall be punishable under Section  
20    161 of this Code: Provided, That if such refusal is made pursuant to a resolution or  
21    order of the board of directors or trustees, the liability under this section for such  
22    action shall be imposed upon the directors or trustees who voted for such refusal:  
23    and Provided, further, That it shall be a defense to any action under this section  
24    that the person demanding to examine and copy excerpts from the corporation's  
25    records and minutes has improperly used any information secured through any  
26    prior examination of the records or minutes of such corporation or of any other

1 corporation, or was not acting in good faith or for a legitimate purpose in making  
2 his **OR HER** demand.

3 **IF THE CORPORATION DENIES OR DOES NOT ACT UPON A DEMAND**  
4 **FOR INSPECTION AND/OR REPRODUCTION, THE AGGRIEVED PARTY MAY**  
5 **REPORT SUCH TO THE COMMISSION. WITHIN FIVE (5) DAYS FROM RECEIPT**  
6 **OF SUCH REPORT, THE COMMISSION SHALL CONDUCT A SUMMARY**  
7 **INVESTIGATION AND ISSUE AN ORDER DIRECTING THE INSPECTION OR**  
8 **REPRODUCTION OF THE RECORDS SUBJECT OF THE REQUEST REQUESTED.**

9 **THE DIRECTOR, TRUSTEE, STOCKHOLDER OR MEMBER WHOSE**  
10 **RIGHT TO INSPECTION AND/OR REPRODUCTION OF RECORDS WAS DENIED**  
11 **OR NOT ACTED UPON MAY FILE BEFORE A COURT OF COMPETENT**  
12 **JURISDICTION, AN ACTION TO COMPEL INSPECTION OF CORPORATE**  
13 **RECORDS SHOWING THAT, DESPITE THE LAPSE OF FIVE (5) DAYS FROM**  
14 **RECEIPT OF HIS WRITTEN DEMAND AND DESPITE HAVING BEEN ORDERED**  
15 **BY THE COMMISSION TO DO SO, THE CORPORATION, OR AN OFFICER OR**  
16 **AGENT THEREOF, REFUSED TO ALLOW THE INSPECTION AND/OR**  
17 **REPRODUCTION OR FAILED TO REPLY TO THE WRITTEN DEMAND AND TO**  
18 **THE ORDER OF THE COMMISSION. THE COURT MAY, AFTER SUMMARY**  
19 **PROCEEDINGS, ORDER THE CORPORATION TO PERMIT THE INSPECTION**  
20 **AND/OR REPRODUCTION OR ISSUE ANY SUCH ORDER OR FURTHER RELIEF**  
21 **AS IT MAY DEEM JUST AND PROPER.**

22 Stock corporations must also keep a [book to be known as the] stock and  
23 transfer book, [in ] which [must be kept] **SHALL CONTAIN** a record of all stocks in  
24 the names of the stockholders alphabetically arranged; the installments paid and  
25 unpaid on all stockS for which subscription has been made, and the date of  
26 payment of any installment; a statement of every alienation, sale or transfer of



1 stock made, the date thereof, and by and to whom made; and such other entries as  
2 the by-laws may prescribe. The stock and transfer book shall be kept in the  
3 principal office of the corporation or in the office of its stock transfer agent and  
4 shall be open for inspection by any director or stockholder of the corporation at  
5 reasonable hours on business days.

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

17 **SECTION 41.** Section 75 of the Code is hereby amended to read as follows:

18 *Sec. 75. Right to financial statements.* - Within ten (10) days from receipt of  
19 a written request **FROM [of any] A** stockholder or member, the corporation shall  
20 furnish [to] him **OR HER** its most recent financial statement, **IN THE FORM AND**  
21 **SUBSTANCE OF THE FINANCIAL REPORTING REQUIRED BY THE**  
22 **COMMISSION.** [which shall include a balance sheet as of the end of the last  
23 taxable year and a profit or loss statement for said taxable year, showing in  
24 reasonable detail its assets and liabilities and the result of its operations.]

25 At the regular meeting of stockholders or members, the board of directors  
26 or trustees shall present to such stockholders or members a financial report of the

1 operations of the corporation for the preceding year, which shall include financial  
2 statements, duly signed and certified [by an independent certified public  
3 accountant] **IN ACCORDANCE WITH THIS CODE AND THE RULES THE**  
4 **COMMISSION MAY PRESCRIBE.**

5 However, if the [paid-up capital] **TOTAL ASSETS OR TOTAL LIABILITIES**  
6 of the corporation is less than P600,000.00, the financial statements may be  
7 certified under oath by the treasurer [or any responsible officer of the  
8 corporation.] **AND THE PRESIDENT.**

9 **SECTION 42.** Section 77 of the Code is hereby amended to read as follows:

10 *Sec. 77. Stockholder['s] or member['s] approval.* - Upon approval by  
11 majority vote of each of the board of directors or trustees of the constituent  
12 corporations of the plan of merger or consolidation, the same shall be submitted  
13 for approval by the stockholders or members of each of such corporations at  
14 separate corporate meetings duly called for the purpose. Notice of such meetings  
15 shall be given to all stockholders or members of the respective corporations **IN**  
16 **THE SAME MANNER AS GIVING NOTICE OF REGULAR OR SPECIAL MEETINGS**  
17 **UNDER SECTION 50.** [, at least two (2) weeks prior to the date of the meeting,  
18 either personally or by registered mail.] Said notice shall state the purpose of the  
19 meeting and [shall] include a copy or a summary of the plan of merger or  
20 consolidation.

21 xxx xxx xxx

22 **SECTION 43.** Section 78 of the Code is hereby amended to read as follows:

23 *Sec. 78. Articles of merger or consolidation.* - After the approval by the  
24 stockholders or members as required by the preceding section, articles of merger  
25 or articles of consolidation shall be executed by each of the constituent

1 corporations, to be signed by the president or vice-president and certified by the  
2 secretary or assistant secretary of each corporation setting forth:

- 3 1. The plan of the merger or the plan of consolidation;
- 4 2. As to stock corporations, the number of shares outstanding,  
5 or in the case of non-stock corporations, the number of members; [and]
- 6 3. As to each corporation, the number of shares or members  
7 voting for and against such plan, respectively[.];
- 8 4. **THE CARRYING AMOUNTS AND FAIR VALUES OF THE**  
9 **ASSETS AND LIABILITIES OF THE RESPECTIVE COMPANIES AS OF CUT-**  
10 **OFF DATE AGREED BY THE PARTIES;**
- 11 5. **THE METHOD TO BE USED IN THE MERGER OR**  
12 **CONSOLIDATION OF ACCOUNTS OF THE COMPANIES;**
- 13 6. **THE PROVISIONAL OR PRO-FORMA VALUES, AS MERGED**  
14 **OR CONSOLIDATED, USING THE ACCOUNTING METHOD; AND**
- 15 7. **SUCH OTHER INFORMATION AS MAY BE PRESCRIBED BY**  
16 **THE COMMISSION.**

17 **SECTION 44.** Section 79 of the Code is hereby amended to read as follows:

18 Section 79. *Effectivity of merger or consolidation.* - The articles of merger or  
19 of consolidation, signed and certified as [herein above] required **BY THE CODE**,  
20 shall be submitted to the [Securities and Exchange] Commission in quadruplicate  
21 for its approval: Provided, That in the case of merger or consolidation of banks or  
22 banking institutions, [building and loan associations,] trust companies, insurance  
23 companies, public utilities, educational institutions, and other special corporations  
24 governed by special laws, the favorable recommendation of the appropriate  
25 government agency shall first be obtained. If the Commission is satisfied that the  
26 merger or consolidation of the corporations concerned is not inconsistent with the

1 provisions of this Code and existing laws, it shall issue a certificate of **APPROVAL**  
2 **OF THE ARTICLES AND PLAN OF** merger or of consolidation, at which time the  
3 merger or consolidation shall be effective.

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

11 **SECTION 45.** Section 81 of the Code is hereby amended to read as follows:

12 *Sec. 81. Instances of appraisal right* - Any stockholder of a corporation shall  
13 have the right to dissent and demand payment of the fair value of his shares in the  
14 following instances:

15 1. In case an [y] amendment to the articles of incorporation has  
16 the effect of changing or restricting the rights of any stockholder or class of  
17 shares, or of authorizing preferences in any respect superior to those of  
18 outstanding shares of any class, or of extending or shortening the term of  
19 corporate existence;

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

23 3. In case of merger or consolidation **WHETHER DE JURE OR**  
24 **DE FACTO.**

25 **SECTION 46.** Section 89 of the Code is hereby amended to read as follows:

1           Sec. 89. *Right to vote.* – The right of the members of any class or classes to  
2 vote may be limited, broadened, or denied to the extent specified in the articles of  
3 incorporation or the by-laws. Unless so limited, broadened, or denied, each  
4 member, regardless of class, shall be entitled to one vote.

5           Unless otherwise provided in the articles of incorporation or the by-laws, a  
6 member may vote by proxy, in accordance with the provisions of this Code. **THE**  
7 **BY-LAWS MAY LIKewise AUTHORIZE VOTING THROUGH REMOTE**  
8 **COMMUNICATION AND/OR IN ABSENTIA.**

9           [Voting by mail or other similar means by members of non-stock  
10 corporations may be authorized by the by-laws of non-stock corporations with  
11 the approval of, and under such conditions which may be prescribed by, the  
12 Securities and Exchange Commission.]

13 **SECTION 47.**     Section 92 of the Code is hereby amended to read as follows:

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

1 EXCEPT WITH RESPECT TO INDEPENDENT TRUSTEES OF NON-STOCK  
2 CORPORATIONS VESTED WITH PUBLIC INTEREST, [N]no person shall be  
3 elected as trustee unless he OR SHE is a member of the corporation.

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

6 SECTION 48. Section 93 of the Code is hereby amended to read as follows:

7 Sec. 93. *Place of meetings, LIST OF MEMBERS AND PROXIES.* - THE  
8 CORPORATION SHALL, AT ALL TIMES, KEEP A LIST OF ITS MEMBERS AND  
9 THEIR PROXIES IN THE FORM THE COMMISSION MAY REQUIRE, WHICH LIST  
10 SHALL BE UPDATED TO REFLECT THE MEMBERS AND PROXIES OF RECORD  
11 AS OF TWENTY (20) DAYS PRIOR TO ANY SCHEDULED ELECTION. The by-  
12 laws may provide that the members of a non-stock corporation may hold their  
13 regular or special meetings at any place even outside the place where the  
14 principal office of the corporation is located: Provided, That proper notice is sent  
15 to all members indicating the date, time and place of the meeting: and Provided,  
16 further, That the place of meeting shall be within the Philippines.

17 SECTION 49. Section 94 of the Code is hereby amended to read as follows:

18 Sec. 94. *Rules of distribution.* - In case of dissolution of a non-stock  
19 corporation in accordance with the provisions of this Code FOR REASONS OTHER  
20 THAN THOSE SET FORTH IN SECTION 139 (4), its assets shall be applied and  
21 distributed as follows:

22 xxx xxx xxx

23 SECTION 50. A new chapter is hereby added to Title XIII on Special Corporations and  
24 the succeeding provisions are renumbered accordingly.

### 25 CHAPTER III

### 26 ONE PERSON CORPORATIONS

1           SEC. 117. *APPLICABILITY OF PROVISIONS TO ONE PERSON STOCK*  
2 *CORPORATIONS.* - THE PROVISIONS OF THIS CODE ARE APPLICABLE TO ONE  
3 PERSON STOCK CORPORATIONS EXCEPT AS OTHERWISE PROVIDED IN THIS  
4 TITLE.

5           SEC. 118. *ONE PERSON CORPORATION.* - A ONE PERSON  
6 CORPORATION IS A CORPORATION WITH A SINGLE STOCKHOLDER;  
7 *PROVIDED THAT,* ONLY A NATURAL PERSON, TRUST OR AN ESTATE MAY  
8 FORM A ONE PERSON CORPORATION; *PROVIDED, FURTHER THAT,* A  
9 CORPORATION REQUIRED TO OBTAIN A SECONDARY LICENSE UNDER  
10 SPECIAL LAWS MAY NOT ORGANIZE AS A ONE PERSON CORPORATION.

11           SEC. 119. *MINIMUM CAPITAL STOCK REQUIRED FOR ONE PERSON*  
12 *CORPORATION.* - A ONE PERSON CORPORATION SHALL NOT BE REQUIRED  
13 TO HAVE A MINIMUM AUTHORIZED CAPITAL STOCK EXCEPT AS OTHERWISE  
14 PROVIDED BY SPECIAL LAW. AT LEAST TWENTY-FIVE PERCENT (25%) OF  
15 THE AUTHORIZED CAPITAL STOCK MUST BE SUBSCRIBED AT THE TIME OF  
16 INCORPORATION, AND IN NO CASE SHALL THE PAID-UP CAPITAL BE LESS  
17 THAN FIVE THOUSAND PESOS (P5,000.00).

18           SEC. 120. *ARTICLES OF INCORPORATION.* -A ONE PERSON  
19 CORPORATION SHALL FILE ARTICLES OF INCORPORATION IN ACCORDANCE  
20 WITH THE REQUIREMENTS UNDER SECTION 14 OF THIS CODE. IT SHALL  
21 LIKEWISE CONTAIN SUBSTANTIALLY THE FOLLOWING:

22           (1) IF THE SINGLE STOCKHOLDER IS A TRUST OR AN  
23 ESTATE, THE NAME, NATIONALITY, AND RESIDENCE OF THE  
24 TRUSTEE, ADMINISTRATOR, EXECUTOR, GUARDIAN,  
25 CONSERVATOR, CUSTODIAN, OR OTHER PERSON EXERCISING  
26 FIDUCIARY DUTIES TOGETHER WITH THE PROOF OF SUCH

1 AUTHORITY TO ACT ON BEHALF OF THE TRUST OR ESTATE;  
2 AND

3 (2) NAME, NATIONALITY, RESIDENCE OF THE  
4 NOMINEE AND ALTERNATE NOMINEE, AND THE EXTENT,  
5 COVERAGE AND LIMITATION OF THE AUTHORITY.

6 THE ARTICLES OF INCORPORATION SHALL BE  
7 ACCOMPANIED BY A SWORN STATEMENT BY THE  
8 STOCKHOLDER AS TO THE AMOUNT OF THE CAPITAL STOCK  
9 AND THAT TWENTY FIVE PERCENT (25%) OF THE MINIMUM  
10 PAID UP CAPITAL IS PAID AND MAINTAINED IN A SEPARATE  
11 ACCOUNT FROM THE PERSONAL ACCOUNT OF THE  
12 STOCKHOLDER.

13 SEC. 121. *BY-LAWS.* - THE ONE PERSON CORPORATION IS NOT  
14 REQUIRED TO SUBMIT AND FILE CORPORATE BY-LAWS.

15 SEC. 122. *DISPLAY OF CORPORATE NAME.* - A ONE PERSON  
16 CORPORATION SHALL INDICATE THE LETTERS "OPC" EITHER BELOW OR AT  
17 THE END OF ITS CORPORATE NAME.

18 SEC. 123. *SINGLE STOCKHOLDER AS DIRECTOR, PRESIDENT.*- THE  
19 SINGLE STOCKHOLDER SHALL BE THE SOLE DIRECTOR AND PRESIDENT OF  
20 THE ONE PERSON CORPORATION.

21 SEC. 124. *TREASURER, CORPORATE SECRETARY, AND OTHER OFFICERS.*  
22 - WITHIN FIFTEEN (15) DAYS FROM THE ISSUANCE OF ITS CERTIFICATE OF  
23 INCORPORATION, THE ONE PERSON CORPORATION SHALL APPOINT A  
24 TREASURER, CORPORATE SECRETARY, AND OTHER OFFICERS AS IT MAY  
25 DEEM NECESSARY, AND NOTIFY THE COMMISSION THEREOF WITHIN FIVE  
26 (5) DAYS FROM APPOINTMENT.



1 THE SINGLE STOCKHOLDER MAY NOT BE APPOINTED AS THE  
2 CORPORATE SECRETARY.

3 SEC. 125. *SPECIAL FUNCTIONS OF THE CORPORATE SECRETARY.* - IN  
4 ADDITION TO THE FUNCTIONS DESIGNATED BY THE ONE PERSON  
5 CORPORATION, THE CORPORATE SECRETARY SHALL:

- 6 1. BE RESPONSIBLE FOR MAINTAINING THE MINUTES-BOOK OF  
7 THE CORPORATION;
- 8 2. NOTIFY THE NOMINEE OR ALTERNATE NOMINEE OF THE  
9 DEATH OR INCAPACITY OF THE SINGLE STOCKHOLDER, WHICH  
10 NOTICE SHALL BE GIVEN NO LATER THAN FIVE (5) DAYS FROM  
11 SUCH OCCURRENCE;
- 12 3. NOTIFY THE COMMISSION OF THE DEATH OF THE SINGLE  
13 STOCKHOLDER WITHIN FIVE (5) DAYS FROM SUCH OCCURENCE  
14 AND STATING IN SUCH NOTICE THE NAMES, RESIDENCES, AND  
15 CONTACT DETAILS OF ALL KNOWN LEGAL HEIRS; AND
- 16 4. CALL THE NOMINEE OR ALTERNATIVE NOMINEE AND THE  
17 KNOWN LEGAL HEIRS TO A MEETING AND ADVISE THE LEGAL  
18 HEIRS WITH REGARD TO, AMONG OTHERS, THE ELECTION OF A  
19 NEW DIRECTOR, AMENDMENT OF THE ARTICLES OF  
20 INCORPORATION, AND OTHER ANCILLARY AND/OR  
21 CONSEQUENTIAL MATTERS.

22 SEC. 126. *NOMINEE AND ALTERNATE NOMINEE.* - THE SINGLE  
23 STOCKHOLDER SHALL DESIGNATE A NOMINEE AND AN ALTERNATE  
24 NOMINEE WHO SHALL, IN THE EVENT OF THE SINGLE STOCKHOLDER'S  
25 DEATH OR INCAPACITY, TAKE THE PLACE OF THE SINGLE STOCKHOLDER AS  
26 DIRECTOR AND SHALL MANAGE THE CORPORATION'S AFFAIRS.

1 THE ARTICLES OF INCORPORATION SHALL STATE THE NAMES,  
2 RESIDENCES AND CONTACT DETAILS OF THE NOMINEE AND ALTERNATE  
3 NOMINEE, AS WELL AS THE EXTENT AND LIMITATIONS OF THEIR  
4 AUTHORITY IN MANAGING THE AFFAIRS OF THE ONE PERSON  
5 CORPORATION.

6 THE WRITTEN CONSENT OF THE NOMINEE AND ALTERNATE  
7 NOMINEE SHALL BE ATTACHED TO THE APPLICATION FOR  
8 INCORPORATION. SUCH CONSENT MAY BE WITHDRAWN IN WRITING  
9 ANYTIME BEFORE THE DEATH OR INCAPACITY OF THE SINGLE  
10 STOCKHOLDER.

11 *SEC. 127. TERM OF NOMINEE AND ALTERNATE NOMINEE.* - WHEN THE  
12 INCAPACITY OF THE SINGLE STOCKHOLDER IS TEMPORARY, THE NOMINEE  
13 SHALL SIT AS DIRECTOR AND MANAGE THE AFFAIRS OF THE ONE PERSON  
14 CORPORATION UNTIL THE STOCKHOLDER, BY HIS OR HER OWN  
15 DETERMINATION, REGAINS HIS OR HER CAPACITY.

16 IN CASE OF DEATH OR PERMANENT INCAPACITY OF THE SINGLE  
17 STOCKHOLDER, THE NOMINEE SHALL SIT AS DIRECTOR AND MANAGE THE  
18 AFFAIRS OF THE ONE PERSON CORPORATION UNTIL THE LEGAL HEIRS OF  
19 THE SINGLE STOCKHOLDER HAVE BEEN LAWFULLY DETERMINED, AND  
20 THEY HAVE DESIGNATED ONE OF THEM OR HAVE AGREED THAT THE  
21 ESTATE IS TO BE THE SINGLE STOCKHOLDER OF THE ONE PERSON  
22 CORPORATION

23 THE ALTERNATE NOMINEE SHALL SIT AS DIRECTOR AND MANAGE  
24 THE ONE PERSON CORPORATION IN CASE OF THE NOMINEE'S INABILITY,  
25 INCAPACITY, DEATH, OR REFUSAL TO DISCHARGE HIS OR HER FUNCTIONS,

1 AND ONLY FOR THE SAME TERM AND UNDER THE SAME CONDITIONS  
2 APPLICABLE TO THE NOMINEE.

3 SEC. 128. *CHANGE OF NOMINEE OR ALTERNATE NOMINEE.* - THE  
4 SINGLE STOCKHOLDER MAY, AT ANY TIME, CHANGE ITS NOMINEE AND  
5 ALTERNATE NOMINEE BY SUBMITTING TO THE COMMISSION THE NAMES OF  
6 THE NEW NOMINEES AND THEIR CORRESPONDING WRITTEN CONSENTS.  
7 FOR THIS PURPOSE, THE ARTICLES OF INCORPORATION NEED NOT BE  
8 AMENDED.

9 SEC. 129. *RECORDS IN LIEU OF MEETINGS.* - WHEN ACTION IS NEEDED  
10 ON ANY MATTER, IT SHALL BE SUFFICIENT TO PREPARE A WRITTEN  
11 RESOLUTION, SIGNED AND DATED BY THE SINGLE STOCKHOLDER, AND  
12 RECORDED IN THE MINUTES-BOOK OF THE ONE PERSON CORPORATION.  
13 THE DATE OF RECORDING IN THE MINUTES-BOOK SHALL BE DEEMED TO BE  
14 THE DATE OF THE MEETING FOR ALL PURPOSES UNDER THIS CODE.

15 SEC. 130. *MINUTES-BOOK.* - A ONE PERSON CORPORATION SHALL  
16 MAINTAIN A MINUTES-BOOK WHICH SHALL CONTAIN ALL ACTIONS,  
17 DECISIONS, AND RESOLUTIONS TAKEN BY THE ONE PERSON CORPORATION.

18 SEC. 131. *REPORTORIAL REQUIREMENTS.* - THE ONE PERSON  
19 CORPORATION SHALL SUBMIT THE FOLLOWING WITHIN SUCH PERIOD AS  
20 THE COMMISSION MAY PRESCRIBE:

- 21 1. FINANCIAL STATEMENTS CERTIFIED BY THE PRESIDENT AND  
22 CORPORATE SECRETARY OR DULY AUDITED BY AN INDEPENDENT  
23 CERTIFIED PUBLIC ACCOUNTANT ACCREDITED PURSUANT TO  
24 REPUBLIC ACT NO. 9298, "THE PHILIPPINE ACCOUNTANCY ACT",  
25 AS APPLICABLE;

- 1           2. A REPORT CONTAINING EXPLANATIONS OR COMMENTS BY THE  
2           PRESIDENT ON EVERY QUALIFICATION, RESERVATION, OR  
3           ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN HIS  
4           OR HER REPORT;
- 5           3. A DISCLOSURE OF ALL SELF-DEALINGS AND RELATED PARTY  
6           TRANSACTIONS ENTERED INTO BETWEEN THE ONE PERSON  
7           CORPORATION AND THE SINGLE STOCKHOLDER; AND
- 8           4. OTHER REPORTS AS THE COMMISSION MAY REQUIRE.

9           FOR PURPOSES OF THIS PROVISION, THE FISCAL YEAR OF A ONE  
10          PERSON CORPORATION SHALL BE THAT SET FORTH IN ITS ARTICLES OF  
11          INCORPORATION OR, IN THE ABSENCE THEREOF, THE CALENDAR YEAR.

12          THE COMMISSION MAY PLACE THE CORPORATION UNDER  
13          DELINQUENT STATUS SHOULD THE CORPORATION FAIL TO SUBMIT THE  
14          REPORTORIAL REQUIREMENTS THREE (3) TIMES, CONSECUTIVELY OR  
15          INTERMITTENTLY, WITHIN A PERIOD OF FIVE (5) YEARS.

16          SEC. 132. *CONVERSION FROM AN ORDINARY CORPORATION TO A ONE*  
17          *PERSON CORPORATION.* - WHEN A SINGLE STOCKHOLDER ACQUIRES ALL  
18          THE STOCKS OF AN ORDINARY STOCK CORPORATION, THE LATTER MAY  
19          APPLY FOR CONVERSION INTO A ONE PERSON CORPORATION, SUBJECT TO  
20          THE SUBMISSION OF SUCH DOCUMENTS AS THE COMMISSION MAY REQUIRE.  
21          IF THE APPLICATION FOR CONVERSION IS APPROVED, THE COMMISSION  
22          SHALL ISSUE AN AMENDED CERTIFICATE OF INCORPORATION REFLECTING  
23          THE CONVERSION. THE ONE PERSON CORPORATION CONVERTED FROM AN  
24          ORDINARY STOCK CORPORATION SHALL SUCCEED THE LATTER AND BE  
25          LEGALLY RESPONSIBLE FOR ALL THE LATTER'S OUTSTANDING LIABILITIES  
26          AS OF THE DATE OF CONVERSION.

1           SEC. 133. *CONVERSION FROM A ONE PERSON CORPORATION TO AN*  
2           *ORDINARY STOCK CORPORATION.* - A ONE PERSON CORPORATION MAY BE  
3           CONVERTED INTO AN ORDINARY STOCK CORPORATION AFTER DUE NOTICE  
4           TO THE COMMISSION OF SUCH FACT AND OF THE CIRCUMSTANCES LEADING  
5           TO THE CONVERSION, AND AFTER COMPLIANCE WITH ALL OTHER  
6           REQUIREMENTS FOR STOCK CORPORATIONS UNDER THIS CODE AND  
7           APPLICABLE RULES. SUCH NOTICE SHALL BE FILED WITH THE COMMISSION  
8           WITHIN SIXTY (60) DAYS FROM THE OCCURRENCE OF THE CIRCUMSTANCES  
9           LEADING TO THE CONVERSION INTO AN ORDINARY STOCK CORPORATION.  
10          IF ALL REQUIREMENTS HAVE BEEN DULY COMPLIED WITH, THE  
11          COMMISSION SHALL ISSUE AN AMENDED CERTIFICATE OF INCORPORATION  
12          REFLECTING THE CONVERSION.

13                 IN CASE OF DEATH OF THE SINGLE STOCKHOLDER, THE NOMINEE OR  
14          ALTERNATE NOMINEE SHALL TRANSFER THE SHARES IN THE NAME OF THE  
15          DULY DESIGNATED LEGAL HEIR OR ESTATE WITHIN SEVEN (7) DAYS FROM  
16          RECEIPT OF EITHER AN AFFIDAVIT OF HEIRSHIP OR SELF-ADJUDICATION BY  
17          A SOLE HEIR, OR ANY OTHER LEGAL DOCUMENT DECLARING THE LEGAL  
18          HEIRS OF THE SINGLE STOCKHOLDER AND NOTIFY THE COMMISSION OF  
19          THE TRANSFER. WITHIN SIXTY (60) DAYS FROM THE TRANSFER OF THE  
20          SHARES, THE LEGAL HEIRS SHALL NOTIFY THE COMMISSION OF THEIR  
21          DECISION TO EITHER WIND UP AND DISSOLVE THE ONE PERSON  
22          CORPORATION OR CONVERT IT INTO AN ORDINARY STOCK CORPORATION.

23                 THE ORDINARY STOCK CORPORATION CONVERTED FROM A ONE  
24          PERSON CORPORATION SHALL SUCCEED THE LATTER AND BE LEGALLY  
25          RESPONSIBLE FOR ALL THE LATTER'S OUTSTANDING LIABILITIES AS OF  
26          THE DATE OF CONVERSION.

1           **SECTION 51.**     Section 118 of the Code is hereby renumbered as Section 135 and  
2 amended to read as follows:

3           Sec. [118]**135.** *Voluntary dissolution where no creditors are affected.* - If  
4 dissolution of a corporation does not prejudice the rights of any creditor having a  
5 claim against it, the dissolution may be effected by majority vote of the board of  
6 directors or trustees, and by a resolution duly adopted by the affirmative vote of  
7 the stockholders owning at least two-thirds (2/3) of the outstanding capital stock  
8 or of at least two-thirds (2/3) of the members of a meeting to be held upon the call  
9 of the directors or trustees.

10           **AT LEAST TWENTY (20) DAYS PRIOR TO THE MEETING, NOTICE**  
11 **SHALL BE GIVEN TO EACH SHAREHOLDER OR MEMBER OF RECORD**  
12 **PERSONALLY, BY REGISTERED MAIL, OR BY ANY MEANS AUTHORIZED**  
13 **UNDER ITS BY-LAWS WHETHER OR NOT ENTITLED TO VOTE AT THE**  
14 **MEETING, IN THE MANNER PROVIDED IN SECTION 50 OF THIS CODE AND**  
15 **SHALL STATE THAT THE PURPOSE OF THE MEETING IS TO VOTE ON THE**  
16 **DISSOLUTION OF THE CORPORATION. [after publication of the notice] NOTICE**  
17 of **THE** time, place, and object of the meeting **SHALL BE PUBLISHED** for three (3)  
18 consecutive weeks **PRIOR TO THE DATE OF THE MEETING** in a newspaper  
19 published in the place where the principal office of said corporation is located,];  
20 and]**OR** if no newspaper is published in such place, [then] in a newspaper of  
21 general circulation in the Philippines. [, after sending such notice to each  
22 stockholder or member either by registered mail or by personal delivery at least  
23 thirty (30) days prior to said meeting.]

24           **A VERIFIED REQUEST FOR DISSOLUTION SHALL BE FILED WITH THE**  
25 **COMMISSION STATING: A) THE REASON FOR THE DISSOLUTION; B) THE**  
26 **FORM, MANNER, AND TIME WHEN THE NOTICES WERE GIVEN; C) NAMES OF**

1 THE STOCKHOLDERS AND DIRECTORS OR TRUSTEES, WHO APPROVED THE  
2 DISSOLUTION; D) THE DATE, PLACE, AND TIME OF THE MEETING IN WHICH  
3 THE VOTE WAS MADE; AND E) DETAILS OF PUBLICATION.

4 THE CORPORATION SHALL SUBMIT THE FOLLOWING TO THE  
5 COMMISSION: (a) A COPY OF THE RESOLUTION AUTHORIZING THE  
6 DISSOLUTION, WHICH SHALL HAVE BEEN CERTIFIED BY A MAJORITY OF THE  
7 BOARD OF DIRECTORS OR TRUSTEES AND COUNTERSIGNED BY THE  
8 SECRETARY OF THE CORPORATION; AND (b) PROOF OF PUBLICATION.

9 [A copy of the resolution authorizing the dissolution shall be certified by a  
10 majority of the board of directors or trustees and countersigned by the secretary  
11 of the corporation.]

12 WITHIN FIFTEEN (15) DAYS FROM RECEIPT OF THE VERIFIED  
13 REQUEST FOR DISSOLUTION, AND IN THE ABSENCE OF ANY WITHDRAWAL  
14 WITHIN SAID PERIOD, [The Securities and Exchange] THE Commission shall  
15 APPROVE THE REQUEST AND [thereupon] issue the certificate of dissolution.  
16 THE DISSOLUTION SHALL TAKE EFFECT ONLY UPON THE ISSUANCE BY THE  
17 COMMISSION OF A CERTIFICATE OF DISSOLUTION.

18 SECTION 52. Section 119 of the Code is hereby renumbered as Section 136 and  
19 amended to read as follows:

20 Sec. [119]136. [*Voluntary dissolution*] **DISSOLUTION** where creditors are  
21 *affected*; **PROCEDURE AND CONTENTS OF PETITION**. - Where the dissolution of a  
22 corporation may prejudice the rights of any creditor, [the petition] **A VERIFIED**  
23 **PETITION** for dissolution shall be filed with the [Securities and Exchange]  
24 Commission. The petition shall be signed by a majority of [its] **THE**  
25 **CORPORATION'S** board of directors or trustees [or other officers having the  
26 management of its affairs], verified by its president or secretary or one of its

1 directors or trustees, and shall set forth all claims and demands against it, and that  
2 its dissolution was resolved upon by the affirmative vote of the stockholders  
3 representing at least two-thirds (2/3) of the outstanding capital stock or [by] at  
4 least two-thirds (2/3) of the members at a meeting of its stockholders or members  
5 called for that purpose. **THE PETITION SHALL LIKEWISE STATE: (a) THE**  
6 **REASON FOR THE DISSOLUTION; (b) THE FORM, MANNER, AND TIME WHEN**  
7 **THE NOTICES WERE GIVEN; AND (c) THE DATE, PLACE, AND TIME OF THE**  
8 **MEETING IN WHICH THE VOTE WAS MADE. THE CORPORATION SHALL**  
9 **SUBMIT TO THE COMMISSION THE FOLLOWING: (a) A COPY OF THE**  
10 **RESOLUTION AUTHORIZING THE DISSOLUTION, CERTIFIED BY A MAJORITY OF**  
11 **THE BOARD OF DIRECTORS OR TRUSTEES AND COUNTERSIGNED BY THE**  
12 **SECRETARY OF THE CORPORATION; AND (b) A LIST OF ALL ITS CREDITORS.**

13 **THE DISSOLUTION SHALL TAKE EFFECT ONLY UPON THE ISSUANCE BY**  
14 **THE COMMISSION OF A CERTIFICATE OF DISSOLUTION.**

15 **SECTION 53.** Section 120 of the Code is hereby renumbered as Section 137 and  
16 amended to read as follows:

17 Section [120] **137. Dissolution by shortening corporate term.** - A voluntary  
18 dissolution may be effected by amending the articles of incorporation to shorten  
19 the corporate term pursuant to the provisions of this Code. A copy of the amended  
20 articles of incorporation shall be submitted to the [Securities and Exchange]  
21 Commission in accordance with this Code. Upon the expiration of the shortened  
22 term, **AS STATED IN THE [approval of the] APPROVED** amended articles of  
23 incorporation [of, as the case may be], the corporation shall be deemed dissolved  
24 without any further proceedings, subject to the provisions of this Code on  
25 liquidation.



1           IN THE CASE OF EXPIRATION OF CORPORATE TERM, DISSOLUTION  
2 SHALL AUTOMATICALLY TAKE EFFECT ON THE DAY FOLLOWING THE LAST  
3 DAY OF THE CORPORATE TERM STATED IN THE ARTICLES OF  
4 INCORPORATION, WITHOUT THE NEED FOR THE ISSUANCE BY THE  
5 COMMISSION OF A CERTIFICATE OF DISSOLUTION.

6 SECTION 54.     A new Section 138 is hereby inserted to read as follows:

7           *SECTION 138. WITHDRAWAL OF REQUEST AND PETITION FOR DISSOLUTION.*

8 - A WITHDRAWAL OF THE REQUEST FOR DISSOLUTION SHALL BE MADE IN  
9 WRITING, DULY VERIFIED BY ANY INCORPORATOR, DIRECTOR, SHAREHOLDER,  
10 OR MEMBER AND SIGNED BY THE SAME NUMBER OF INCORPORATORS,  
11 DIRECTORS, SHAREHOLDERS, OR MEMBERS NECESSARY TO REQUEST FOR A  
12 DISSOLUTION AS SET FORTH IN THE FOREGOING SECTIONS. THE WITHDRAWAL  
13 SHALL BE SUBMITTED NO LATER THAN FIFTEEN (15) DAYS FROM THE RECEIPT  
14 BY THE COMMISSION OF THE REQUEST FOR DISSOLUTION. UPON RECEIPT OF A  
15 WITHDRAWAL OF REQUEST FOR DISSOLUTION, THE COMMISSION SHALL  
16 WITHHOLD ACTION ON THE REQUEST FOR DISSOLUTION AND SHALL, AFTER  
17 INVESTIGATION: (A) MAKE A PRONOUNCEMENT THAT THE REQUEST FOR  
18 DISSOLUTION IS DEEMED WITHDRAWN; (B) DIRECT A JOINT MEETING OF THE  
19 BOARD OF DIRECTORS OR TRUSTEES AND THE STOCKHOLDERS OR MEMBERS  
20 FOR THE PURPOSE OF ASCERTAINING WHETHER TO PROCEED WITH  
21 DISSOLUTION; OR ISSUE SUCH OTHER ORDERS AS IT MAY DEEM APPROPRIATE.

22           A WITHDRAWAL OF THE PETITION FOR DISSOLUTION SHALL BE IN A  
23 FORM OF A MOTION AND SIMILAR IN SUBSTANCE TO A WITHDRAWAL OF  
24 REQUEST FOR DISSOLUTION BUT SHALL BE VERIFIED AND FILED PRIOR TO  
25 PUBLICATION OF THE ORDER SETTING THE DATE FOR OBJECTIONS TO THE  
26 PETITION.

1           **SECTION 55.**     Section 121 of the Code is hereby renumbered as Section 139 and  
2 amended to read as follows:

3           Section [121] **139. Involuntary dissolution.** - A corporation may be  
4 dissolved by the [Securities and Exchange] Commission **MOTU PROPRIO OR**  
5 upon filing of a verified complaint **BY ANY INTERESTED PARTY.** [and after  
6 proper notice and hearing on the grounds provided by existing laws, rules and  
7 regulations.]

8           **THE FOLLOWING MAY BE GROUNDS FOR DISSOLUTION OF THE**  
9 **CORPORATION:**

- 10           1. **NON-USE OF CORPORATE CHARTER AS PROVIDED UNDER**  
11           **SECTION 22 OF THIS CODE;**
- 12           2. **CONTINUOUS INOPERATION OF A CORPORATION AS PROVIDED**  
13           **UNDER SECTION 22 OF THIS CODE;**
- 14           3. **UPON RECEIPT OF A LAWFUL COURT ORDER DISSOLVING THE**  
15           **CORPORATION;**
- 16           4. **UPON FINDING BY FINAL JUDGMENT THAT THE CORPORATION:**
  - 17               i. **PROCURED ITS INCORPORATION THROUGH**  
18               **FRAUD;**
  - 19               ii. **WAS CREATED FOR THE PURPOSE OF**  
20               **COMMITTING, CONCEALING, OR AIDING THE**  
21               **COMMISSION OF SECURITIES VIOLATIONS,**  
22               **SMUGGLING, TAX EVASION, MONEY LAUNDERING,**  
23               **OR GRAFT AND CORRUPT PRACTICES;**
  - 24               iii. **COMMITTED OR AIDED IN THE COMMISSION OF**  
25               **SECURITIES VIOLATIONS, SMUGGLING, TAX**  
26               **EVASION, MONEY LAUNDERING, OR GRAFT AND**

1 CORRUPT PRACTICES, AND ITS STOCKHOLDERS  
2 KNEW;

3 iv. REPEATEDLY AND KNOWINGLY TOLERATED THE  
4 COMMISSION OF GRAFT AND CORRUPT  
5 PRACTICES OR OTHER FRAUDULENT OR ILLEGAL  
6 ACTS BY ITS DIRECTORS, TRUSTEES, OFFICERS, OR  
7 EMPLOYEES;

8 v. REPEATEDLY AND WILLFULLY EXCEEDED THE  
9 AUTHORITY CONFERRED UPON IT BY LAW;

10 vi. REPEATEDLY AND WILLFULLY FALSIFIED,  
11 MISSTATED, OR OTHERWISE MISREPRESENTED  
12 INFORMATION CONTAINED IN ITS REPORTORIAL  
13 REQUIREMENTS;

14 vii. REPEATEDLY AND WILLFULLY CONDUCTED ITS  
15 BUSINESS IN A FRAUDULENT OR OTHERWISE  
16 UNLAWFUL MANNER; OR

17 viii. VIOLATED THE PROVISIONS OF THIS CODE,  
18 PERTINENT LAWS, RULES AND REGULATIONS.

19 IF THE CORPORATION IS DISSOLVED BY FINAL JUDGMENT PURSUANT  
20 TO ANY OF THE GROUNDS SET FORTH ABOVE, ITS ASSETS, AFTER PAYMENT  
21 OF ITS LIABILITIES, INCLUDING CLAIMS THAT ARISE FROM THE  
22 DISSOLUTION OF THE CORPORATION DUE TO GRAFT AND CORRUPT  
23 PRACTICES, SHALL BE FORFEITED IN FAVOR OF THE NATIONAL  
24 GOVERNMENT UPON PETITION OF THE COMMISSION WITH THE  
25 APPROPRIATE COURT. SUCH FORFEITURE SHALL BE WITHOUT PREJUDICE  
26 TO ANY OTHER PENALTY OR SANCTION UNDER THIS CODE OR OTHER LAWS.

1           **SECTION 56.**    Section 122 of the Code is hereby renumbered as Section 140 and  
2 amended to read as follows:

3                    Sec. [122]**140.** *Corporate liquidation.* - Every corporation whose charter  
4 expires [by its own limitation] **PURSUANT TO ITS ARTICLES OF**  
5 **INCORPORATION** or is annulled by forfeiture [or otherwise], or whose corporate  
6 existence [for other purposes] is terminated in any other manner, shall  
7 nevertheless [be continued] **REMAIN** as a body corporate for three (3) years after  
8 the [time when it would have been so dissolved] **EFFECTIVE DATE OF**  
9 **DISSOLUTION**, for the purpose of prosecuting and defending suits by or against it  
10 and enabling it to settle and close its affairs, [to] dispose of and convey its  
11 property, and [to] distribute its assets, but not for the purpose of continuing the  
12 business for which it was established.

13   xxx    xxx    xxx

14                    **EXCEPT AS OTHERWISE PROVIDED FOR IN SECTIONS 93 AND 94 OF**  
15 **THIS CODE**, upon the winding up of corporate affairs, any asset distributable to  
16 any creditor or stockholder or member who is unknown or cannot be found shall  
17 be escheated [to the city or municipality where such assets are located] **IN FAVOR**  
18 **OF THE NATIONAL GOVERNMENT.**

19   xxx    xxx    xxx

20            **SECTION 57.**    Sections 123, 124, and 125 of the Code are hereby renumbered as  
21 Sections 140, 141, and 142, respectively.

22            **SECTION 58.**    Section 126 of the Code is hereby renumbered as Section 143 and  
23 amended to read as follows:

24                    Sec. [126]**143.** *Issuance of a license.* - If the [Securities and Exchange]  
25 Commission is satisfied that the applicant has complied with all the requirements  
26 of this Code and other special laws, rules and regulations, the Commission shall

1 issue a license [to the applicant] to transact business in the Philippines **TO THE**  
2 **APPLICANT** for the purpose or purposes specified in such license. Upon issuance  
3 of the license, such foreign corporation may commence to transact business in the  
4 Philippines and continue to do so for as long as it retains its authority to act as a  
5 corporation under the laws of the country or state of its incorporation, unless such  
6 license is sooner surrendered, revoked, suspended, or annulled in accordance with  
7 this Code or other special laws.

8           Within sixty (60) days after the issuance of the license to transact business  
9 in the Philippines, the licensee, except foreign banking or insurance corporations,  
10 shall deposit with the [Securities and Exchange] Commission for the benefit of  
11 present and future creditors of the licensee in the Philippines, securities  
12 satisfactory to the [Securities and Exchange] Commission, consisting of bonds or  
13 other evidence of indebtedness of the Government of the Philippines, its political  
14 subdivisions and instrumentalities, or of government-owned or controlled  
15 corporations and entities, shares of stock **OR DEBT SECURITIES THAT ARE**  
16 **REGISTERED UNDER THE SECURITIES REGULATION CODE** [in "registered  
17 enterprises" as this term is defined in Republic Act No. 5186], shares of stock in  
18 domestic corporations [registered] **LISTED** in the stock exchange, [or] shares of  
19 stock in domestic insurance companies and banks, **OR ANY FINANCIAL**  
20 **INSTRUMENT DETERMINED SUITABLE BY THE COMMISSION**, or any  
21 combination **THEREOF** [of these kinds of securities,] in the actual market value of  
22 at least [one] **FIVE** hundred thousand [(P100,000.)] **(P500, 000.00)** pesos **OR**  
23 **SUCH OTHER AMOUNT THAT MAY BE SET BY THE COMMISSION**; Provided,  
24 however, That within six (6) months after each fiscal year of the licensee, the  
25 [Securities and Exchange] Commission shall require the licensee to deposit  
26 additional securities **OR FINANCIAL INSTRUMENTS** equivalent in actual market

1 value to two (2%) percent of the amount by which the licensee's gross income for  
2 that fiscal year exceeds [five] TEN million [(P5,000,000.00)] **(P10,000,000.00)**  
3 pesos. The [Securities and Exchange] Commission shall also require **THE** deposit of  
4 additional securities **OR FINANCIAL INSTRUMENTS** if the actual market value of  
5 the securities **OR FINANCIAL INSTRUMENTS** on deposit has decreased by at least  
6 ten (10%) percent of their actual market value at the time they were deposited.  
7 The [Securities and Exchange] Commission may at its discretion release part of the  
8 additional [securities] deposit[ed with it] if the gross income of the licensee has  
9 decreased, or if the actual market value of the total [securities on] deposit has  
10 increased, by more than ten (10%) percent of the **IR** actual market value [of the  
11 securities] at the time they were deposited. The [Securities and Exchange]  
12 Commission may, from time to time, allow the licensee to **MAKE** substitute  
13 **DEPOSITS** [other securities] for those already on deposit as long as the licensee is  
14 solvent. Such licensee shall be entitled to collect the interest or dividends on [the]  
15 **SUCH** [securities] depositS[ed]. In the event the licensee ceases to do business in  
16 the Philippines, **ITS** [the securities] depositS[ed as aforesaid] shall be returned,  
17 upon the licensee's application therefor and upon proof to the satisfaction of the  
18 [Securities and Exchange] Commission that the licensee has no liability to  
19 Philippine residents, including the Government of the Republic of the Philippines.  
20 **FOR PURPOSES OF COMPUTING THE SECURITIES DEPOSIT, THE**  
21 **COMPOSITION OF GROSS INCOME AND ALLOWABLE DEDUCTIONS**  
22 **THEREFROM SHALL BE IN ACCORDANCE WITH THE RULES OF THE**  
23 **COMMISSION.**

24 **SECTION 59.** Further, Sections 127 to 136 are hereby renumbered as Sections 144 to  
25 153 accordingly.

26 **SECTION 60.** A new title is inserted in the Code containing Sections 154 to 173, thus:

1 TITLE XVI - INVESTIGATIONS, OFFENSES,  
2 AND PENALTIES

3 Sec. 154. *INVESTIGATION AND PROSECUTION OF OFFENSES.* - THE  
4 COMMISSION MAY INVESTIGATE AN ALLEGED MATERIAL VIOLATION OR  
5 THREATENED VIOLATION OF THIS CODE, ANY RULE, REGULATION, OR  
6 ORDER OF THE COMMISSION.

7 THE COMMISSION SHALL REFER ALL CRIMINAL COMPLAINTS FOR  
8 SUCH VIOLATIONS TO THE DEPARTMENT OF JUSTICE FOR PRELIMINARY  
9 INVESTIGATION AND PROSECUTION BEFORE THE PROPER COURT.

10 THE COMMISSION MAY PUBLISH ITS FINDINGS, ORDERS, OPINIONS,  
11 ADVISORIES, OR INFORMATION CONCERNING ANY SUCH VIOLATION, AS MAY  
12 BE RELEVANT TO THE GENERAL PUBLIC OR TO THE PARTIES CONCERNED,  
13 SUBJECT TO DATA PRIVACY AND OTHER LAWS.

14 SEC. 155. *ADMINISTRATION OF OATHS, AND SUBPOENA OF WITNESSES*  
15 *AND DOCUMENTS.* -THE COMMISSION OR ITS DESIGNATED OFFICER MAY  
16 ADMINISTER OATHS AND AFFIRMATIONS, ISSUE SUBPOENA AND SUBPOENA  
17 DUCES TECUM, TAKE TESTIMONY IN ANY INQUIRY OR INVESTIGATION, AND  
18 MAY PERFORM OTHER ACTS NECESSARY TO THE PROCEEDINGS OR TO THE  
19 INVESTIGATION.

20 SECTION 156. *CEASE AND DESIST ORDERS.* - WHENEVER THE  
21 COMMISSION HAS REASONABLE BASIS TO BELIEVE THAT A PERSON HAS  
22 VIOLATED, IS ABOUT TO VIOLATE, OR WILL CONTINUE TO VIOLATE THIS  
23 CODE, ANY RULE, REGULATION, OR ORDER OF THE COMMISSION, IT MAY  
24 DIRECT SUCH PERSON TO DESIST FROM COMMITTING THE ACT  
25 CONSTITUTING THE VIOLATION.

1 THE COMMISSION MAY ISSUE A CEASE AND DESIST ORDER *EX PARTE*,  
2 TO ENJOIN AN ACT OR PRACTICE WHICH IS FRAUDULENT OR CAN BE  
3 REASONABLY EXPECTED TO CAUSE SIGNIFICANT, IMMINENT, AND  
4 IRREPARABLE DANGER OR INJURY TO PUBLIC SAFETY OR WELFARE. THE *EX*  
5 *PARTE* ORDER SHALL BE VALID FOR A MAXIMUM PERIOD OF TWENTY (20)  
6 DAYS, WITHOUT PREJUDICE TO THE ORDER BEING MADE PERMANENT  
7 AFTER DUE NOTICE AND HEARING.

8 THEREAFTER, THE COMMISSION MAY PROCEED ADMINISTRATIVELY  
9 AGAINST SUCH PERSON IN ACCORDANCE WITH SECTION 158, AND/OR  
10 TRANSMIT EVIDENCE TO THE DEPARTMENT OF JUSTICE FOR PRELIMINARY  
11 INVESTIGATION OR CRIMINAL PROSECUTION.

12 SEC. 157. *CONTEMPT.* - ANY PERSON WHO, WITHOUT JUSTIFIABLE  
13 CAUSE, FAILS OR REFUSES TO COMPLY WITH ANY LAWFUL ORDER, DECISION,  
14 OR SUBPOENA ISSUED BY THE COMMISSION SHALL, AFTER DUE NOTICE AND  
15 HEARING, BE HELD IN CONTEMPT AND FINED IN SUCH AMOUNT AS THE  
16 COMMISSION MAY DETERMINE.

17 WHEN THE REFUSAL AMOUNTS TO CLEAR AND OPEN DEFIANCE OF  
18 THE COMMISSION'S ORDER, DECISION, OR SUBPOENA, THE COMMISSION  
19 SHALL IMPOSE APPROPRIATE DAILY FINES UNTIL THE ORDER, DECISION, OR  
20 SUBPOENA IS COMPLIED WITH.

21 SEC. 158. *ADMINISTRATIVE SANCTIONS.* - UPON FINDING THAT A  
22 VIOLATION HAS BEEN COMMITTED, AND AFTER DUE NOTICE AND HEARING,  
23 TAKING INTO CONSIDERATION THE PARTICIPATION, NATURE, EFFECTS,  
24 FREQUENCY AND SERIOUSNESS OF THE VIOLATION, THE COMMISSION MAY:

25 IMPOSE A FINE RANGING FROM FIVE THOUSAND PESOS  
26 (PHP5,000.00) TO TWO MILLION PESOS (PHP2,000,000.00) AND NOT MORE



1 THAN ONE THOUSAND PESOS (PHP1,000.00) FOR EACH DAY OF CONTINUING  
2 VIOLATION, IN NO CASE TO EXCEED TWO MILLION PESOS (PHP2,000,000.00);

3 1. ISSUE A PERMANENT CEASE AND DESIST ORDER;

4 2. ORDER THE SUSPENSION OR REVOCATION OF THE  
5 CERTIFICATE OF INCORPORATION; AND

6 3. ORDER THE DISSOLUTION OF THE CORPORATION AND  
7 FORFEITURE OF ITS ASSETS UNDER THE CONDITIONS IN TITLE XV OF  
8 THIS CODE.

9 SEC. 159. *UNAUTHORIZED USE OF CORPORATE NAME; PENALTIES.* -  
10 THE UNAUTHORIZED USE OF A CORPORATE NAME SHALL BE PUNISHED  
11 WITH A FINE RANGING FROM FIFTY THOUSAND PESOS (P50,000.00) TO TWO  
12 HUNDRED THOUSAND PESOS (P200,000.00).

13 Sec. 160. *CONCEALMENT OF DISQUALIFICATION; PENALTIES.* - A  
14 DIRECTOR OR TRUSTEE WHO WILLFULLY CONCEALS THE EXISTENCE OF A  
15 GROUND FOR HIS OR HER DISQUALIFICATION UNDER SECTION 28 UPON  
16 ACCEPTANCE OF, OR WHILE HOLDING THE POST, SHALL, AT THE  
17 DISCRETION OF THE COURT, BE PUNISHED BY A FINE RANGING FROM TEN  
18 THOUSAND PESOS (P10,000.00) TO TWO HUNDRED THOUSAND PESOS  
19 (P200,000.00) AT THE DISCRETION OF THE COURT, AND SHALL BE  
20 PERMANENTLY DISQUALIFIED FROM FURTHER ACTING AS DIRECTOR OF  
21 ANY CORPORATION. CONCEALMENT SHALL BE WILLFUL WHEN THE  
22 DIRECTOR OR TRUSTEE ACCEPTS OR RETAINS THE POST DESPITE  
23 KNOWLEDGE OF THE EXISTENCE OF THE DISQUALIFICATION.

24 Sec. 161. *VIOLATION OF DUTY TO MAINTAIN RECORDS, TO ALLOW*  
25 *THEIR INSPECTION OR REPRODUCTION; PENALTIES.* - THE UNJUSTIFIED  
26 FAILURE OR REFUSAL BY THE CORPORATION OR BY THOSE RESPONSIBLE

1 FOR KEEPING AND MAINTAINING CORPORATE RECORDS, TO COMPLY WITH  
2 SECTIONS 46, 74, 93, 178 AND OTHER PROVISIONS OF THIS CODE AND THE  
3 RULES WITH RESPECT TO RETENTION, INSPECTION OR REPRODUCTION OF  
4 RECORDS SHALL BE PUNISHED WITH A FINE RANGING FROM TEN THOUSAND  
5 PESOS (PHP10,000.00) TO ONE HUNDRED THOUSAND PESOS  
6 (PHP100,000.00), AT THE DISCRETION OF THE COURT, TAKING INTO  
7 CONSIDERATION THE SERIOUSNESS OF THE VIOLATION AND ITS  
8 IMPLICATIONS.

9 THE PENALTIES IMPOSED UNDER THIS SECTION SHALL BE WITHOUT  
10 PREJUDICE TO THE COMMISSION'S EXERCISE OF ITS CONTEMPT POWERS  
11 UNDER SECTION 157 HEREOF.

12 SEC. 162. *WILLFUL CERTIFICATION OF INCOMPLETE, INACCURATE,*  
13 *FALSE, OR MISLEADING STATEMENTS OR REPORTS; PENALTIES.* - ANY PERSON  
14 WHO WILLFULLY CERTIFIES A REPORT OR MATTER REQUIRED UNDER THIS  
15 CODE KNOWING THAT THE SAME CONTAINS INCOMPLETE, INACCURATE,  
16 FALSE, OR MISLEADING INFORMATION OR STATEMENTS SHALL BE  
17 PUNISHED WITH A FINE OF NOT MORE THAN FIVE HUNDRED THOUSAND  
18 PESOS (P500,000.00). WHEN THE WRONGFUL CERTIFICATION IS INJURIOUS  
19 OR DETRIMENTAL TO THE PUBLIC, THE AUDITOR MAY ALSO BE FINED OF  
20 NOT MORE THAN ONE MILLION PESOS (P1,000,000.00).

21 SEC. 163. *INDEPENDENT AUDITOR COLLUSION; PENALTIES.* - AN  
22 INDEPENDENT AUDITOR WHO, IN COLLUSION WITH THE CORPORATION'S  
23 DIRECTORS OR REPRESENTATIVES, CERTIFIES THE CORPORATION'S  
24 FINANCIAL STATEMENTS DESPITE ITS INCOMPLETENESS OR INACCURACY,  
25 FAILURE TO GIVE A FAIR AND ACCURATE PRESENTATION OF THE  
26 CORPORATION'S CONDITION, OR [DESPITE CONTAINING] FALSE OR

1 MISLEADING STATEMENTS, SHALL BE PUNISHED WITH A FINE OF NOT MORE  
2 THAN ONE MILLION PESOS (P1,000,000.00). WHEN THE STATEMENT OR  
3 REPORT CERTIFIED IS FRAUDULENT, OR HAS THE EFFECT OF CAUSING  
4 INJURY TO THE GENERAL PUBLIC, THE AUDITOR MAY BE PUNISHED WITH A  
5 FINE OF NOT MORE THAN TWO MILLION PESOS (P2,000,000.00).

6 SEC. 164. *OBTAINING CORPORATE REGISTRATION THROUGH FRAUD;*  
7 *PENALTIES.* - THOSE RESPONSIBLE FOR THE FORMATION OF A  
8 CORPORATION THROUGH FRAUD, OR WHO ASSISTED DIRECTLY OR  
9 INDIRECTLY THEREIN, SHALL BE PUNISHED WITH A FINE RANGING FROM  
10 FIVE HUNDRED THOUSAND PESOS (P500,000.00) TO TWO MILLION PESOS  
11 (P2,000,000.00).

12 Sec. 165. *FRAUDULENT CONDUCT OF BUSINESS; PENALTIES.* - A  
13 CORPORATION THAT CONDUCTS BUSINESS ITS THROUGH FRAUD SHALL BE  
14 PUNISHED WITH A FINE RANGING FROM FIVE HUNDRED THOUSAND PESOS  
15 (P500,000.00) TO TWO MILLION PESOS (P2,000,000.00).

16 Sec. 166. *THEFT OF IDENTITY; PENALTIES.* - A CORPORATION,  
17 NATURAL PERSON, OR GROUP OF PERSONS, WHO OBTAINS AND WILLFULLY  
18 USES THE IDENTIFYING INFORMATION OF A NATURAL OR JURIDICAL  
19 PERSON WITHOUT THE LATTER'S CONSENT, FOR ANY UNLAWFUL OR  
20 FRAUDULENT PURPOSE DESIGNED TO (A) SECURE AN UNFAIR GAIN; OR (B)  
21 CAUSE ANOTHER PERSON TO SUFFER A LOSS, SHALL BE PUNISHED WITH A  
22 FINE RANGING FROM FIVE HUNDRED THOUSAND PESOS (P500,000.00) TO  
23 TWO MILLION PESOS (P2,000,000.00).

24 Sec. 167. *ACTING AS INTERMEDIARIES FOR GRAFT AND CORRUPT*  
25 *PRACTICES; PENALTIES.* - A CORPORATION USED FOR FRAUD OR  
26 COMMISSION OR CONCEALMENT OF GRAFT AND CORRUPT PRACTICES SHALL

1 BE LIABLE FOR A FINE RANGING FROM ONE MILLION (P1,000,000.00) TO  
2 FIVE MILLION (P5,000,000.00) PESOS.

3 THE CORPORATION'S FAILURE TO INSTALL: A) SAFEGUARDS FOR THE  
4 TRANSPARENT AND LAWFUL DELIVERY OF SERVICES, AND B) POLICIES,  
5 CODE OF ETHICS, AND PROCEDURES AGAINST GRAFT AND CORRUPTION,  
6 WHEN COUPLED WITH A FINDING THAT ANY OF ITS DIRECTORS, OFFICER,  
7 EMPLOYEES, AGENTS, OR REPRESENTATIVES ENGAGED IN GRAFT AND  
8 CORRUPT PRACTICES, SHALL BE PRIMA FACIE EVIDENCE OF CORPORATE  
9 LIABILITY UNDER THIS SECTION.

10 Sec. 168. *ENGAGING INTERMEDIARIES FOR GRAFT AND CORRUPT*  
11 *PRACTICES; PENALTIES.* - A CORPORATION THAT APPOINTS AN  
12 INTERMEDIARY WHO ENGAGES IN GRAFT AND CORRUPT PRACTICES FOR  
13 THE CORPORATION'S BENEFIT OR INTEREST, SHALL BE FINED IN THE  
14 AMOUNT OF ONE MILLION PESOS (P1,000,000.00).

15 Sec. 169. *TOLERATING GRAFT AND CORRUPT PRACTICES; PENALTIES.* -  
16 A DIRECTOR, TRUSTEE, OR OFFICER WHO KNOWINGLY FAILS TO SANCTION,  
17 REPORT OR FILE THE APPROPRIATE ACTION WITH PROPER AGENCIES,  
18 ALLOWS OR TOLERATES THE GRAFT AND CORRUPT PRACTICES OR  
19 FRAUDULENT ACTS COMMITTED BY A CORPORATION'S DIRECTORS,  
20 TRUSTEES, OFFICERS, OR EMPLOYEES, SHALL BE FINED IN THE AMOUNT OF  
21 ONE MILLION PESOS (P1,000,000.00).

22 SEC. 170. *RETALIATION AGAINST WHISTLEBLOWERS.* - A  
23 WHISTLEBLOWER REFERS TO ANY PERSON WHO PROVIDES TRUTHFUL  
24 INFORMATION RELATING TO THE COMMISSION OR POSSIBLE COMMISSION  
25 OF ANY OFFENSE OR VIOLATION UNDER THIS CODE. ANY PERSON WHO,  
26 KNOWINGLY AND WITH INTENT TO RETALIATE, COMMITS ACTS

1 DETRIMENTAL TO A WHISTLEBLOWER SUCH AS INTERFERING WITH THE  
2 LAWFUL EMPLOYMENT OR LIVELIHOOD OF THE WHISTLEBLOWER, SHALL,  
3 AT THE DISCRETION OF THE COURT, BE PUNISHED WITH A FINE RANGING  
4 FROM FIVE HUNDRED THOUSAND PESOS (P500,000.00) TO ONE MILLION  
5 PESOS (P1,000,000.00) AND/OR IMPRISONMENT OF FIVE (5) TO TEN (10)  
6 YEARS.

7 SEC. [144]171. *OTHER VIOLATIONS OF THE CODE; SEPARATE LIABILITY.* -

8 Violations of any of the other provisions of this code or its amendments not  
9 otherwise specifically penalized herein shall be punished by a fine of not less than  
10 [one] **TEN** Thousand [P1,000.00] pesos (**P10,000.00**) but not more than **ONE**  
11 **MILLION** [ten thousand (p10,000.00)] Pesos (**P1,000,000.00**) AND/OR by  
12 imprisonment [FOR] **OF** not less than thirty (30) days but not more than five (5)  
13 years, or both, [in] **AT** the discretion of the court. If the violation is committed by a  
14 corporation, the same may, after notice and hearing, be dissolved in appropriate  
15 proceedings before the [Securities and Exchange] Commission: Provided, [t]That  
16 such dissolution shall not preclude the institution of appropriate action against the  
17 director, trustee, or officer of the corporation responsible for said violation:  
18 [p]Provided, further, [t]That nothing in this section shall be construed to repeal the  
19 other causes for dissolution of a corporation provided in this [c]Code.

20 **LIABILITY FOR ANY OF THE FOREGOING OFFENSES SHALL BE**  
21 **SEPARATE FROM ANY OTHER ADMINISTRATIVE, CIVIL, OR CRIMINAL**  
22 **LIABILITY UNDER THIS CODE AND OTHER LAWS.**

23 **SEC. 172. LIABILITY OF DIRECTORS, TRUSTEES, OFFICERS, OR OTHER**  
24 **EMPLOYEES.** - IF THE OFFENDER IS A CORPORATION, THE PENALTY MAY, AT  
25 **THE DISCRETION OF THE COURT, BE IMPOSED UPON SUCH CORPORATION**  
26 **AND/OR UPON ITS DIRECTORS, TRUSTEES, STOCKHOLDERS, MEMBERS,**

1 OFFICERS, OR EMPLOYEES RESPONSIBLE FOR THE VIOLATION OR  
2 INDISPENSABLE TO ITS COMMISSION.

3 SEC. 173. *LIABILITY OF AIDERS AND ABETTORS AND OTHER*  
4 *SECONDARY LIABILITY.* - ANYONE WHO SHALL AID, ABET, COUNSEL,  
5 COMMAND, INDUCE, OR PROCURE ANY VIOLATION OF THIS CODE, OR ANY  
6 RULE, REGULATION OR ORDER OF THE COMMISSION SHALL BE PUNISHED  
7 WITH A FINE NOT EXCEEDING THAT IMPOSED ON THE PRINCIPAL  
8 OFFENDERS, AT THE DISCRETION OF THE COURT, AFTER TAKING INTO  
9 ACCOUNT THEIR PARTICIPATION IN THE OFFENSE. WHEN THE OFFENSE IS  
10 OF SUCH NATURE AND EXTENT AS TO AFFECT OR ENDANGER PUBLIC  
11 INTEREST OR NATIONAL ECONOMY, THE AIDER OR ABETTOR MAY SUFFER  
12 THE PENALTY OF IMPRISONMENT.

13 SECTION 61. Title XVI on Miscellaneous Provisions is hereby renumbered as Title  
14 XVII.

15 SECTION 62. Sections 137 and 138 of the Code are renumbered as Sections 174 and  
16 175, respectively.

17 SECTION 63. Section 139 of the Code is hereby renumbered as Section 176 and  
18 amended to read as follows:

19 SECTION 64.

20 "Sec. [139] 176. *COLLECTION AND USE OF REGISTRATION, Incorporation and*  
21 *other fees.* - [The Securities and Exchange Commission is hereby authorized to collect and  
22 receive fees as authorized by law or by rules and regulations promulgated by the  
23 Commission.] **FOR A MORE EFFECTIVE IMPLEMENTATION OF THIS CODE, THE**  
24 **COMMISSION IS HEREBY AUTHORIZED TO COLLECT, RETAIN, AND USE FEES, FINES,**  
25 **AND OTHER CHARGES PURSUANT TO THIS CODE AND ITS RULES AND**  
26 **REGULATIONS. THE AMOUNT COLLECTED SHALL BE DEPOSITED AND MAINTAINED**

1 IN A SEPARATE ACCOUNT WHICH SHALL FORM A FUND FOR ITS MODERNIZATION  
2 AND TO AUGMENT ITS OPERATIONAL EXPENSES SUCH AS, BUT NOT LIMITED TO,  
3 CAPITAL OUTLAY, INCREASE IN COMPENSATION AND BENEFITS CONSISTENT WITH  
4 R.A. NO. 6758 OTHERWISE KNOWN AS "THE SALARY STANDARDIZATION LAW", AS  
5 AMENDED, REASONABLE EMPLOYEE ALLOWANCE, EMPLOYEE HEALTH CARE  
6 SERVICES AND OTHER INSURANCE, EMPLOYEE CAREER ADVANCEMENT AND  
7 PROFESSIONALIZATION, LEGAL ASSISTANCE, SEMINARS AND OTHER  
8 PROFESSIONAL FEES.

9 **SECTION 65.** Section 140 of the Code is hereby renumbered as Section 177 and  
10 amended to read as follows:

11 Sec. [140]177. NATIONALITY AND Stock ownership in [certain]  
12 corporations. - THE COMMISSION SHALL DETERMINE THE NATIONALITY OF  
13 A CORPORATION BASED ON THE OUTSTANDING CAPITAL STOCK ENTITLED  
14 TO VOTE, IN ACCORDANCE WITH THE CONSTITUTION, JURISPRUDENCE, AND  
15 APPLICABLE LAWS.

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

25 THE CONGRESS may [be] set maximum limits [by the Batasang Pambansa] for  
26 stock[holdings] ownership of individuals or groups of individuals related to each

1 other by consanguinity, affinity, or by close business interests, in corporations  
2 declared [by it] to be vested with [a] public interest pursuant to the provisions of  
3 this section, or whenever [it is] necessary to [achieve national objectives,] prevent  
4 **ANTI-COMPETITIVE PRACTICES AS PROVIDED IN REPUBLIC ACT NO. 10667,**  
5 **"THE PHILIPPINE COMPETITION ACT"**, or to implement national economic  
6 policies designed to promote [the] general welfare and [foster] economic  
7 development, AS declared in laws, rules, and regulations.

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

16 **SECTION 66.** Section 141 of the Code is hereby renumbered as Section 178 and  
17 amended to read as follows:

18 Sec. [141]178 . [Annual report] **REPORTORIAL REQUIREMENTS** of  
19 *corporations.* - **EXCEPT AS OTHERWISE PROVIDED IN THIS CODE OR IN THE**  
20 **RULES ISSUED BY THE COMMISSION,** every corporation, domestic or foreign,  
21 [lawfully] doing business in the Philippines shall submit to the [Securities and  
22 Exchange] Commission:

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



1           1.    ANNUAL   FINANCIAL   STATEMENTS   AUDITED   BY   AN  
2   INDEPENDENT   CERTIFIED   PUBLIC   ACCOUNTANT,   ACCREDITED   BY   THE  
3   COMMISSION;   *PROVIDED, THAT IF THE TOTAL ASSETS OR TOTAL*  
4   LIABILITIES   OF   THE   CORPORATION   ARE   LESS   THAN   SIX   HUNDRED  
5   THOUSAND   PESOS   [P600,000.00]   THE   FINANCIAL   STATEMENTS   SHALL   BE  
6   CERTIFIED   UNDER   OATH   BY   the   CORPORATION'S   treasurer   OR   CHIEF  
7   FINANCIAL   OFFICER;   AND

8           2.    A   GENERAL   INFORMATION   SHEET;  
9           CORPORATIONS   VESTED   WITH   PUBLIC   INTEREST   MUST   ALSO   SUBMIT  
10   THE   FOLLOWING:

11           3.    A   DIRECTOR   OR   TRUSTEE   COMPENSATION   REPORT;

12           4.    A   DIRECTOR   OR   TRUSTEE   APPRAISAL   OR   PERFORMANCE  
13   REPORT   AND   THE   STANDARDS   OR   CRITERIA   USED   TO   ASSESS   EACH  
14   DIRECTOR   OR   TRUSTEE;   AND

15           [Such report] THE REPORTORIAL REQUIREMENTS shall be submitted  
16   ANNUALLY AND within such period as may be prescribed by the [Securities and  
17   Exchange] Commission.

18           THE   COMMISSION   MAY   PLACE   THE   CORPORATION   UNDER  
19   DELINQUENT   STATUS   SHOULD   THE   CORPORATION   FAIL   TO   SUBMIT   THE  
20   REPORTORIAL   REQUIREMENTS   THREE   (3)   TIMES,   CONSECUTIVELY   OR  
21   INTERMITTENTLY,   WITHIN   A   PERIOD   OF   FIVE   YEARS.

22   SECTION 67.   Section 142 of the Code is hereby renumbered as Section 179 and  
23   amended to read as follows:

24           Sec. [142]179.   *VISITORIAL POWER AND Confidential nature of*  
25   *examination results.* - THE COMMISSION SHALL EXERCISE VISITORIAL  
26   POWERS OVER ALL CORPORATIONS, WHICH POWERS SHALL INCLUDE THE

1 EXAMINATION AND INSPECTION OF RECORDS, REGULATION AND  
2 SUPERVISION OF ACTIVITIES, ENFORCEMENT COMPLIANCE, AND  
3 IMPOSITION OF SANCTIONS IN ACCORDANCE WITH THIS CODE.

4 SHOULD THE CORPORATION, WITHOUT JUSTIFIABLE CAUSE, REFUSE  
5 OR OBSTRUCT THE COMMISSION'S EXERCISE OF ITS VISITORIAL POWERS,  
6 THE COMMISSION MAY REVOKE ITS CERTIFICATE OF INCORPORATION.  
7 REVOCATION SHALL BE WITHOUT PREJUDICE TO THE IMPOSITION OF  
8 OTHER PENALTIES AND SANCTIONS UNDER THIS CODE.

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

18 **SECTION 68.** Section 143 of Code is hereby renumbered as Section 180 and amended  
19 to read as follows:

20 Sec. [143]**180.** *[Rule-making power] POWERS, FUNCTIONS, [Securities and*  
21 *Exchange] AND JURISDICTION of the Commission* - The [Securities and Exchange]  
22 Commission shall have the power and authority **TO:**

23 **1. EXERCISE SUPERVISION AND JURISDICTION OVER ALL**  
24 **CORPORATIONS AND PERSONS ACTING ON THEIR BEHALF, EXCEPT AS**  
25 **OTHERWISE PROVIDED UNDER THIS CODE;**

1           PURSUANT TO PRESIDENTIAL DECREE 902-A, THE  
2           COMMISSION SHALL RETAIN JURISDICTION OVER PENDING CASES  
3           INVOLVING INTRACORPORATE DISPUTES SUBMITTED FOR FINAL  
4           RESOLUTION. THE COMMISSION SHALL RETAIN JURISDICTION OVER  
5           PENDING SUSPENSION OF PAYMENT/REHABILITATION CASES FILED  
6           AS OF 30 JUNE 2000 UNTIL FINALLY DISPOSED.

7           2.     IMPOSE SANCTIONS FOR THE VIOLATION OF THIS CODE,  
8           ITS IMPLEMENTING RULES, AND ORDERS OF THE COMMISSION;

9           3.     PROMOTE CORPORATE GOVERNANCE THROUGH,  
10          AMONG OTHERS, REQUIRING ADDITIONAL SUBMISSIONS TO THE  
11          COMMISSION;

12          4.     ISSUE OPINIONS TO CLARIFY THE APPLICATION OF  
13          LAWS, RULES, AND REGULATIONS;

14          5.     [to implement the provisions of this Code, and to promulgate  
15          rules and regulations reasonably necessary to enable it to perform its  
16          duties hereunder, particularly in the prevention of fraud and abuses on the  
17          part of the controlling stockholders, members, directors, trustees or  
18          officers.] ISSUE CEASE AND DESIST ORDERS EX PARTE TO PREVENT  
19          IMMINENT FRAUD OR INJURY TO THE PUBLIC[.];

20          6.     HOLD CORPORATIONS IN DIRECT AND INDIRECT  
21          CONTEMPT;

22          7.     ORDER THE CONDUCT OF STOCKHOLDERS' OR  
23          MEMBERS' MEETINGS UNDER ITS SUPERVISION AND OTHER  
24          APPROPRIATE ORDERS, INCLUDING SETTING OF THE TIME AND  
25          PLACE OF THE MEETING, THE RECORD DATE OR DATES TO  
26          DETERMINE WHICH STOCKHOLDERS ARE ENTITLED TO NOTICE OF

1 THE ELECTION AND TO VOTE THEREAT, AND THE FORM OF NOTICE  
2 OF SUCH ELECTION;

3 8. ISSUE SUBPOENA DUCES TECUM AND SUMMON  
4 WITNESSES TO APPEAR IN PROCEEDINGS BEFORE THE COMMISSION;

5 9. IN APPROPRIATE CASES, ORDER THE EXAMINATION,  
6 SEARCH AND SEIZURE OF DOCUMENTS, PAPERS, FILES AND RECORDS,  
7 TAX RETURNS, AND BOOKS OF ACCOUNTS OF ANY ENTITY OR PERSON  
8 UNDER INVESTIGATION AS MAY BE NECESSARY FOR THE PROPER  
9 DISPOSITION OF THE CASES, SUBJECT TO THE PROVISIONS OF  
10 EXISTING LAWS;

11 10. SUSPEND OR REVOKE THE CERTIFICATE OF  
12 INCORPORATION AFTER PROPER NOTICE AND HEARING;

13 11. DISSOLVE OR IMPOSE SANCTIONS ON CORPORATIONS  
14 FOR COMMITTING, AIDING IN THE COMMISSION OF, OR IN ANY  
15 MANNER FURTHERING SECURITIES VIOLATIONS, SMUGGLING, TAX  
16 EVASION, MONEY LAUNDERING, GRAFT AND CORRUPT PRACTICES, OR  
17 OTHER FRAUDULENT OR ILLEGAL ACTS;

18 12. ISSUE WRITS OF EXECUTION AND ATTACHMENT TO  
19 ENFORCE PAYMENT OF FEES, ADMINISTRATIVE FINES, AND OTHER  
20 DUES COLLECTIBLE UNDER THIS CODE;

21 13. PRESCRIBE THE NUMBER OF INDEPENDENT DIRECTORS  
22 AND THE MINIMUM CRITERIA IN DETERMINING THE INDEPENDENCE  
23 OF A DIRECTOR.

24 14. IMPOSE OR RECOMMEND NEW MODES BY WHICH A  
25 STOCKHOLDER, MEMBER, DIRECTOR OR TRUSTEE MAY ATTEND  
26 MEETINGS OR CAST THEIR VOTES, AS TECHNOLOGY MAY ALLOW,

1 TAKING INTO ACCOUNT THE COMPANY'S SCALE, NUMBER OF  
2 SHAREHOLDERS OR MEMBERS, STRUCTURE AND OTHER FACTORS  
3 CONSISTENT WITH THE BASIC RIGHT CORPORATE SUFFRAGE;

4 15. FORMULATE AND ENFORCE STANDARDS, GUIDELINES,  
5 POLICIES, RULES, AND REGULATIONS TO CARRY OUT THE  
6 PROVISIONS OF THIS CODE;

7 16. EXERCISE SUCH OTHER POWERS PROVIDED BY LAW OR  
8 THOSE, WHICH MAY BE NECESSARY OR INCIDENTAL TO CARRYING  
9 OUT, THE POWERS EXPRESSLY GRANTED TO THE COMMISSION.

10 IN EXERCISING ITS POWER TO, AMONG OTHERS, IMPOSE CORPORATE  
11 PENALTIES AND ADDITIONAL REQUIREMENTS FOR MONITORING AND  
12 SUPERVISION, THE COMMISSION SHALL GIVE DUE REGARD TO THE SIZE,  
13 NATURE, AND CAPACITY OF THE CORPORATION.

14 NO COURT BELOW THE COURT OF APPEALS SHALL HAVE JURISDICTION TO  
15 ISSUE A RESTRAINING ORDER, PRELIMINARY INJUNCTION, OR PRELIMINARY  
16 MANDATORY INJUNCTION IN ANY CASE, DISPUTE, OR CONTROVERSY THAT,  
17 DIRECTLY OR INDIRECTLY, INTERFERES WITH THE DUTIES AND  
18 RESPONSIBILITIES OF THE COMMISSION."

19 SECTION 69. Section 144 of the Code is hereby deleted, amended, and transferred to  
20 Section 171.

21 SECTION 70. A new provision is inserted in the Code as Section 181:

22 SECTION 181. *DEVELOPMENT AND IMPLEMENTATION OF ELECTRONIC*  
23 *FILING AND MONITORING SYSTEM*- THE COMMISSION SHALL DEVELOP AND  
24 IMPLEMENT AN ELECTRONIC FILING AND MONITORING SYSTEM. THE  
25 COMMISSION SHALL PROMULGATE RULES TO FACILITATE AND EXPEDITE,  
26 AMONG OTHERS, CORPORATE NAME RESERVATION AND REGISTRATION,

1 INCORPORATION, SUBMISSION OF REPORTS, NOTICES, AND DOCUMENTS  
2 REQUIRED UNDER THIS CODE, AND SHARING OF PERTINENT INFORMATION  
3 WITH OTHER GOVERNMENT AGENCIES. THE COMMISSION SHALL HAVE FULL  
4 DISCRETION TO DETERMINE WHICH SYSTEMS ALLOW THE MOST EFFECTIVE  
5 IMPLEMENTATION OF THIS CODE.

6 SECTION 71. A new provision is inserted in the Code as Section 182:

7 SEC. 182. *ARBITRATION FOR UNLISTED CORPORATIONS.* - AN  
8 ARBITRATION AGREEMENT MAY BE PROVIDED FOR IN THE ARTICLES OF  
9 INCORPORATION OR BY-LAWS OF AN UNLISTED CORPORATION. WHEN SUCH  
10 AN AGREEMENT IS IN PLACE, DISPUTES BETWEEN THE CORPORATION, ITS  
11 STOCKHOLDERS OR MEMBERS WHICH ARISE FROM THE IMPLEMENTATION  
12 OF THE ARTICLES OF INCORPORATION OR BY-LAWS, OR FROM  
13 INTRACORPORATE RELATION, SHALL BE REFERRED TO ARBITRATION. A  
14 DISPUTE SHALL BE NON-ARBITRABLE WHEN IT INVOLVES CRIMINAL  
15 OFFENSES, INTERESTS OF THIRD PARTIES, OR WHEN IT WILL PRECLUDE THE  
16 COMMISSION FROM EXERCISING ITS AUTHORITY UNDER THIS CODE.

17 THE ARBITRATION AGREEMENT SHALL BE BINDING ON THE  
18 CORPORATION, ITS DIRECTORS, TRUSTEES, OFFICERS, AND EXECUTIVES OR  
19 MANAGERS.

20 TO BE ENFORCEABLE, THE AGREEMENT SHOULD INDICATE THE  
21 NUMBER OF ARBITRATORS AND THE PROCEDURE FOR THEIR APPOINTMENT.  
22 THE POWER TO APPOINT THE ARBITRATORS FORMING THE ARBITRAL  
23 TRIBUNAL SHALL BE GRANTED TO A DESIGNATED INDEPENDENT THIRD  
24 PARTY. SHOULD THE THIRD PARTY FAIL TO APPOINT THE ARBITRATORS IN  
25 THE MANNER AND WITHIN THE PERIOD SPECIFIED IN THE ARBITRATION  
26 AGREEMENT, THE PARTIES MAY REQUEST THE COMMISSION TO APPOINT

1 THE ARBITRATORS. IN ANY CASE, ARBITRATORS MUST BE ACCREDITED BY  
2 THE COMMISSION OR BELONG TO ACCREDITED ORGANIZATIONS.

3 THE ARBITRAL TRIBUNAL SHALL HAVE THE POWER TO RULE ON ITS  
4 OWN JURISDICTION AND/OR ON QUESTIONS RELATING TO THE VALIDITY OF  
5 THE ARBITRATION AGREEMENT. WHEN AN INTRACORPORATE DISPUTE IS  
6 FILED WITH A REGIONAL TRIAL COURT, THE COURT SHALL DISMISS THE CASE  
7 BEFORE THE TERMINATION OF THE PRETRIAL CONFERENCE, IF IT  
8 DETERMINES THAT AN ARBITRATION AGREEMENT IS WRITTEN IN THE  
9 CORPORATION'S ARTICLES OF INCORPORATION, BY-LAWS, OR IN A SEPARATE  
10 AGREEMENT.

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

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

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

21 SECTION 72. A new provision is inserted in the Code as Section 183 and the  
22 succeeding provisions are re-numbered accordingly and amended as follows:

23 SEC. 183. JURISDICTION OVER CORPORATIONS OF SPECIAL CHARACTER.  
24 - THE POWERS, AUTHORITIES, AND RESPONSIBILITIES OF THE COMMISSION  
25 INVOLVING PARTY-LIST ORGANIZATIONS ARE TRANSFERRED TO THE  
26 COMMISSION ON ELECTIONS (COMELEC).

1           WITHIN SIX (6) MONTHS AFTER THE EFFECTIVITY OF THESE  
2 AMENDMENTS, THE MONITORING, SUPERVISION, AND REGULATION OF SUCH  
3 CORPORATIONS SHALL BE DEEMED AUTOMATICALLY TRANSFERRED TO THE  
4 COMELEC.

5           FOR THIS PURPOSE, THE COMELEC, IN COORDINATION WITH THE  
6 COMMISSION, SHALL PROMULGATE CORRESPONDING IMPLEMENTING RULES  
7 FOR THE TRANSFER OF JURISDICTION OVER THE ABOVE-MENTIONED  
8 CORPORATIONS.

9           **SECTION 73.** A new provision is inserted in the Code as Section 184 and the  
10 succeeding provisions are re-numbered accordingly and amended as follows:

11           **SEC 184. APPLICABILITY OF THE CODE.** - THE RULES AND  
12 REGULATIONS RELATING TO REGISTRATION, REGULATION, AND  
13 MONITORING AND SUPERVISION ISSUED BY OTHER GOVERNMENT AGENCIES  
14 ACTING AS PRIMARY REGULATORS OF SPECIAL CORPORATIONS, INsofar AS  
15 THEY ARE NOT INCONSISTENT WITH THIS CODE AND ITS AMENDMENTS,  
16 SHALL BE GIVEN EFFECT.

17           **SECTION 74. *Implementing Rules and Regulations.*** - The Commission shall  
18 promulgate and/or amend the necessary rules and regulations for the effective implementation  
19 of this Act.

20           **SECTION 75. *Separability Clause.*** - If any provision of this Act is declared invalid or  
21 unconstitutional, other provisions hereof which are not affected thereby shall continue to be in  
22 full force and effect.

23           **SECTION 76. *Repealing Clause.*** - Any law, presidential decree or issuance, executive  
24 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent  
25 with any provision of this Act is hereby repealed or modified accordingly.



1           **SECTION 77.**    *Applicability to existing corporations* – A corporation lawfully existing  
2 and doing business in the Philippines affected by the new requirements of this Code shall be  
3 given a period of not more than two (2) years from the effectivity of these amendments within  
4 which to comply.

5           **SECTION 78.**    *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
6 publication in the *Official Gazette* or in at least two (2) newspapers of general circulation,  
7 whichever date comes earlier.