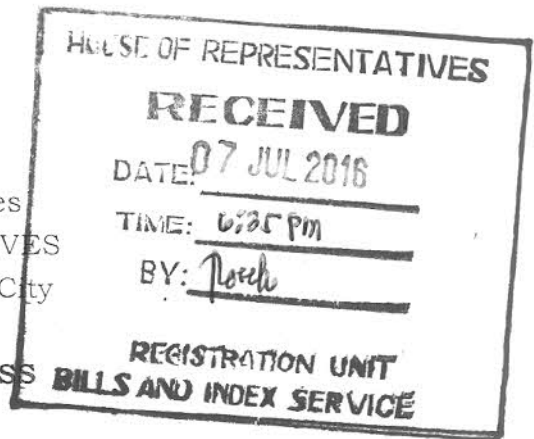


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1324



Introduced by: Representative JOHNNY T. PIMENTEL

EXPLANATORY NOTE

Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines, has served as the rule governing the corporate world since its enactment on May 1, 1980. For almost four decades after its effectivity, various developments have occurred technologically and economically. In light of these advancements, the provisions of the Code need to be reviewed to better cater the needs of the 21st century commerce in the Philippines.

This Bill grants a perpetual corporate existence for corporations formed in the Philippines. From the present 50 – year limit, the amendment to the same intends to prompt and entice entrepreneurs and businesses alike to take a more long term attitude in promoting sustainable ventures. This would in turn redound to the national economy with the formation of highly competitive corporations.

It also updates the provisions of the Code in accommodating the fast changing technological developments. For the Philippines to effectively compete in the global market, the laws governing its corporations must be able to lay the foundations for the quick and accessible means in the flow of communication. The prevalence of digital devices, electronic channels and remote communication mechanisms has created a new regime of interaction not available during the inception of the Corporation Code. As such, modern-day business operations occur in real-time undermining the challenges of physical presence, distance and geographical limits through the use of digital conferences.

This Bill seeks to keep the Corporation Code abreast with the new economic and technological trends.

The approval of this Bill is earnestly sought.



JOHNNY T. PIMENTEL

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. **1324**

Introduced by: Representative JOHNNY T. PIMENTEL

AN ACT
AMENDING SECTIONS 11, 14, 19, 51 and 53 OF
BATAS PAMBANSA BLG. 68 OR
THE CORPORATION CODE OF THE PHILIPPINES

SECTION 1. Section 11 of the Batas Pambansa Blg. 68 or the Corporation Code of the Philippines (hereinafter, Code), is hereby amended to read as follows:

“Sec. 11. *Corporate term.* - A corporation shall exist [for a period] **PERPETUALLY, OR AS OTHERWISE PROVIDED FOR IN THE ARTICLES OF INCORPORATION. CORPORATIONS** [not exceeding fifty (50) years from the date of incorporation unless sooner dissolved or unless said period is] **MAY ALSO BE RENEWED OR** extended [. The corporate term as originally stated in the articles of incorporation may be extended for periods not exceeding fifty (50) years in any single instance] by an amendment of the articles of incorporation, in accordance with this Code; Provided, That no extension can be made earlier than five (5) years prior to the original or subsequent expiry date(s) unless there are justifiable reasons for an earlier extension as may be determined by the Securities and Exchange Commission.”

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

“Sec. 14. *Contents of articles of incorporation.* - All corporations organized under this Code shall file with the Securities and Exchange Commission articles of incorporation in any of the official languages, duly signed and acknowledged

by all of the incorporators, containing substantially the following matters, except as otherwise prescribed by this Code or by special law:

1. The name of the corporation;

xxx xxx xxx

4. [The term for which the corporation is to exist]
THE PROVISION SPECIFYING THE PERIOD OF THE CORPORATE TERM; OTHERWISE, THE CORPORATION SHALL BE CONSIDERED TO EMBODY A PERPETUAL EXISTENCE;

xxx xxx xxx

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

THE ARTICLES OF INCORPORATION OR THE AMENDMENTS TO THE SAME MAY BE FILED THROUGH ELECTRONIC OR DIGITAL CHANNELS, IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE COMMISSION ON THE USE OF ELECTRONIC DATA MESSAGES."

SECTION 3. Section 19 of the Code is hereby amended to read as follows:

A private corporation formed or organized under this Code commences to have corporate existence and juridical personality and is deemed incorporated from the date the Securities and Exchange Commission issues a certificate of incorporation under its official seal; **PROVIDED, THAT THE COMMISSION MAY ISSUE THE CERTIFICATE OF INCORPORATION IN THE FORM OF A DIGITAL OR ELECTRONIC DOCUMENT, IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE COMMISSION ON THE USE OF ELECTRONIC DATA**

MESSAGES; and thereupon the incorporators, stockholders/members and their successors shall constitute a body politic and corporate under the name stated in the articles of incorporation for the period of time mentioned therein, unless said period is extended or the corporation is sooner dissolved in accordance with law."

SECTION 4. Section 51 of the Code is hereby amended to read as follows:

"Sec. 51. *Place and time of meetings of stockholders of members.* - Stockholder's or member's meetings, whether regular or special, shall be held in the city or municipality where the principal office of the corporation is located, and if practicable in the principal office of the corporation: Provided, That Metro Manila shall, for purposes of this section, be considered a city or municipality.

WHEN ALLOWED BY THE BY-LAWS OR BY A MAJORITY OF THE BOARD OF DIRECTORS OR TRUSTEES, ATTENDANCE AT REGULAR OR SPECIAL MEETINGS MAY BE MADE THROUGH REMOTE COMMUNICATION AND VOTING MAY BE CAST IN ABSENTIA.

THE SECURITY AND EXCHANGE COMMISSION SHALL PROVIDE THE RULES, STANDARDS, OR GUIDELINES GOVERNING THE ATTENDANCE BY REMOTE COMMUNICATION AND VOTING IN ABSENTIA.

Notice of meetings shall be in writing, and the time and place thereof stated therein.

xxx xxx xxx"

SECTION 5. Section 53 of the Code is hereby amended to read as follows:

"Sec. 53. *Regular and special meetings of directors or trustees.* - Regular meetings of the board of directors or trustees of every corporation shall be held monthly, unless the by-laws provide otherwise.

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Meetings of directors or trustees of corporations may be held anywhere in or outside of the Philippines, unless the by-laws provide otherwise. Notice of regular or special meetings stating the date, time and place of the meeting must be sent to

every director or trustee at least one (1) day prior to the scheduled meeting, unless otherwise provided by the by-laws. A director or trustee may waive this requirement, either expressly or impliedly.

DIRECTORS OR TRUSTEES ARE NOT ALLOWED ATTEND OR VOTE BY PROXY AT BOARD MEETINGS; HOWEVER, WHEN PROVIDED AND PERMITTED BY THE BY-LAWS, THE DIRECTORS AND TRUSTEES CAN ATTEND BOARD MEETINGS THROUGH DIGITAL OR ELECTRONIC CHANNELS THAT ALLOW THEM AN OPPORTUNITY TO PARTICIPATE."

SECTION 6. *Separability Clause.* – If any part of this Act shall be held invalid, other provisions which are not affected shall continue to be in force.

SECTION 7. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule, regulation or ordinance contrary to or inconsistent with the provisions of the Act is hereby repealed, modified or amended accordingly.

SECTION 8. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,