

Advisory on...

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| Comparative Features of the Old and New Corporation Code | 1-39 |

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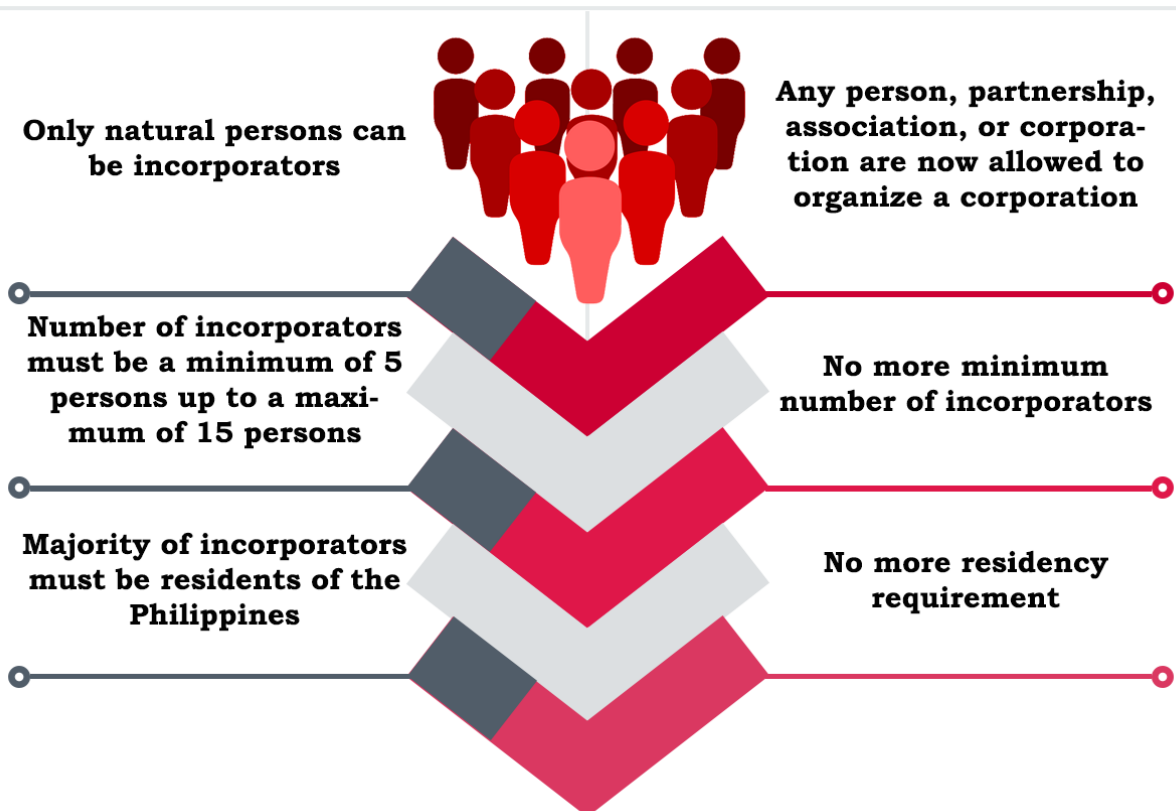
wts global

THE REVISED CORPORATION CODE

Incorporators

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Corporate Term

BEFORE

AMENDMENTS

Corporate term is limited
to a period of 50 years,
subject to renewal

Perpetual corporate term
is now allowed



Existing corporations
have perpetual existence
by default

Corporations not wanting
to have perpetual
existence will have to
notify the SEC

Extension of corporate
term can be done not
earlier than 5 years prior
to expiration of
corporate life

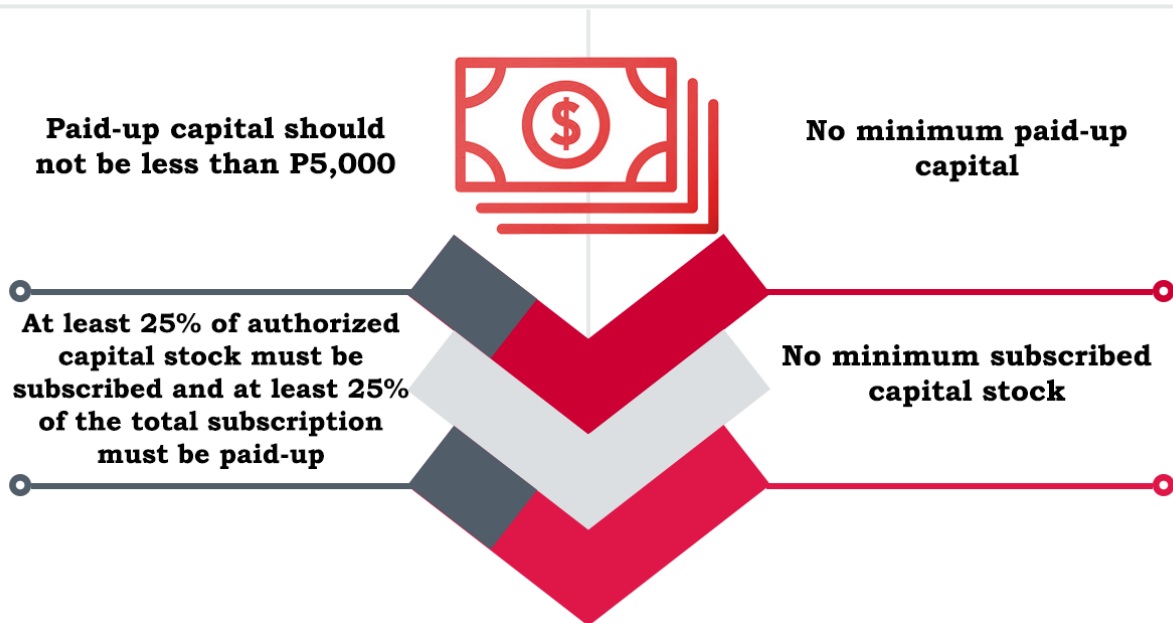
Extension of corporate
term can be done not
earlier than 3 years prior
to expiration of
corporate life

THE REVISED CORPORATION CODE

Subscribed and Paid-up Capital

BEFORE

AMENDMENTS

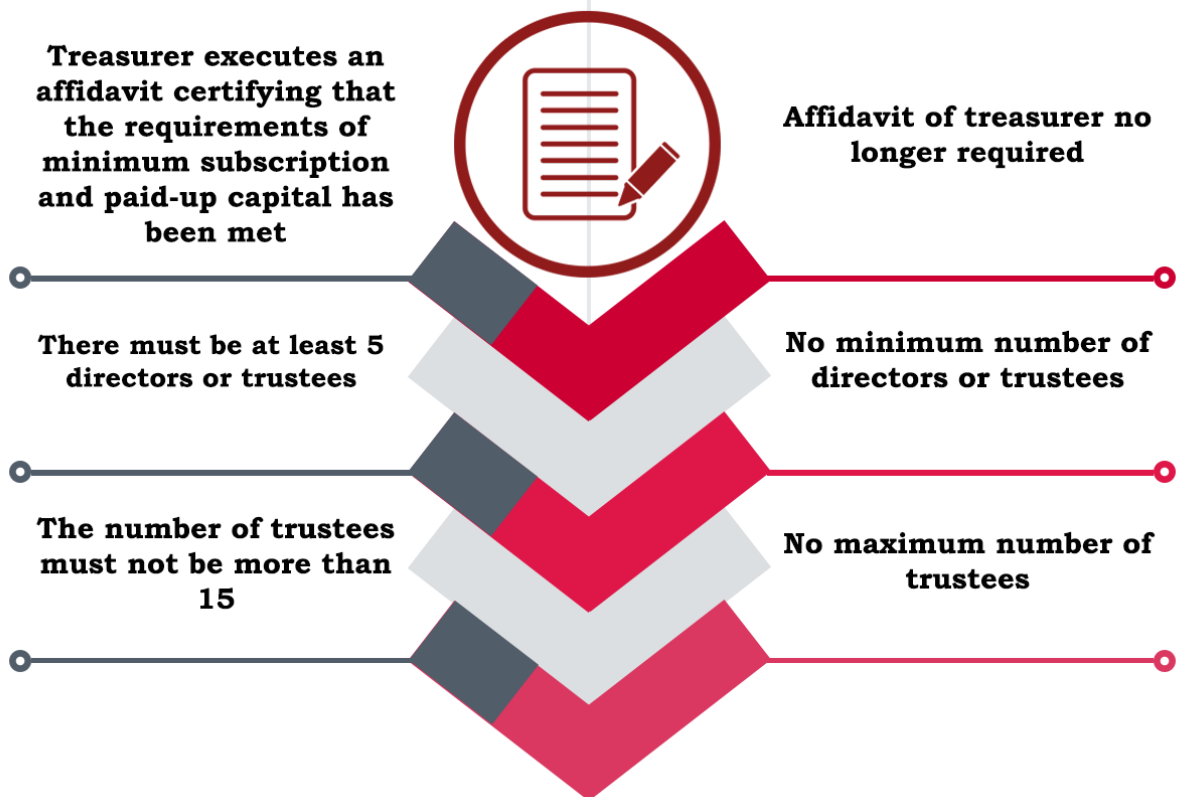


THE REVISED CORPORATION CODE

Articles of Incorporation

BEFORE

AMENDMENTS

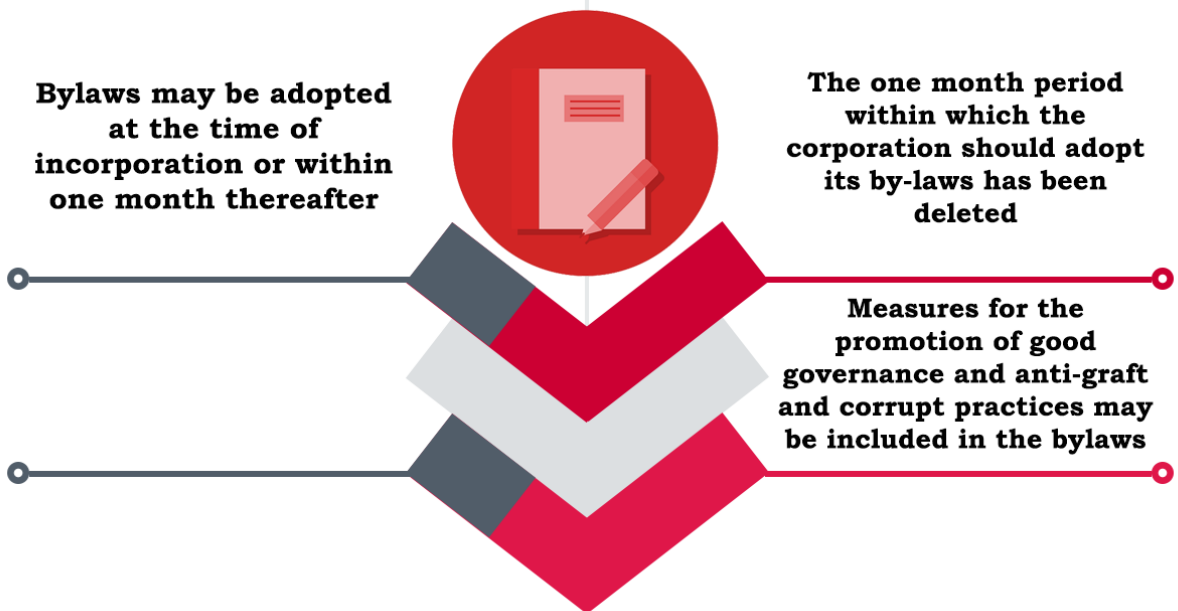


THE REVISED CORPORATION CODE

By-Laws

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Corporate Name

BEFORE

AMENDMENTS



SEC has the power to summarily order the corporation to cease and desist from using a corporate name not in accordance with the law and SEC rules.

Failure to comply with the cease and desist order will make the corporation, its directors, trustees, and officers subject to contempt and/or criminally, civilly, and administratively liable, and is a ground for the revocation of the registration of the corporation.

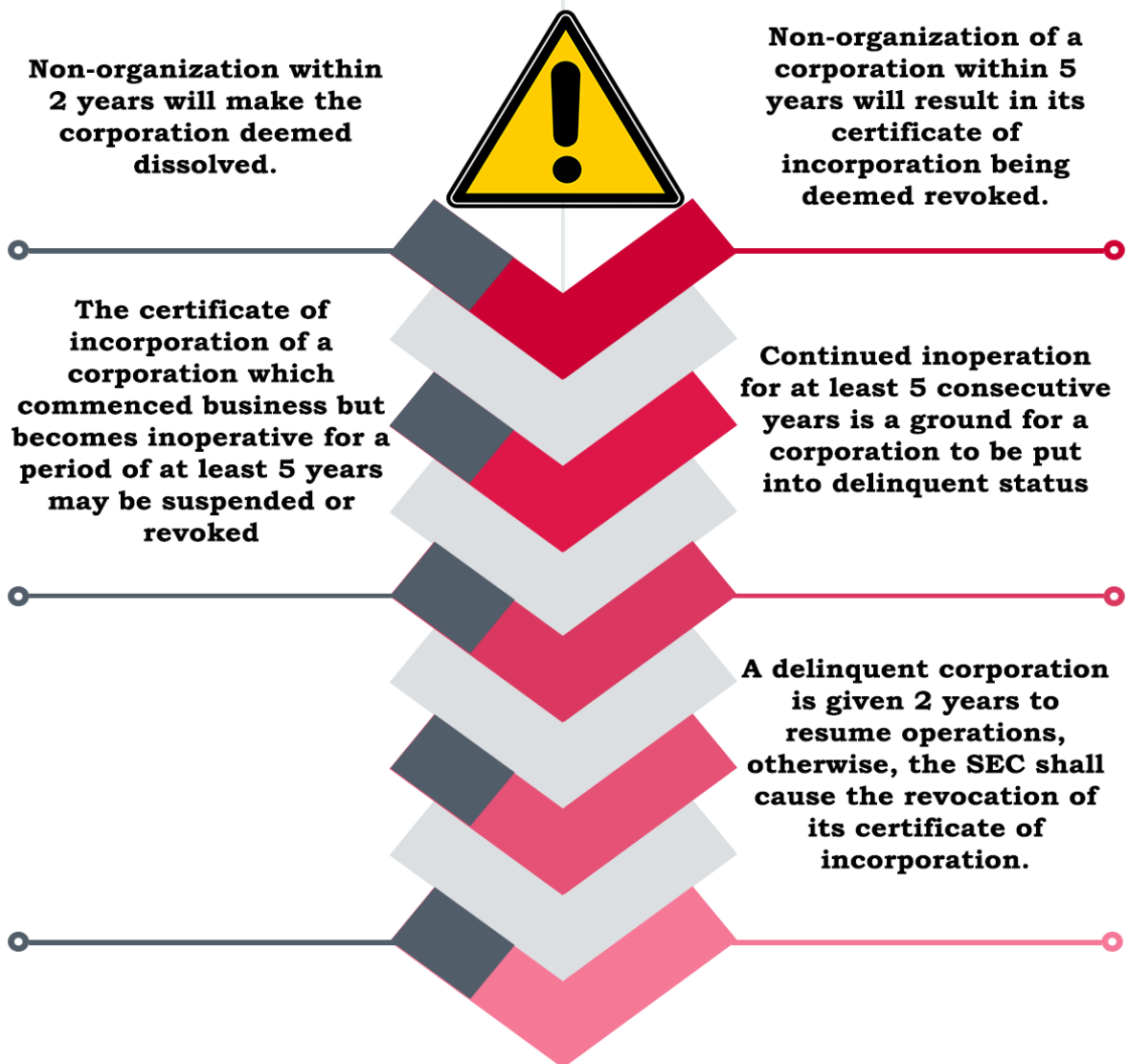
A person may reserve an intended corporate name with the SEC.

THE REVISED CORPORATION CODE

Non-Use of Corporate Charter and Continuous Inoperation

BEFORE

AMENDMENTS

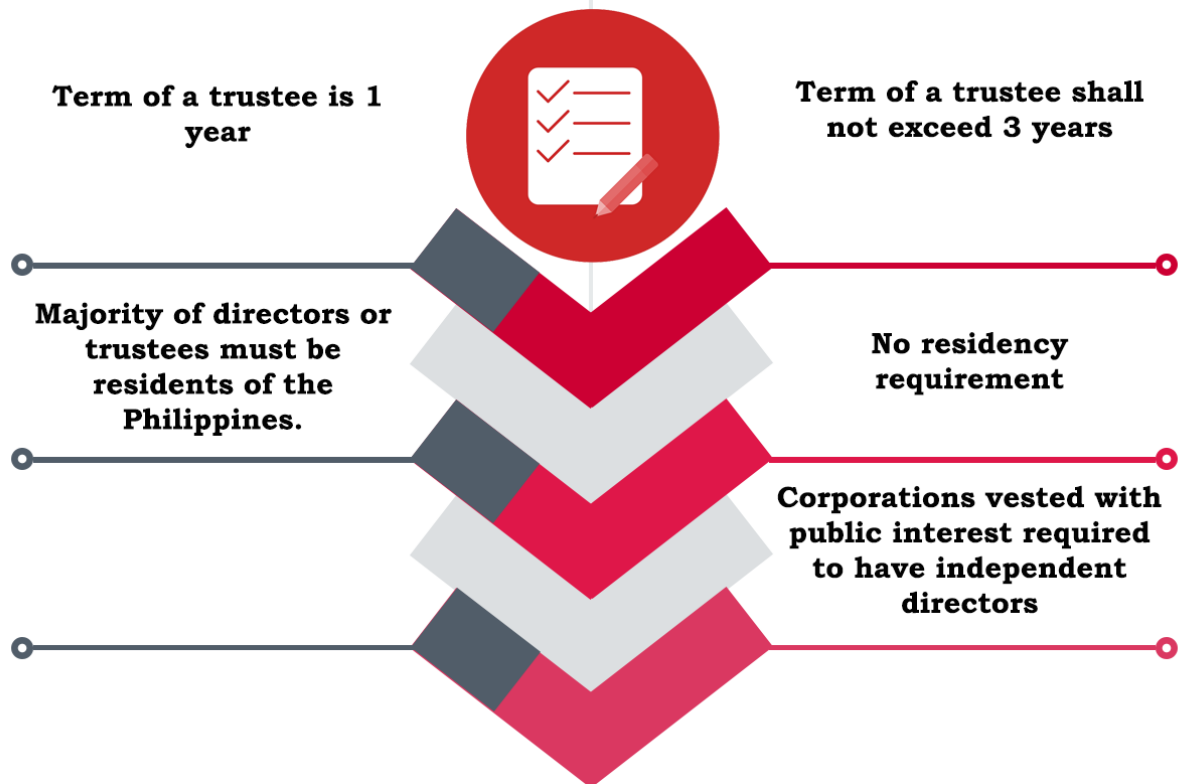


THE REVISED CORPORATION CODE

Term and Qualifications of Members of the Board

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Term and Qualifications of Members of the Board

BEFORE

AMENDMENTS



Corporations required to have independent directors specified in the law:

1. Those covered by Section 17.2 of the Securities Regulation Code;

2. Banks, quasi-banks, non-stock savings and loans associations (NSSLAs), pawnshops, corporations engaged in money service business, preneed, trust and insurance companies, and other financial intermediaries; and

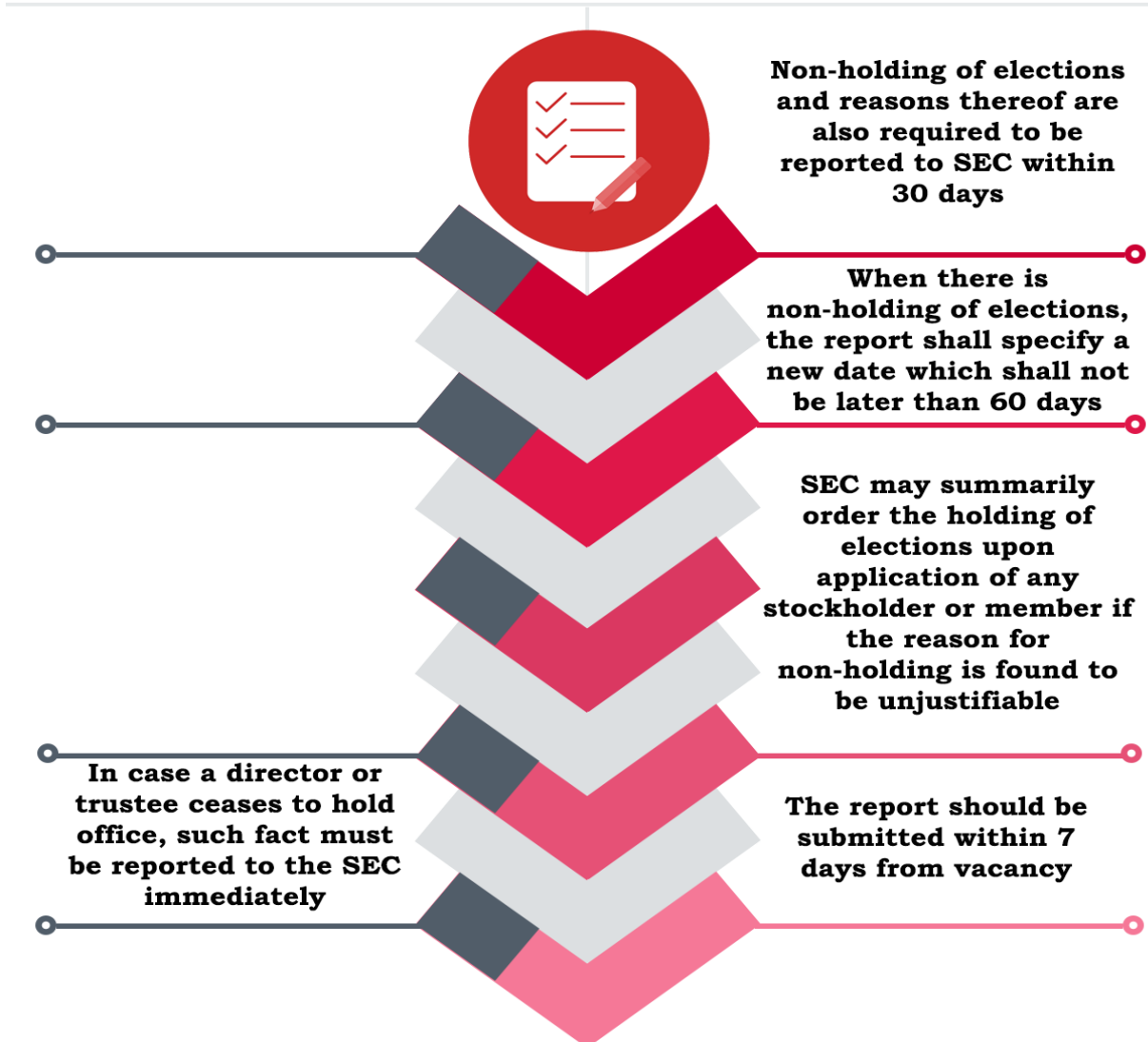
3. Other corporations engaged in businesses vested with public interest similar to the above.

THE REVISED CORPORATION CODE

Term and Qualifications of Members of the Board

BEFORE

AMENDMENTS

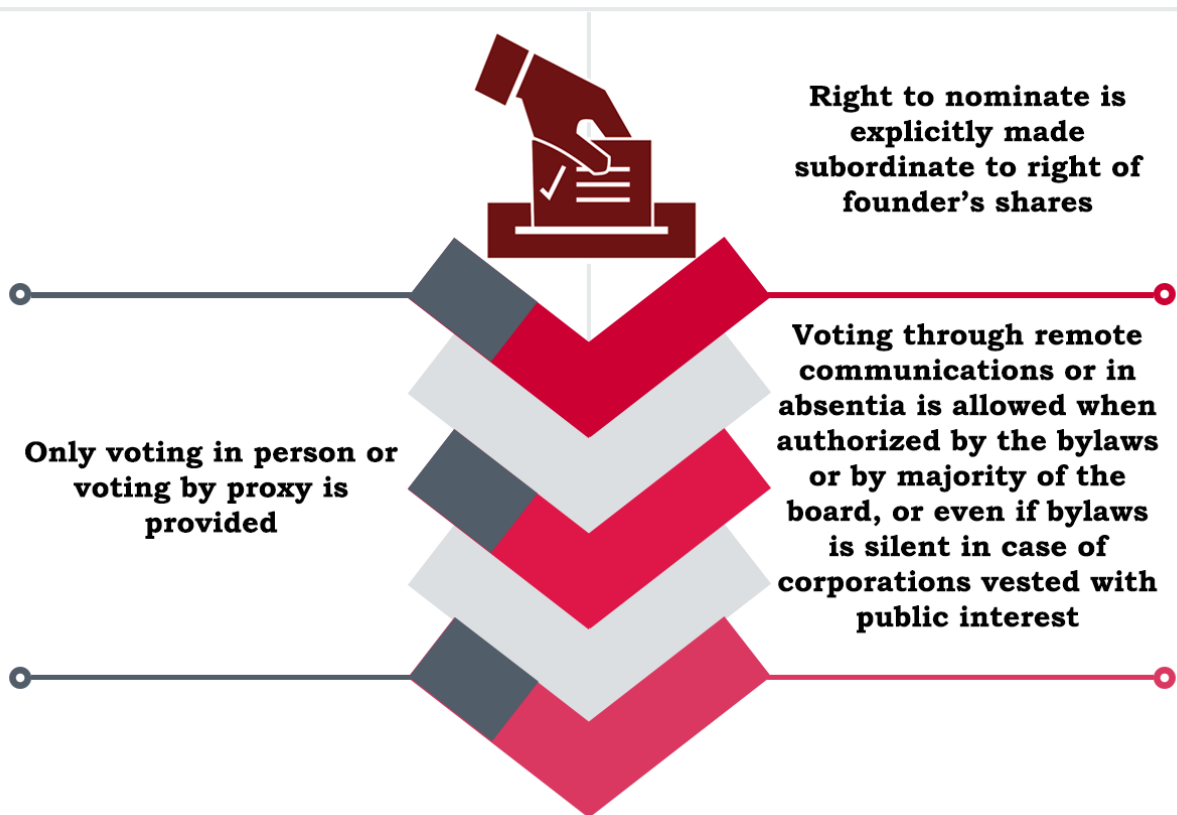


THE REVISED CORPORATION CODE

Election of Directors or Trustees

BEFORE

AMENDMENTS

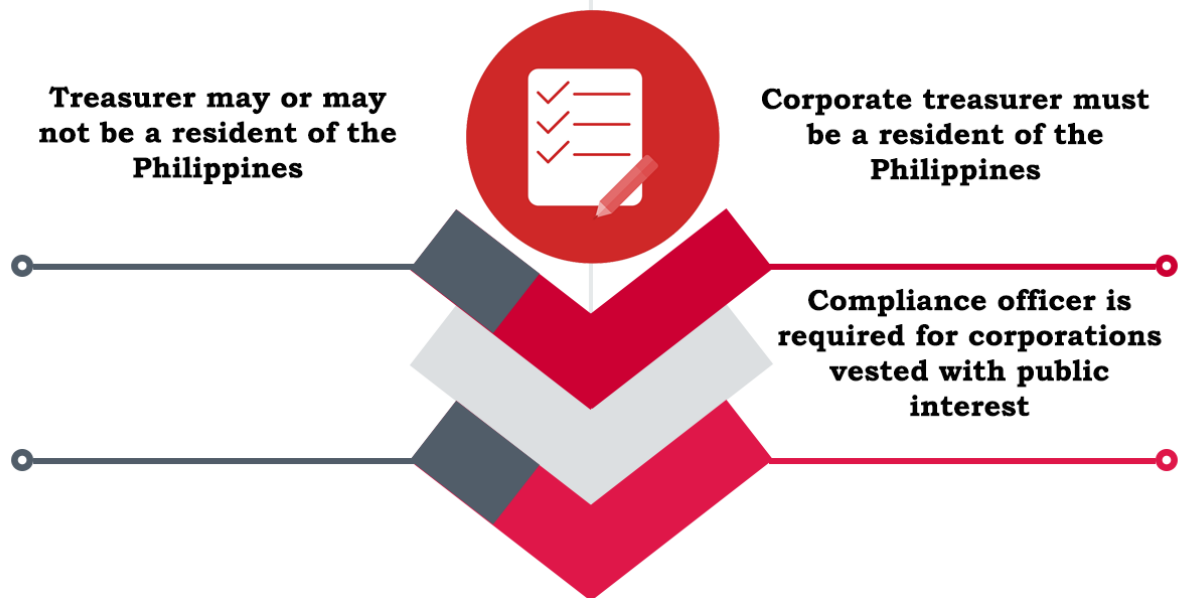


THE REVISED CORPORATION CODE

Corporate Officers

BEFORE

AMENDMENTS

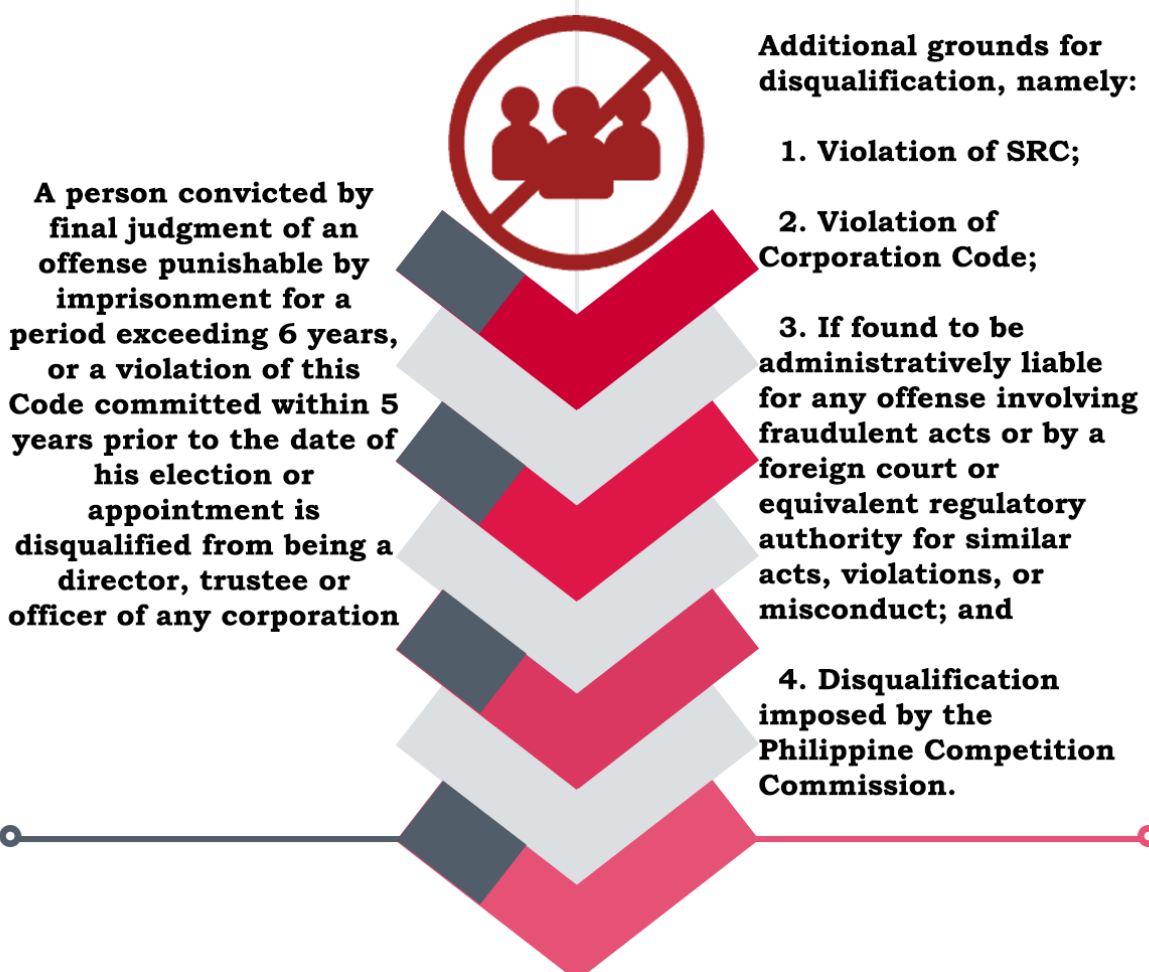


THE REVISED CORPORATION CODE

Disqualifications of Directors / Trustees / Officers

BEFORE

AMENDMENTS



A person convicted by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of this Code committed within 5 years prior to the date of his election or appointment is disqualified from being a director, trustee or officer of any corporation

Additional grounds for disqualification, namely:

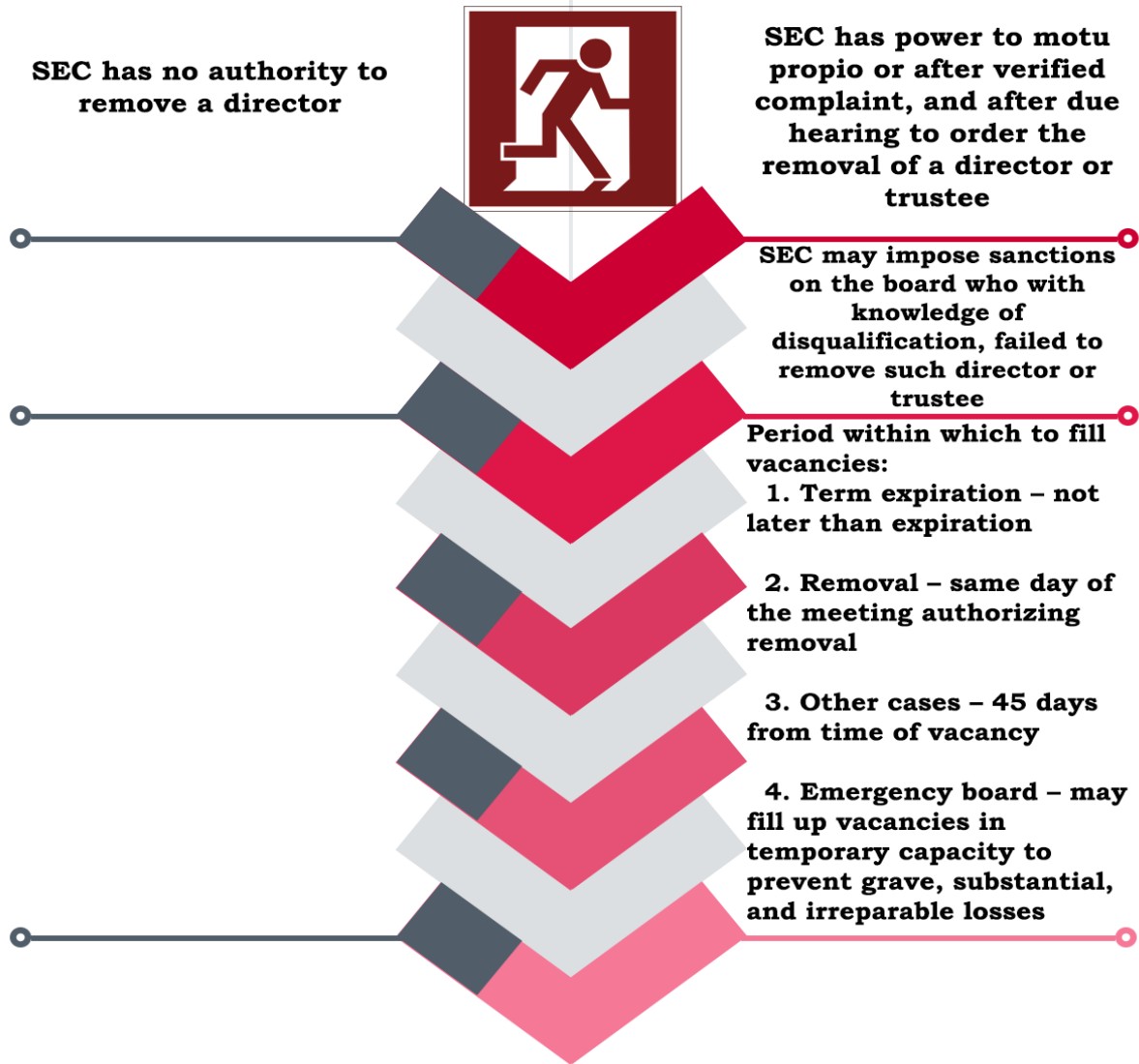
- 1. Violation of SRC;**
- 2. Violation of Corporation Code;**
- 3. If found to be administratively liable for any offense involving fraudulent acts or by a foreign court or equivalent regulatory authority for similar acts, violations, or misconduct; and**
- 4. Disqualification imposed by the Philippine Competition Commission.**

THE REVISED CORPORATION CODE

Removal and Vacancy of Directors / Trustees / Officers

BEFORE

AMENDMENTS

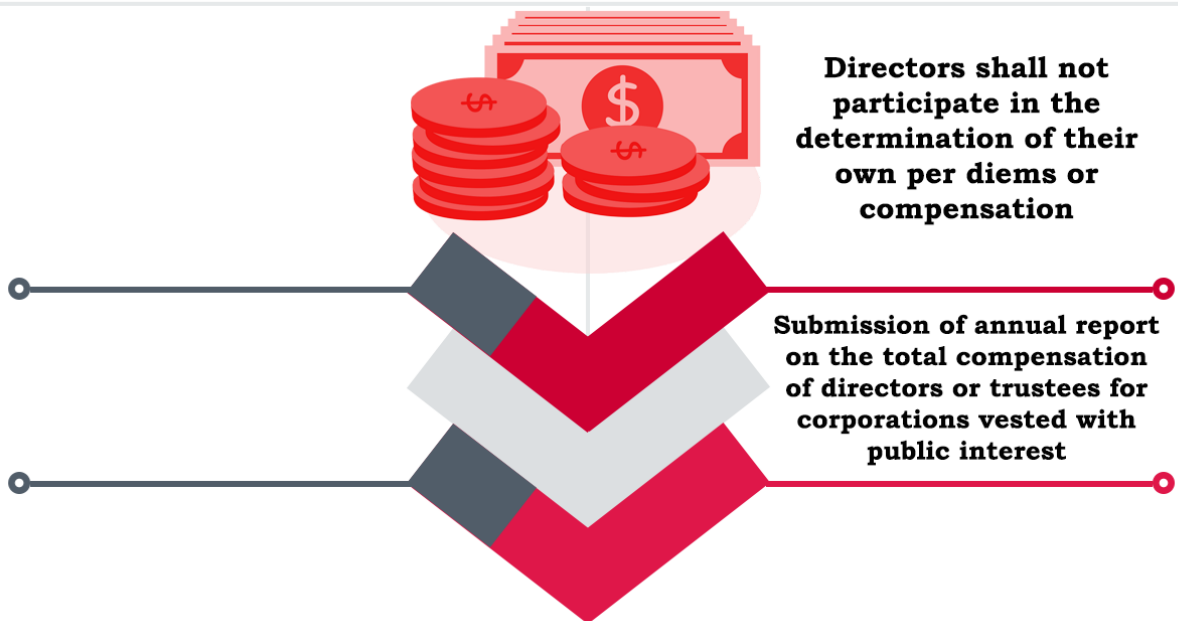


THE REVISED CORPORATION CODE

Compensation

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Dealings of Directors

BEFORE

AMENDMENTS

The contracts by self-dealing directors apply only to said directors

Contracts entered into with spouse or relative within the 4th civil degree of consanguinity or affinity of its directors, trustees, or officers are voidable unless certain conditions are present

Material contracts require only the approval of majority of the board, excluding the self-dealing director

Material contracts of corporations vested with public interest must be approved by at least 2/3 of the entire membership of the board with at least majority of independent directors voting in favor of the contract

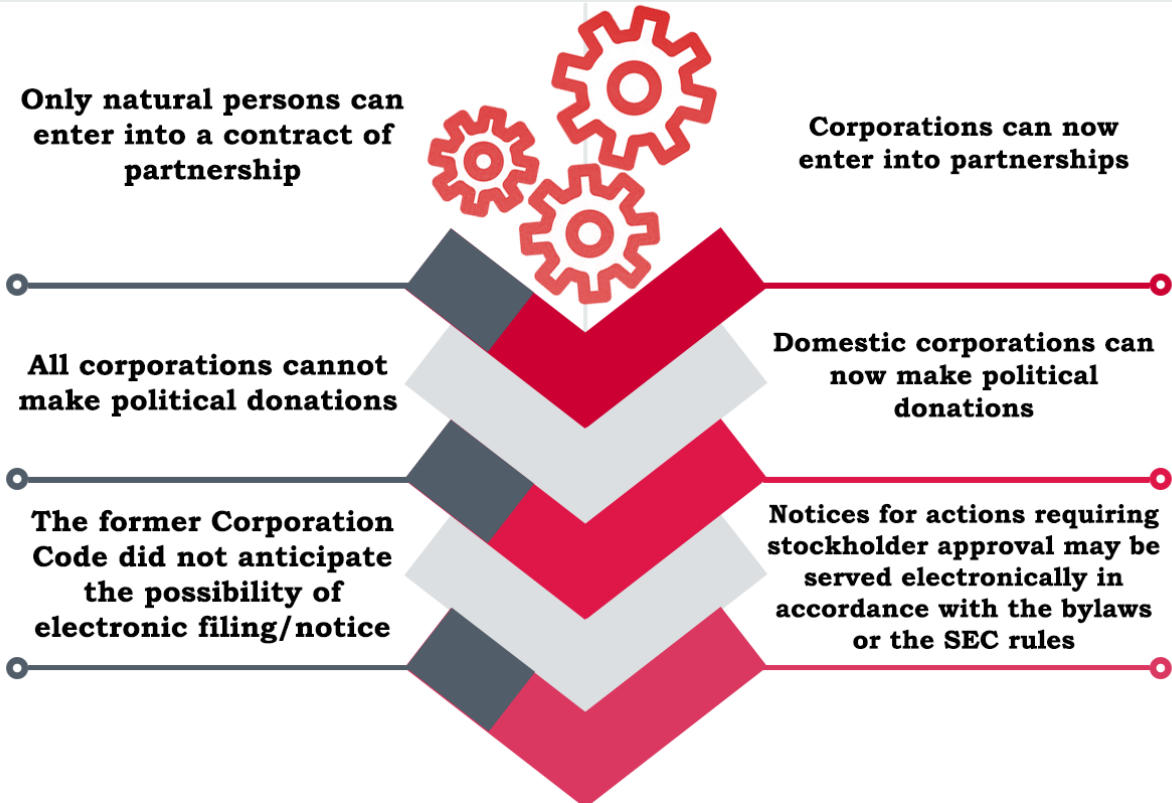


THE REVISED CORPORATION CODE

Corporate Powers and Actions

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Regular and Special Meetings of Stockholders or Members

BEFORE

AMENDMENTS

If the by-laws is silent as to the date of the annual stockholders' meeting, it shall be on any day of April of every year

If the by-laws is silent as to the date of the annual stockholders' meeting, it shall be on any date after April 15 of every year

Notices to stockholders for regular meetings must be at least 2 weeks prior, unless otherwise provided in the bylaws

Notices for regular stockholders' meetings should be sent 21 days prior, unless a different period is required in the bylaws, law, or regulation

Each notice of meeting shall be accompanied by the agenda for the meeting, a proxy form, the requirements for voting through remote communication or in absentia, and the procedure for nomination and voting

Written notices may be sent electronically, subject to the rules of the SEC

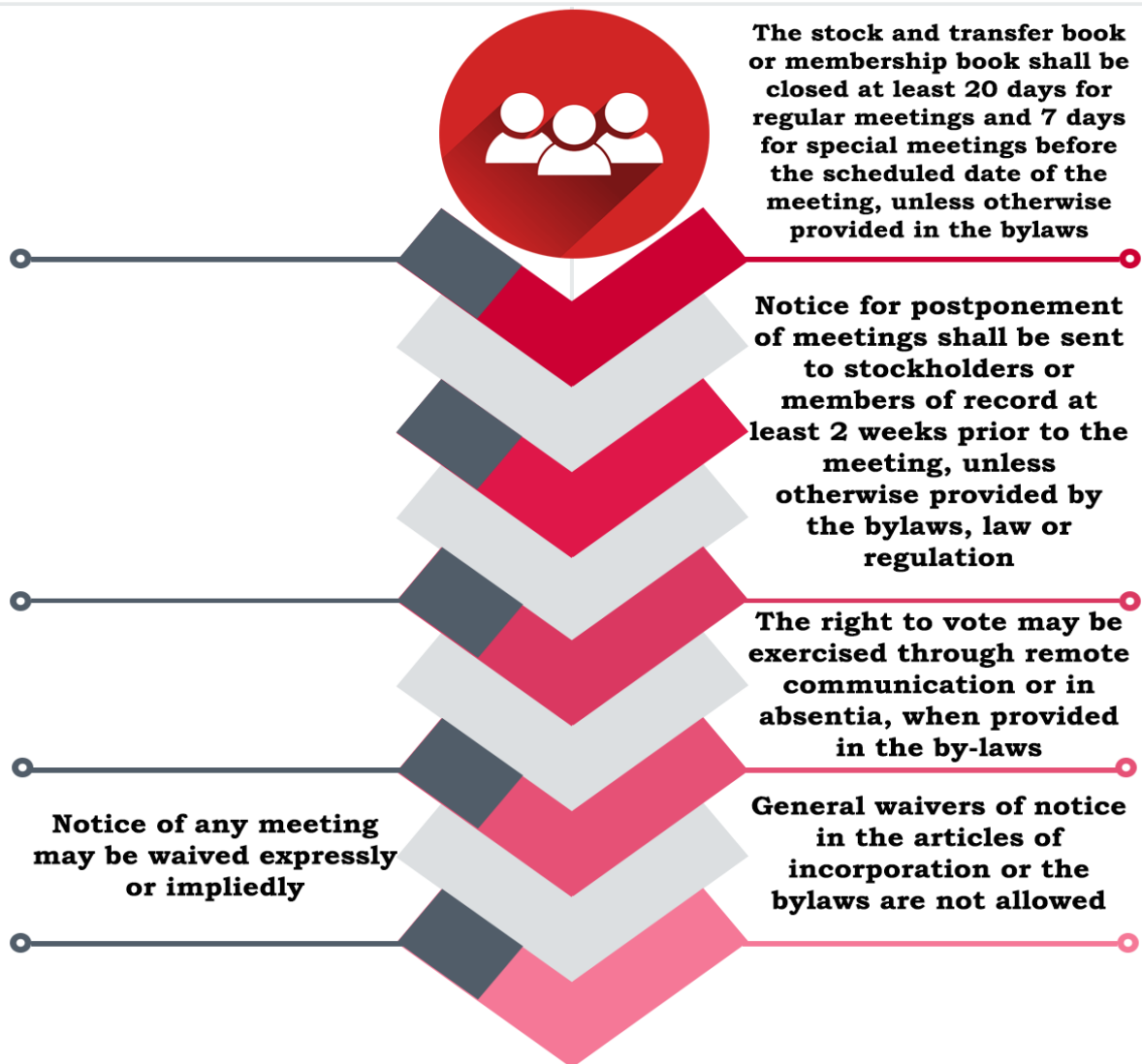


THE REVISED CORPORATION CODE

Regular and Special Meetings of Stockholders or Members

BEFORE

AMENDMENTS

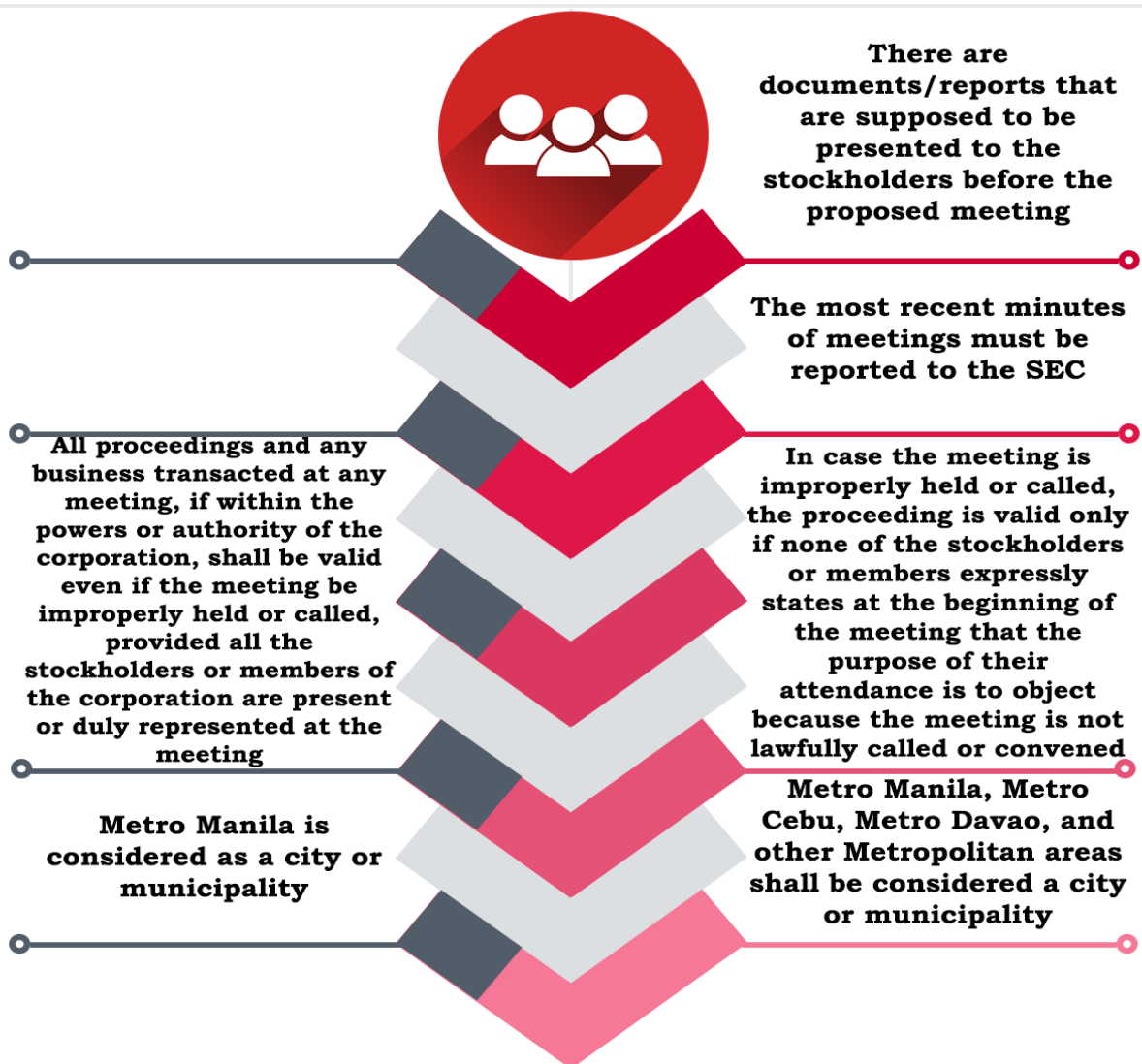


THE REVISED CORPORATION CODE

Regular and Special Meetings of Stockholders or Members

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Regular and Special Meetings of Directors or Trustees

BEFORE

AMENDMENTS

Notice of regular meetings must be sent at least 1 day prior to the meeting



Notice of regular meetings must be sent at least 2 days prior to the meeting

The president shall preside at all meetings of the board or the stockholders or members, unless otherwise provided in the by-laws

Remote communication such as video conferencing, teleconferencing, or other alternative modes of communication are allowed

The chairman or in his absence, the president, shall preside at all meetings, unless otherwise provided in the by-laws

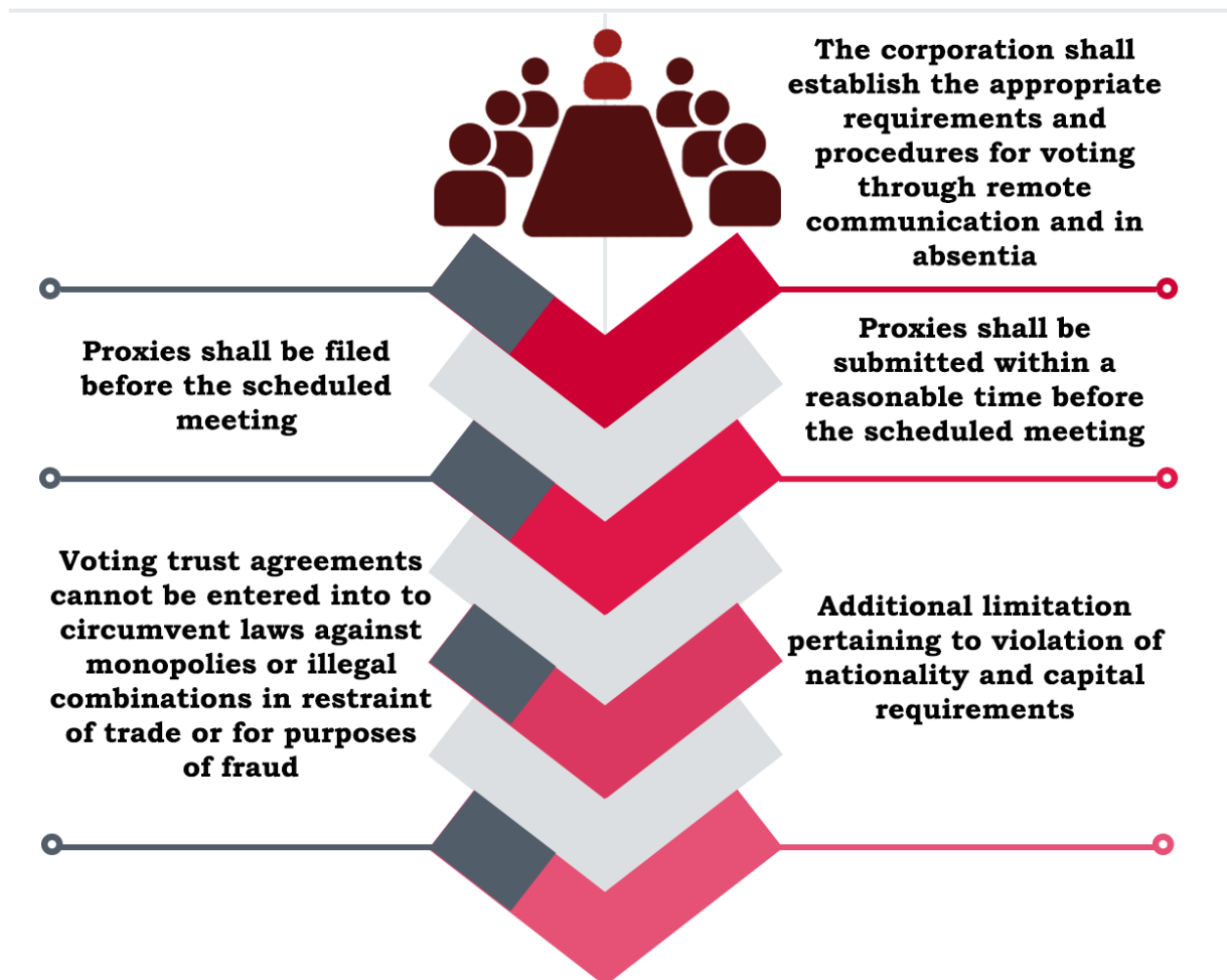
A stockholder or member may vote through remote communication or in absentia when authorized in the bylaws or by a majority of the board of directors, provided, that the votes are received before the corporation finishes the tally of votes

THE REVISED CORPORATION CODE

Regular and Special Meetings of Directors or Trustees

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Shares of Stocks

BEFORE

AMENDMENTS

Provides for 6 acceptable forms of consideration in exchange for stocks in a corporation



Additional forms of consideration:
1. shares of stock in another corporation; and
2. other generally accepted form of consideration

SEC may require corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so to issue their securities or shares of stocks in uncertificated or scripless form in accordance with the rules of the SEC

Notice of sale shall be sent to delinquent stockholders either personally or by registered mail

Notice of delinquency sale may be sent through other means provided in the by-laws

THE REVISED CORPORATION CODE

Corporate Books and Records

BEFORE

AMENDMENTS

If the paid-up capital is less than P50,000, the financial statements may be certified by the treasurer or any responsible officer

If the total assets or total liabilities is less than P600,000, the financial statements may be certified by the treasurer and the president



Every corporation shall keep and carefully preserve at its principal office a record of all business transactions and minutes of all meetings of stockholders or members, or of the board of directors or trustees

Additional records must be kept and carefully preserved at its principal office records including, but not limited to:

1. Articles of Incorporation and By-Laws (including any amendments);
2. Current ownership structure and voting rights, including list of stockholders/members, group structures, intra-group relations, ownership data, and beneficial ownership; officers;

THE REVISED CORPORATION CODE

Corporate Books and Records

BEFORE

AMENDMENTS



3. Names and addresses of all members of the board of directors or members and the executive officers;

4. Resolutions of the board of directors or members and stockholders or members;

5. Latest reportorial requirements submitted to the Commission; and

6. For stock corporations, the Stock and transfer book (which may also be kept in the office of the stock transfer agent).

THE REVISED CORPORATION CODE

Merger and Consolidation

BEFORE

AMENDMENTS

The articles of merger must include the:

1. Plan of merger or consolidation;
2. The number of shares outstanding or number of members; and
3. The number of shares or members voting for or against the plan



Additional provisions in the articles of merger or consolidation:

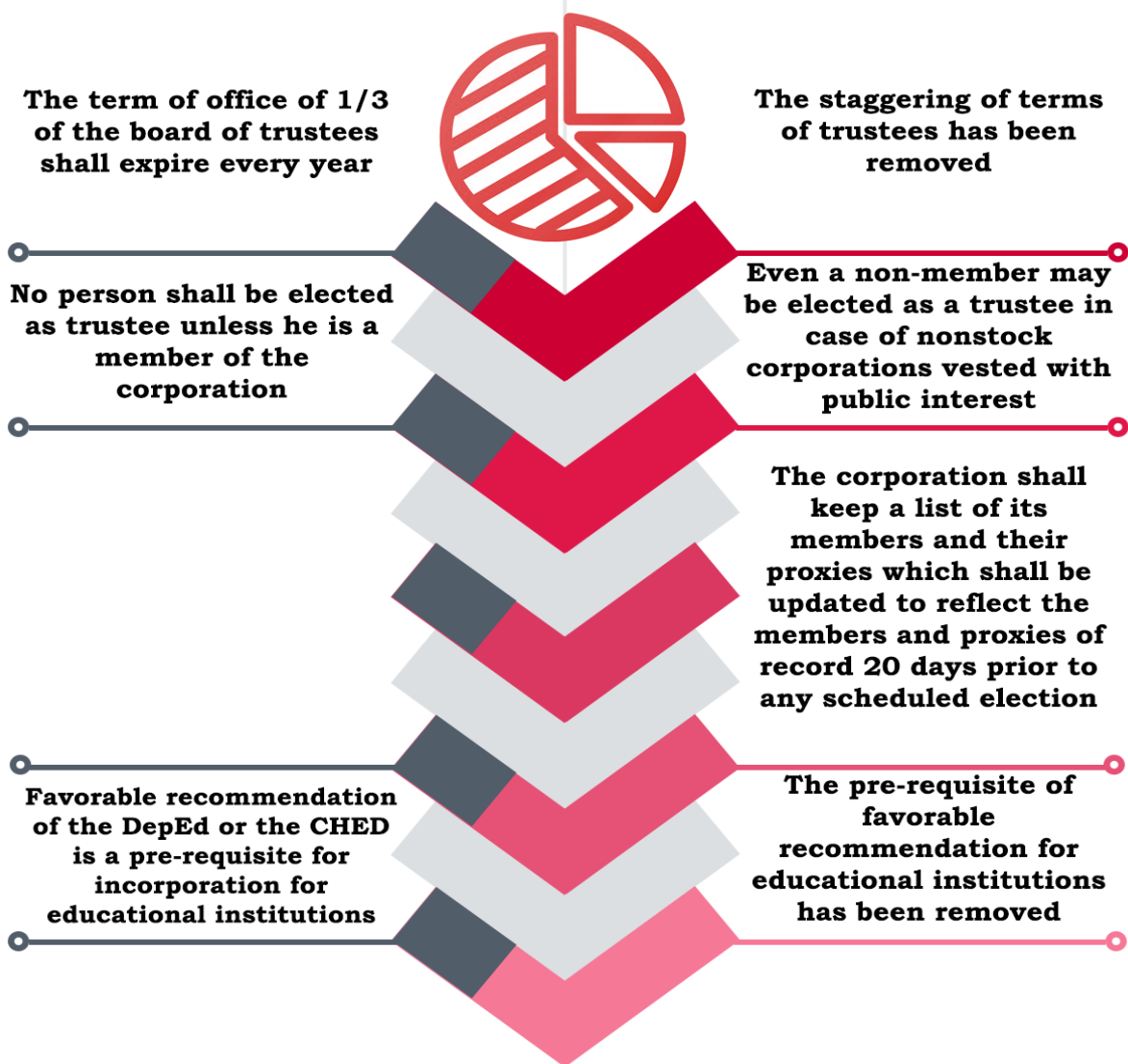
1. The carrying amounts and fair values of the assets and liabilities of the respective companies as of the agreed cut-off date;
2. The method to be used in the merger or consolidation of accounts of the companies;
3. The provisional or pro-forma values, as merged or consolidated, using the accounting method; and
4. Such other information as may be prescribed by the Commission

THE REVISED CORPORATION CODE

Non-Stock Corporation

BEFORE

AMENDMENTS

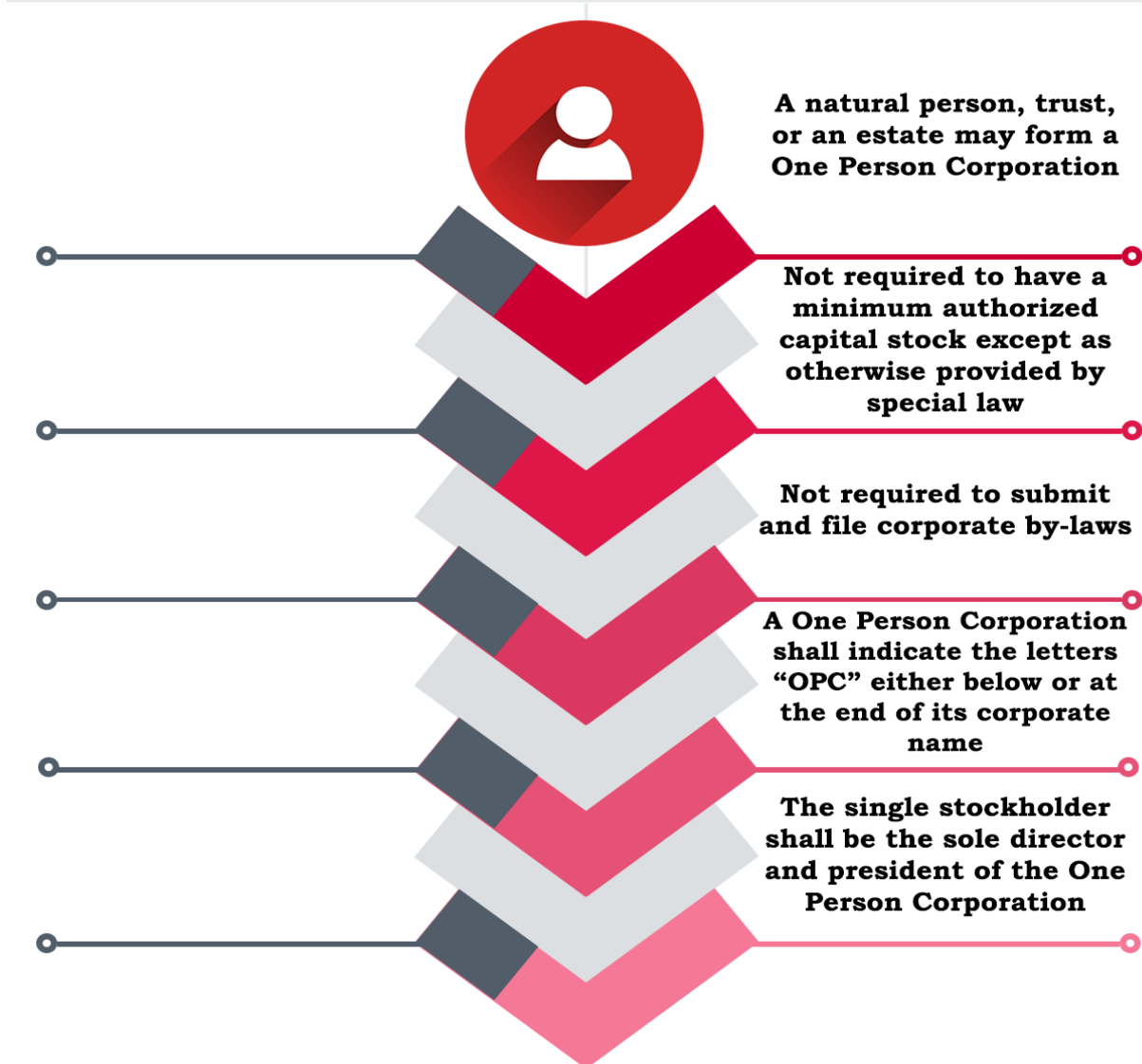


THE REVISED CORPORATION CODE

One Person Corporation

BEFORE

AMENDMENTS

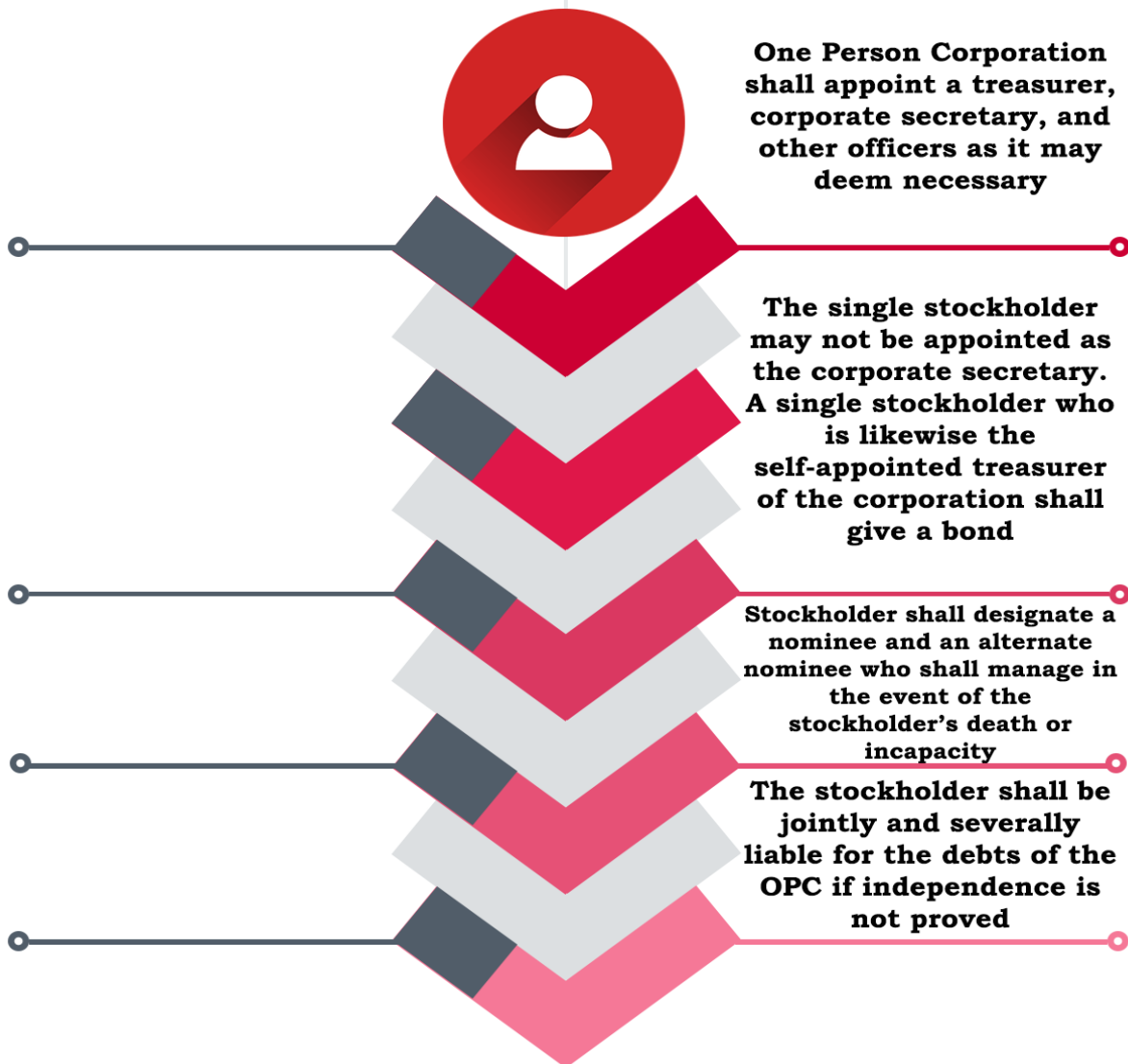


THE REVISED CORPORATION CODE

One Person Corporation

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

One Person Corporation

BEFORE

AMENDMENTS



**An ordinary corporation
may convert into a one
person corporation, and
vice versa**

THE REVISED CORPORATION CODE

Dissolution (where no creditors are affected)

BEFORE

AMENDMENTS

Affirmative vote of at least 2/3 of the outstanding capital stock or the members is required

Notice for the vote shall be published for 3 consecutive weeks in a newspaper in the locality or of general circulation in the Philippines



Only requires the affirmative vote of at least majority of the outstanding capital stock or members

Notice is required to be published in a newspaper only once

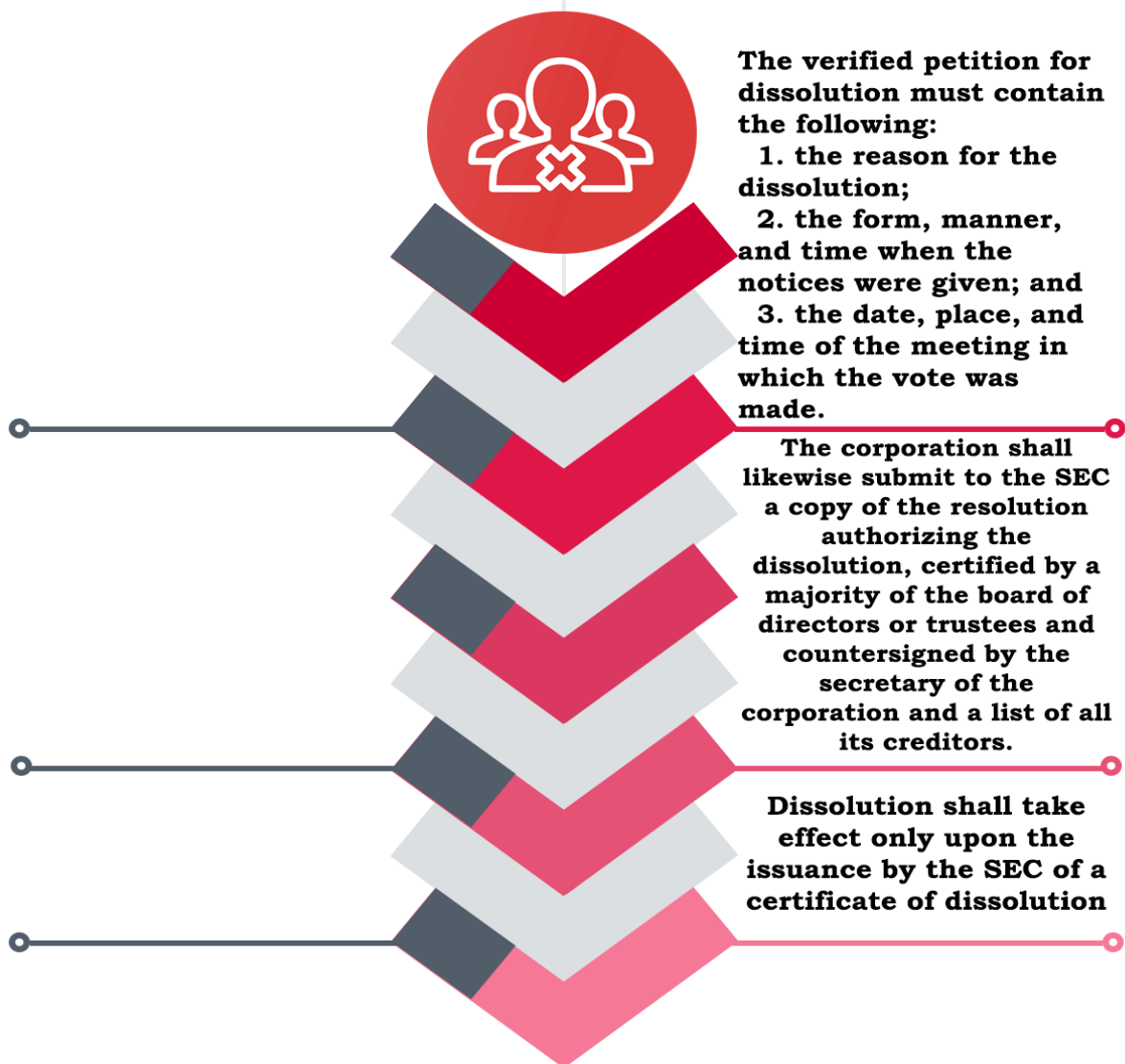
No application for dissolution of banks, banking and quasi-banking institutions, preneed, insurance and trust companies, NSSLAs, pawnshops, and other financial intermediaries shall be approved by the Commission unless accompanied by a favorable recommendation of the appropriate government agency

THE REVISED CORPORATION CODE

Dissolution (where creditors are affected)

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

Involuntary Dissolution

BEFORE

AMENDMENTS



5 grounds for involuntary dissolution:

1. Non-use of corporate charter as provided under Section 21 of this Code;

2. Continuous inoperation of a corporation as provided under Section 21 of this Code;

3. Upon receipt of a lawful court order dissolving the corporation;

4. Upon finding by final judgment that the corporation procured its incorporation through fraud;

THE REVISED CORPORATION CODE

Involuntary Dissolution

BEFORE

AMENDMENTS



5. Upon finding by final judgment that the corporation:

(a) Was created for the purpose of committing, concealing or aiding the commission of securities violations, smuggling, tax evasion, money laundering, or graft and corrupt practices;

(b) Committed or aided in the commission of securities violations, smuggling, tax evasion, money laundering, or graft and corrupt practices, and its stockholders knew of the same; and

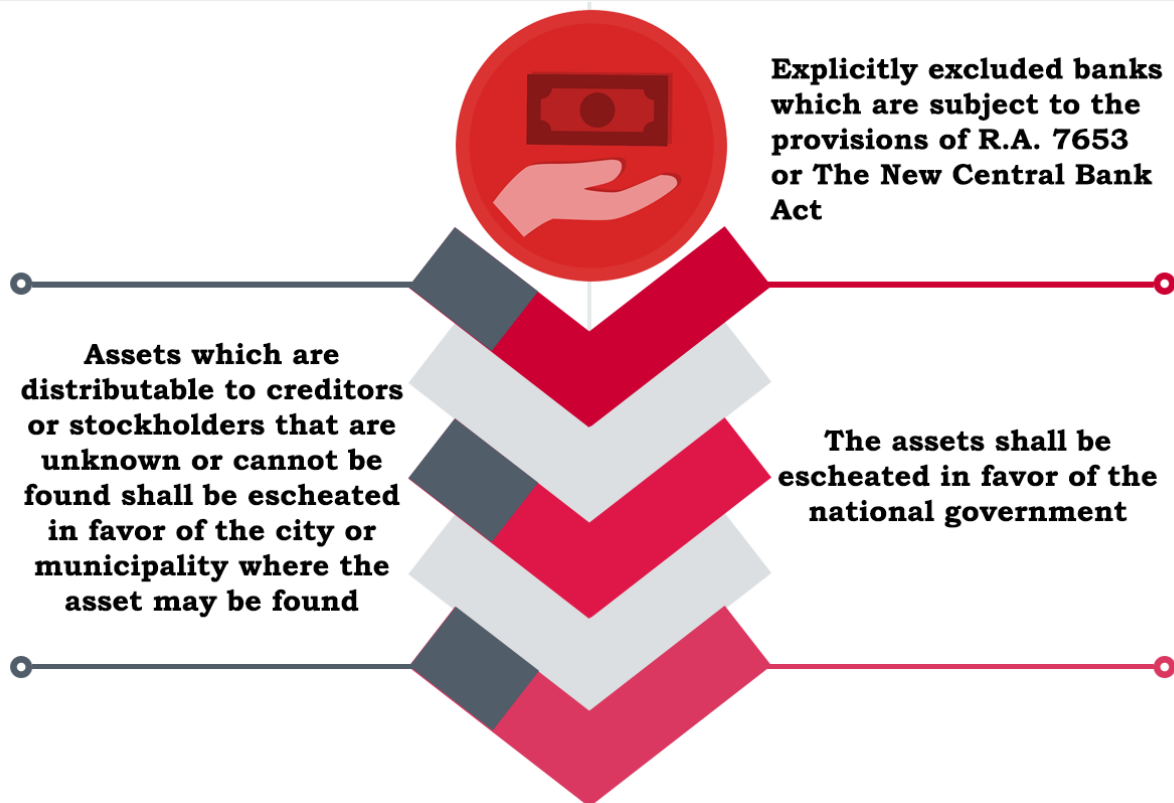
(c) Repeatedly and knowingly tolerated the commission of graft and corrupt practices or other fraudulent or illegal acts by its directors, trustees, officers, or employees.

THE REVISED CORPORATION CODE

Corporate Liquidation

BEFORE

AMENDMENTS



THE REVISED CORPORATION CODE

License to do Business in the Philippines

BEFORE

AMENDMENTS

An initial deposit of P100,000 is required for a foreign corporation to be given a license to transact business in the Philippines

Additional deposit may be required in the amount of 2% of the gross income of the corporation in excess of P5 Million



The amount of initial deposit increased to P500,000

Additional deposit is 2% of gross income in excess of P10 Million

The composition of gross income and allowable deductions therefrom shall be in accordance with the rules of the SEC

THE REVISED CORPORATION CODE

Resident Agent

BEFORE

AMENDMENTS



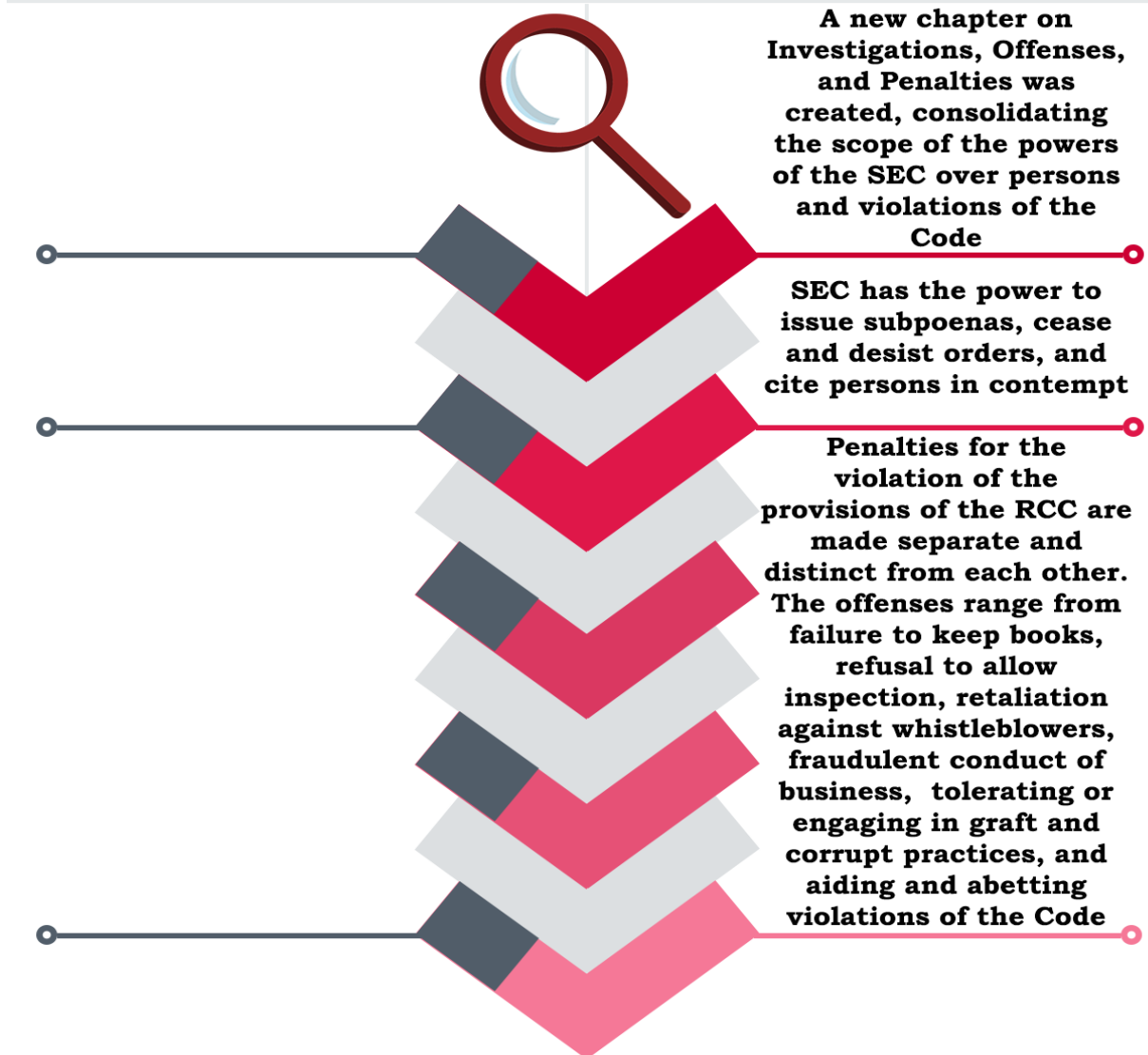
Domestic corporations who will act as a resident agent must be of sound financial standing and must show proof that it is in good standing as certified by the SEC.

THE REVISED CORPORATION CODE

Investigation, Offenses, and Penalties

BEFORE

AMENDMENTS



A new chapter on Investigations, Offenses, and Penalties was created, consolidating the scope of the powers of the SEC over persons and violations of the Code

SEC has the power to issue subpoenas, cease and desist orders, and cite persons in contempt

Penalties for the violation of the provisions of the RCC are made separate and distinct from each other. The offenses range from failure to keep books, refusal to allow inspection, retaliation against whistleblowers, fraudulent conduct of business, tolerating or engaging in graft and corrupt practices, and aiding and abetting violations of the Code

THE REVISED CORPORATION CODE

Powers, Functions, and Jurisdiction of the SEC

BEFORE

AMENDMENTS

