

Advisory on Corporate Term

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SEC MEMORANDUM CIRCULAR NO. 22	2
Series of 2020	
Guidelines on Corporate Term under	
Section 11 of the Revised Corporation	
Code of the Philippines	

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**GUIDELINES ON CORPORATE TERM UNDER SECTION 11 OF
THE REVISED CORPORATION CODE OF THE PHILIPPINES**

1. Corporations incorporated under the Revised Corporation Code (“RCC”) shall have perpetual existence unless its Articles of Incorporation (“AOI”) provides a specific corporate term.
2. For a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist:
 - a. The corporate term shall be deemed perpetual upon the effectivity of the RCC:
 - (i) without any action on the part of the corporation; or
 - (ii) by amendment of its AOI by a vote of
 - majority of its Board of Directors or Trustees (“BOD/T”); and
 - stockholders representing a majority of its outstanding capital stock including the non-voting shares, or a majority of the members, in case of a non-stock corporation.

For all other provisions to be amended in one same amended AOI, the required vote should be vote of majority of its BOD/T and vote of its stockholders representing a 2/3 of its outstanding capital stock or members, in case of a non-stock corporation.

- b. If the corporation elects to continue with their present corporate term pursuant to the corporation's AOI, it shall file a Notice with SEC attaching a Directors' Certificate, certifying that the decision to retain the specific corporate term as specified in the AOI was approved in a meeting duly held for the purpose by:
 - a majority vote of the Board of Directors or Trustees; and
 - the vote of the stockholders representing a majority of the outstanding capital stock, including the non-voting shares, or a majority of the members, in case of a non-stock corporation.

The Notice must be:

- (i) signed by at least a majority of the members of the BOD/T, and attested by the Corporate Secretary. The corporation may follow the sample format of the Notice attached in the Memorandum Circular.

- (ii) submitted to the SEC, Company Registration and Monitoring Department, any SEC Satellite Office or SEC Extension Office until February 23, 2021. A Certificate of Filing Notice to Retain Specific Corporate Term shall be issued to the corporation.

The corporate term of corporations which fail to comply with the required notification shall be treated as perpetual after the lapse of the two-year period.

3. Corporations incorporated under the RCC whose AOI provides for a specific term of existence and existing corporations incorporated under The Corporation Code and The Corporation Law that opted to retain its specific corporate term, may:
 - a. File an amendment of AOI to extend or shorten the specific corporate term which must be approved by vote or written assent of
 - majority of the BOD/T; and
 - the stockholders representing at least 2/3 of the outstanding capital stock of the corporation.

Any extension shall not be made earlier than 3 years prior to the original or subsequent expiration of the corporate term, unless there are justifiable reasons for extension as may be determined by the Commission. Any extension shall take effect only on the day following the original or subsequent expiry date(s).

- b. Subsequently amend its specific corporate term to perpetual term of existence with the approval by vote or written assent of
 - majority of the BOD/T; and
 - the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation.
4. Corporations with perpetual term of existence under any of the circumstances above may subsequently amend its term of existence to specific corporate term by vote or written assent of:
 - majority of the BOD/T; and
 - the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation.
5. Any change in the corporate term pursuant to Section 11 shall be without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the RCC.

Source: SEC Memorandum Circular No. 22 Series of 2020