



Republic of the Philippines  
Department of Finance  
**Securities and Exchange Commission**  
SEC Bldg. EDSA, Greenhills, Mandaluyong City

In the Matter of:

**SD TRADING CORPORATION**  
(SEC Reg. No. AD092-007314),

*Petitioner.*

**SEC En Banc Case No.10-07-0252**

For: Lifting of the Order of Revocation

X-----X

## ORDER

Petitioner **SD TRADING CORPORATION** is a stock corporation registered with the Commission on October 29, 1992 with an authorized capital stock of One Million Pesos (Php1,000,000.00) forty percent (40%) of which is subscribed and paid up by a foreign national. According to its Articles of Incorporation, petitioner is engaged primarily in the business of "*buying, selling, distributing, marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description*". It has its principal office address at Administration Bldg., Hi-Lon Compound, Brgy. Paciano Rizal, Calamba City.

On November 3, 2003, Petitioner's Certificate of Registration No. AD092-007314 was revoked for non-compliance with the Commission's reportorial requirements, pursuant to the Order of Revocation dated September 30, 2003 which was published in the Philippine Daily Inquirer on October 4, 2003.

Petitioner now prays for the lifting of said Order of Revocation based on the ground that the corporation is existing and operational and it needs to revive its registration with the Commission for its legal existence.

In support of its Petition, Petitioner submitted its 2007 General Information Sheet and 2006 Audited Financial Statements. As proof of its continued operation, Petitioner also submitted the following documents:

- a) Business Permit for the year 2007;
- b) Income Tax Return for the year ended 2006 stamped received by the BIR; and
- c) Various official receipts issued by the corporation in the year 2007;

Petitioner further alleges that it has no intention to violate the law and henceforth, commits to comply with the rules and regulations of the Commission regarding the submission of reports. It has also actually paid in full the penalty in the total amount of **One Hundred Twenty-Two Thousand Five Hundred Pesos (P 122,500.00)** as assessed by the Law and Regulation Division of the Company Registration and Monitoring Department and evidenced by Official Receipt Number 0109587 dated October 30, 2007.

x-----x

However, considering that one of its stockholders, Futami Funayama, is a Japanese citizen and that it has authorized and paid-up capital of only One Million Pesos (Php1,000,000.00), we find that petitioner is prohibited from engaging in retail trade<sup>1</sup> even if it is deemed a Philippine national under the Foreign Investments Act of 1991. Under the Retail Trade Liberalization Act of 2000, enterprises with paid-up capital of the equivalent in Philippine Pesos of less than Two Million Five Hundred Thousand US Dollars (US\$2,500,00.00) shall be reserved exclusively for Filipino citizens and corporations *wholly-owned* by Filipino citizens.

**WHEREFORE**, premises considered, the Order of the Commission dated September 30, 2003 revoking the Certificate of Registration of **SD Trading Corporation** is hereby **SET ASIDE**. Accordingly, petitioner is hereby directed to submit its Mayor's Permit for the current year. Further, petitioner is directed to comply with the Retail Trade Liberalization Act and other pertinent laws by performing any one of the following:

- a) deleting retail trading as part of the purposes clause of its Articles of Incorporation;
- b) increasing its paid-up capital to at least the equivalent in Philippine Pesos of Two Million Five Hundred Thousand US Dollars (US\$2,500,000.00); or
- c) converting the corporation into one that is wholly-owned by Filipinos.

Failure to comply with the said directives within thirty (30) days from date of receipt of this Order shall be an adequate ground to cause the recall of this Order and the imposition of additional penalties, if applicable.

Let a copy of this Order be furnished the Company Registration and Monitoring Department (CRMD), Law and Regulation Division, and the Economic Research and Information Department (ERID) of this Commission for their appropriate action.

**SO ORDERED.**

---

1 Defined in the Retail Trade Liberalization Act of 2000 as:

(1) "Retail Trade" shall mean any act, occupation or calling of habitually selling direct to the general public merchandise, commodities or goods for consumption, but the restriction of this law shall now apply to the following:

(a) Sales by a manufacturer, processor, laborer, or worker, to the general public the products manufactured, processed or produced by him if his capital does not exceed One Hundred Thousand Pesos (Php100,000.00);

(b) Sales by a farmer or agriculturist selling the products of his farm;

(c) Sales in restaurant operations by a hotel owner or inn-keeper irrespective of the amount of capital: Provided, That the restaurant is incidental to the hotel business; and

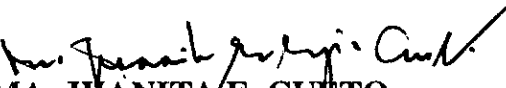
(d) Sales which are limited only to products manufactured, processed or assembled by a manufacturer through a single outlet, irrespective of capitalization.

In the Matter of SD Trading Corporation  
SEC Registration Number AD092-007314  
SEC En Banc Case Number 10-07-0252

x-----x

25 March 2008, Mandaluyong City.

  
**F. B. BARIN**  
Chairman

  
**MA. JUANITA E. CUETO**  
Commissioner

  
**RAUL J. PALABRICA**  
Commissioner

  
**JESUS ENRIQUE G. MARTINEZ**  
Commissioner

  
**THADDEUSE E. VENTURANZA**  
Commissioner