



NOTICE

TO : ALL INTERESTED PARTIES

SUBJECT : REQUEST FOR COMMENTS ON THE PROPOSED
GUIDELINES ON CORPORATE TERM

Pursuant to Section 179 of Republic Act No. 11232, otherwise known as the Revised Corporation Code, the Securities and Exchange Commission intends to issue Guidelines on Corporate Term.

Hence, the Commission is inviting all interested parties, market participants and the investing public to submit their views, comments and inputs to the proposed Guidelines.

Commenters may submit, not later than **5 April 2019**, their views, comments and inputs electronically to **Assistant Director Sampaguita R. Ladrado**, through email address : **srladrado@sec.gov.ph**

The draft SEC Memorandum Circular is attached for reference.

March 22, 2019.

SEC-OCS



DRAFT

**SEC MEMORANDUM CIRCULAR No. _____
Series of 2019**

TO : ALL CONCERNED

SUBJECT : GUIDELINES ON CORPORATE TERM
(Pursuant to Section 11 [Corporate Term] of the Revised
Corporation Code of the Philippines)

X _____ X

Whereas, Republic Act No. 11232, or the Act Providing For The Revised Corporation Code of the Philippines (“the Code”) was approved on February 20, 2019 and took effect on February 23, 2019;

Whereas, under Section 11 of the Revised Corporation Code, the term of existence of a corporation shall be perpetual unless its Articles of Incorporation provides otherwise;

Whereas, under paragraph 2 of Section 11 thereof, a corporation with certificate of incorporation issued prior to the effectivity of the new Code, and which continue to exist shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of the outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code;

Whereas, under Section 185 of the Code, corporations lawfully existing and doing business in the Philippines affected by the new requirements of this Code shall be given a period of not more than two (2) years from the effectivity of the Act within which to comply;

NOW, THEREFORE, for corporations which opt not to have perpetual term of existence but elect to continue with their present corporate term pursuant to their Articles of Incorporation, the Commission hereby promulgates the following guidelines:

1. The decision to retain the specific corporate term as specified in the Articles of Incorporation must be approved during the annual or special meeting duly held for the purpose at the principal office of the corporation by the vote of the stockholders representing a majority of the outstanding capital stock or a majority of the members, in case of a non-stock corporation,



2. The Notice to be submitted to the Commission must be signed by at least a majority of the members of the Board of Directors or Trustees, and attested by the Corporate Secretary;
3. The Notice must be submitted to the Securities and Exchange Commission, Company Registration and Monitoring Department (CRMD), or to any SEC Satellite Office or SEC Extension Office within a period of two years from February 23, 2019;
4. The corporation may follow the attached sample format of the Notice to facilitate its compliance with the requirement of the Revised Corporation Code of the Philippines;
5. Corporations that intend to enjoy perpetual term of existence need not send a Notice to the Commission;
6. This Memorandum Circular shall take effect immediately after its publication in a newspaper of general circulation.

Secretariat Building, PICC, Pasay City.

_____ 2019.

EMILIO B. AQUINO
Chairperson



Sample Only

IN THE MATTER OF

(Name of Corporation)
SEC Reg. No. _____
Date of Reg. _____

Re: Corporate Term

The _____ (name of corporation) _____ (“The Company”), hereby gives **NOTICE** that the Stockholders, by a vote of the Majority of the Outstanding Capital Stock (or Majority of the Members, for a non-stock corporation), approved the following Resolutions in accordance with paragraph 2, Section 11 of the Revised Corporation Code of the Philippines (Republic Act No. 11232) and Articles of Incorporation of the Company, during the annual meeting (or special meeting) of the Stockholders (or Members, for a non-stock corporation) and Directors (or Trustees, for a non-stock corporation) held on (date) at the principal office of the corporation located in _____:

“That, in accordance with the directive set forth in Sec. 11 of the Revised Corporation Code of the Philippines, the Company elects to retain its specific corporate term pursuant to Article IV (or any other Article) of its Articles of Incorporation indicating for a term of existence of _____ (_____) years from and after the date of incorporation, and that a proper Notice to this effect be filed by the duly authorized officer of the Company with the Securities and Exchange Commission.”

In Witness whereof, we have signed this Notice this _____ day of _____, 2019 at _____.

(to be signed by majority of the Board of Directors/Trustees and attested/countersigned by the Corporate Secretary.)