



SEC Memorandum Circular No. _____
Series of 2020

TO: All Concerned

**SUBJECT: GUIDELINES FOR THE CONVERSION OF CORPORATIONS
EITHER TO ONE PERSON CORPORATION OR TO ORDINARY
STOCK CORPORATION**

In order to effectively implement Title XIII, Chapter III of the Revised Corporation Code which allows conversion from an Ordinary Stock Corporation to a One Person Corporation, as well as conversion from a One Person Corporation to an Ordinary Stock Corporation, the Commission resolved to issue the following guidelines:

PART I

ORDINARY STOCK CORPORATION TO ONE PERSON CORPORATION

Section 1. When a single stockholder acquires all the stocks of an Ordinary Stock Corporation, the Ordinary Stock Corporation may apply for conversion into a One Person Corporation, by submitting the following documentary requirements:

- (1) Cover sheet
- (2) Affidavit of Conversion of an Ordinary Stock Corporation to a One Person Corporation, executed by the single stockholder who has acquired all of the outstanding shares of the capital stock of an ordinary stock corporation and countersigned by the corporation's corporate secretary, setting forth the following:
 - a. Total number of shares of the Ordinary Stock Corporation issued and outstanding
 - b. List of stockholders of the Ordinary Stock Corporation before the acquisition of all the outstanding shares by the single stockholder
 - c. Name of the single stockholder who acquired all of the outstanding shares of the capital stock of an ordinary stock corporation, in his own name in the books of the corporation

- (3) Original copy of the document/s effecting the transfer/s (*i.e.: deeds of assignment, or any legal document transferring the shares to the single stockholder*) and, if applicable, a certified true copy of proof of authority to act on behalf of the trust/estate
- (4) Notarized Secretary's Certificate of No Intra-Corporate Dispute
- (5) Articles of Incorporation of a One Person Corporation, duly prepared, signed and acknowledged or authenticated by the single stockholder and by the corporation's treasurer in accordance with the SEC Guidelines on the Establishment of a One Person Corporation or such other Guidelines that the Commission may hereafter issue
- (6) Letter of acceptance of appointment by Nominee and Alternate Nominee
- (7) Self-appointed Treasurer's Bond, if applicable
- (8) Name reservation
- (9) Endorsement clearance from other relevant department of the SEC or from the Compliance Monitoring Division of the Company Registration and Monitoring Department, whichever is applicable
- (10) Endorsement clearance from appropriate government agencies, if applicable
- (11) Undertaking to Change Corporate Name duly executed under oath by the single stockholder or the sole remaining director, if not yet included in the Articles of Incorporation

Section 2. In the Articles of Incorporation of a One Person Corporation to be submitted, the provision/article indicating the name/s and address/es of the original incorporator/s of the ordinary stock corporation shall be retained as is.

Meanwhile, the provisions on the number of directors, their names and addresses, as well as their subscription and payment details shall be modified to reflect the name, address, subscription and payment details of the single stockholder. Other details particular to a One Person Corporation shall likewise be indicated.

Section 3. Upon issuance of the Certificate of Filing of Amended Articles of Incorporation by the SEC reflecting the conversion to a One Person Corporation, the Articles of Incorporation and By-laws of the Ordinary Stock Corporation shall be deemed superseded.

Section 4. In the Certificate of Filing of Amended Articles of Incorporation that will be issued, the corporation will retain its SEC Company Registration Number, but will have the "OPC" prefix in order to reflect its nature as a One Person Corporation.

Section 5. The One Person Corporation converted from an Ordinary Stock Corporation shall succeed the latter and be legally responsible for all the latter's outstanding liabilities as of the date of approval of the conversion.

Section 6. The provisions of Title XIII, Chapter III of the Revised Corporation Code shall apply primarily to One Person Corporations, while other provisions of the Code apply suppletorily.

PART II

ONE PERSON CORPORATION TO ORDINARY STOCK CORPORATION

Section 7. When all the stocks of a One Person Corporation ceases to be held solely by a natural person, a trust, or an estate, the One Person Corporation may be converted into an Ordinary Stock Corporation after due notice to the Commission of such fact/s and of such circumstance/s leading to the conversion, and after compliance with all the requirements for a stock corporation, as may be determined by the Securities and Exchange Commission, after an evaluation of the following documentary requirements:

- (1) Cover sheet
- (2) Notice of Conversion of a One Person Corporation into an Ordinary Stock Corporation, jointly executed by all holders of shares of the outstanding capital stock, countersigned by the corporate secretary, setting forth the following:
 - a. Total number of outstanding shares previously held by the single stockholder, trust or estate
 - b. Brief description of the transaction/s and/or event/s leading to the transfers of shares
 - c. Date of actual transfers of shares in the name of the transferees
 - d. List of stockholders after the transfers and the number of shares held by each
- (3) Original copy of the document/s effecting the transfers (*i.e.: subscription contracts, deeds of assignment, or any legal document declaring the legal heirs of the single stockholder*)
- (4) Articles of Incorporation and Bylaws of an Ordinary Stock Corporation duly signed and acknowledged or authenticated by the stockholders who voted for their adoption, which must be at least a majority of the outstanding capital stock. The corporation's treasurer must likewise sign the Articles of Incorporation.
- (5) Name reservation
- (6) Endorsement clearance from other relevant department of the SEC or from the Compliance Monitoring Division of the Company Registration and Monitoring Department, whichever is applicable
- (7) Endorsement clearance from appropriate government agencies, if applicable
- (8) Undertaking to Change Corporate Name duly executed under oath by the single stockholder or the sole remaining director, if not yet included in the Articles of Incorporation

Section 8. The Notice of Conversion of a One Person Corporation into an Ordinary Stock Corporation shall be filed with the Commission within sixty (60) days from the occurrence of the circumstances leading to the conversion into an Ordinary Stock Corporation.

For greater certainty, the circumstances referred to above that would lead to the conversion into an Ordinary Stock Corporation shall pertain to such circumstances culminating in the transfer of shares into two or more transferees (*i.e.: transfer of shares from the estate of a deceased single stockholder to the legal heirs*).

Section 9. The reckoning point for the sixty-day period for filing the Notice of Conversion shall commence on the date that the shares are actually transferred in the name of the transferees.

Section 10. Provided that the Notice of Conversion is filed within sixty (60) days from occurrence of the circumstances leading to the conversion, an application for conversion of a One Person Corporation into an Ordinary Stock Corporation may still be given approval even if the rest of the requirements therefor are submitted only after the lapse of the sixty-day period for filing a Notice of Conversion.

Section 11. If the Notice of Conversion is filed with the Commission beyond sixty (60) days from the occurrence of the circumstances leading to the conversion, the One Person Corporation may still be approved for conversion into an Ordinary Stock Corporation subject to penalty for violation of Section 132, in relation to Section 170¹ of the Revised Corporation Code.

Section 12. In the Articles of Incorporation of an Ordinary Stock Corporation to be submitted, the provision/ article indicating the name/s and address/es of the original incorporator/s of the corporation shall be retained as is.

Meanwhile, the provisions on the name and address, as well as the subscription and payment details shall be modified to reflect the number of directors of the Ordinary Stock Corporation, as well as their names, addresses, subscription and payment details. Other details particular to Ordinary Stock Corporations shall likewise be indicated.

Section 13. Upon issuance of the Certificate of Filing of Amended Articles of Incorporation and of Bylaws by the SEC reflecting the conversion to an Ordinary Stock Corporation, the Articles of Incorporation of the One-Person Corporation shall be deemed superseded.

¹ **Section 170. Other Violations of the Code; Separate Liability.** – Violations of any of the other provisions of this Code or its amendments not otherwise specifically penalized therein shall be punished by a fine of not less than Ten thousand pesos (P10,000.00) but not more than One million pesos (P1,000,000.00). If the violation is committed by a corporation, the same may, after notice and hearing, be dissolved in appropriate proceedings before the Commission: *Provided*, That such dissolution shall not preclude the institution of appropriate action against the director, trustee, or officer of the corporation responsible for said violation: *Provided, further*, That nothing in this section shall be construed to repeal the other causes for dissolution of a corporation provided in this Code.

Liability for any of the foregoing offenses shall be separate from any other administrative, civil, or criminal liability under this Code and other laws.

Section 14. In the Certificate of Filing of Amended Articles of Incorporation and of Bylaws that will be issued, the corporation will retain its SEC Registration Number, but will have "CS" prefix in order to reflect its nature as an Ordinary Stock Corporation.

Section 15. The Ordinary Stock Corporation converted from a One-Person Corporation shall succeed the latter and be legally responsible for all the latter's outstanding liabilities as of the date of conversion.

PART III

PROVISIONS COMMON TO BOTH KINDS OF CONVERSION

Section 16. In the Articles of Incorporation of the converted corporation, the signatory/ies thereto must clearly state that they voluntarily agreed to convert the Ordinary Stock Corporation into a One Person Corporation, or the One Person Corporation into an Ordinary Stock Corporation, as the case may be.

Section 17. Processing of applications for conversion of an Ordinary Stock Corporation into a One Person Corporation, and of a One-Person Corporation into an Ordinary Stock Corporation, shall commence only upon receipt by the Commission of the complete documentary requirements including the proof of payment of the applicable fees.

Section 18. The processing of applications for conversion in accordance with the provisions of the Revised Corporation Code and the foregoing guidelines shall be done manually, until further notice, by the Company Registration and Monitoring Department of the Securities and Exchange Commission or by any of the Commission's Extension Offices nationwide.

Section 19. This Memorandum Circular shall take effect immediately after its publication in a newspaper of general circulation.