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SEC REITERATES LONGER NOTICE PERIOD FOR SHAREHOLDER, MEMBER MEETINGS

The Securities and Exchange Commission (SEC) on February 21 issued new rules requiring corporations to ensure that stockholders or members have ample time to prepare for and could effectively participate in their regular meetings, as part of efforts to promote good corporate governance and the protection of minority investors.

Under the new rules, issued through Memorandum Circular No. 3, Series of 2020, written notices of regular meetings shall be sent to all stockholders or members of record at least 21 calendar days prior to the date of the meeting.

In case of postponement of stockholders' or members' regular meetings, a written notice thereof and the reason therefor shall be sent to all stockholders or members of record at least two weeks prior to the date of the meeting as originally scheduled. The stockholders or members shall be notified of the new schedule of the regular meeting in accordance with the immediately preceding paragraph.

The written notices of regular meetings must contain all information and deadlines relevant to the shareholders' or members' participation in the meeting and exercise of the right to vote remotely, in absentia or through a proxy.

The notice period was increased from two weeks under the old Corporation Code, or Batas Pambansa Blg. 68, to 21 days under Republic Act No. 11232, or the Revised Corporation Code of the Philippines, with the intention of encouraging shareholder/member participation and raising corporate governance standards.

"The longer notice period will allow stockholders or members to prepare for, participate more effectively in their regular meetings and cast votes in matters concerning the corporation such as the election of directors," SEC Chairperson Emilio B. Aquino said.

"This is in line with the mandate of the Commission to promote good corporate governance, protect minority investors, and make the Philippine corporate sector more competitive globally," Mr. Aquino added.

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