



29 April 2020

SEC APPROVES RULES EMPOWERING MINORITY SHAREHOLDERS IN LISTED FIRMS TO PUT ITEMS ON MEETING AGENDA

The Securities and Exchange Commission (SEC) has issued the rules allowing minority shareholders of publicly listed companies to put items on the agenda whether for a regular or special meeting.

The Commission *En Banc* on April 28 approved SEC Memorandum Circular No. 14, Series of 2020 providing for the right of a shareholder or a group of shareholders holding at least 5% of the outstanding capital stock of a publicly listed corporation to include items on the agenda prior to a regular or special stockholders' meeting.

All items added on the agenda by qualified shareholders pursuant to this circular after the Definitive Information Statement (DIS) has been filed with the Commission shall be filed under "Other Matters." In this regard, the reporting company shall no longer be required to amend its DIS.

Any officer or agent of the corporation who shall unjustly refuse to allow a qualified shareholder or group of shareholders to exercise his/her right to put items on the agenda shall face administrative sanctions provided under Section 158 of Republic Act No. 11232, or the Revised Corporation Code of the Philippines.

If the refusal is made pursuant to a resolution or order of the board of directors, the liability for such action shall be imposed upon the directors who voted for such refusal.

Furthermore, it shall be a defense to any action under the proposed circular that the shareholder exercising any of the rights provided therein was not acting in good faith or for a legitimate purpose.

"The newly issued rules promote good corporate governance and the protection of minority investors, in line with our mandate as the overseer of the corporate sector and the champion of the investing public," SEC Chairperson Emilio B. Aquino said.

"The rules also bolster the reforms that the Commission and other government agencies have been pursuing to further improve the ease of doing business in the Philippines and make our economy more competitive globally."

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