

[REPUBLIC ACT NO. 11232, February 20, 2019]

AN ACT PROVIDING FOR THE REVISED CORPORATION CODE OF THE PHILIPPINES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

TITLE I

GENERAL PROVISIONS

DEFINITIONS AND CLASSIFICATIONS

SECTION 1. *Title of the Code.* - This Code shall be known as the "Revised Corporation Code of the Philippines".

SEC. 2. *Corporation Defined.* - A corporation is an artificial being created by operation of law, having the right of succession and the powers, attributes, and properties expressly authorized by law or incidental to its existence.

SEC. 3. *Classes of Corporations.* - Corporations formed or organized under this Code may be stock or nonstock corporations. Stock corporations are those which have capital stock divided into shares and are authorized to distribute to the holders of such shares, dividends, or allotments of the surplus profits on the basis of the shares held. All other corporations are nonstock corporations.

SEC. 4. *Corporations Created by Special Laws or Charters.* - Corporations created by special laws or charters shall be governed primarily by the provisions of the special law or charter creating them or applicable to them, supplemented by the provisions of this Code, insofar as they are applicable.

SEC. 5. *Corporators and Incorporators, Stockholders and Members.* - Corporators are those who compose a corporation, whether as stockholders or shareholders in a stock corporation or as members in a nonstock corporation. Incorporators are those stockholders or members mentioned in the articles of incorporation as originally forming and composing the corporation and who are signatories thereof.

SEC. 6. *Classification of Shares.* - The classification of shares, their corresponding rights, privileges, or restrictions, and their stated par value, if any, must be indicated in the articles of incorporation. Each share shall be equal in all respects to every other share, except as otherwise provided in the articles of incorporation and in the certificate of stock.

The shares in stock corporations may be divided into classes or series of shares, or both. No share may be deprived of voting rights except those classified and issued as "preferred" or "redeemable" shares, unless otherwise provided in this Code: *Provided*, That there shall always be a class or series of shares with complete voting rights.

Holders of nonvoting shares shall nevertheless be entitled to vote on the following matters:

- (a) Amendment of the articles of incorporation;
- (b) Adoption and amendment of bylaws;
- (c) Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;
- (d) Incurring, creating, or increasing bonded indebtedness;
- (e) Increase or decrease of authorized capital stock;
- (f) Merger or consolidation of the corporation with another corporation or other corporations;
- (g) Investment of corporate funds in another corporation or business in accordance with this Code; and
- (h) Dissolution of the corporation.

Except as provided in the immediately preceding paragraph, the vote required under this Code to approve a particular corporate act shall be deemed to refer only to stocks with voting rights.

The shares or series of shares may or may not have a par value: *Provided*, That banks, trust, insurance, and preneed companies, public utilities, building and loan associations, and other corporations authorized to obtain or access funds from the public, whether publicly listed or not, shall not be permitted to issue no-par value shares of stock.

Preferred shares of stock issued by a corporation may be given preference in the distribution of dividends and in the distribution of corporate assets in case of liquidation, or such other preferences: *Provided*, That preferred shares of stock may be issued only with a stated par value. The board of directors, where authorized in the articles of incorporation, may fix the terms and conditions of preferred shares of stock or any series thereof: *Provided, further*, That such terms and conditions shall be effective upon filing of a certificate thereof with the Securities and Exchange Commission, hereinafter referred to as the "Commission".

Shares of capital stock issued without par value shall be deemed fully paid and nonassessable and the holder of such shares shall not be liable to the corporation or to its creditors in respect thereto: *Provided*, That no-par value shares must be issued for a consideration of at least Five pesos (P5.00) per share: *Provided, further*, That the entire consideration received by the corporation for its no-par value shares shall be treated as capital and shall not be available for distribution as dividends.

A corporation may further classify its shares for the purpose of ensuring compliance with constitutional or legal requirements.

SEC. 7. *Founders' Shares.* - Founders' shares may be given certain rights and privileges not enjoyed by the owners of other stocks. Where the exclusive right to vote and be voted for in the election of directors is granted, it must be for a limited period not to exceed five (5) years from the date of incorporation: *Provided*, That such exclusive right shall not be allowed if its exercise will violate Commonwealth Act No. 108, otherwise known as the "Anti-Dummy Law"; Republic Act No. 7042, otherwise known as the "Foreign Investments Act of 1991"; and other pertinent laws.

SEC. 8. *Redeemable Shares.* - Redeemable shares may be issued by the corporation when expressly provided in the articles of incorporation. They are shares which may be purchased by the corporation from the holders of such shares upon the expiration of a fixed period, regardless of the existence of unrestricted retained earnings in the books of the corporation, and upon such other terms and conditions stated in the articles of incorporation and the certificate of stock representing the shares, subject to rules and regulations issued by the Commission.

SEC. 9. *Treasury Shares.* - Treasury shares are shares of stock which have been issued and fully paid for, but subsequently reacquired by the issuing corporation through purchase, redemption, donation, or some other lawful means. Such shares may again be disposed of for a reasonable price fixed by the board of directors.

TITLE II

INCORPORATIONS AND ORGANIZATION OF PRIVATE ORGANIZATIONS

SEC. 10. *Number and Qualifications of Incorporators.* -Any person, partnership, association or corporation, singly or jointly with others but not more than fifteen (15) in number, may organize a corporation for any lawful purpose or purposes: *Provided*, That natural persons who are licensed to practice a profession, and partnerships or associations organized for the purpose of practicing a profession, shall not be allowed to organize as a corporation unless otherwise provided under special laws. Incorporators who are natural persons must be of legal age.

Each incorporator of a stock corporation must own or be a subscriber to at least one (1) share of the capital stock.

A corporation with a single stockholder is considered a One Person Corporation as described in Title XIII, Chapter III of this Code.

SEC. 11. *Corporate Term.* - A corporation shall have perpetual existence unless its articles of incorporation provides otherwise.

Corporations with certificates of incorporation issued prior to the effectivity of this Code, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation: *Provided*, That any change in the corporate term under this section is without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code.

A corporate term for a specific period may be extended or shortened by amending the articles of incorporation: *Provided*, That no extension may be made earlier than three (3) years prior to the original or subsequent expiry date(s) unless there are justifiable reasons for an earlier extension as may be determined by the Commission: *Provided, further*, That such extension of the corporate term shall take effect only on the day following the original or subsequent expiry date(s).

A corporation whose term has expired may apply for a revival of its corporate existence, together with all the rights and privileges under its certificate of incorporation and subject to all of its duties, debts and liabilities existing prior to its revival. Upon approval by the Commission, the corporation shall be deemed revived and a certificate of revival of corporate existence shall be issued, giving it perpetual existence, unless its application for revival provides otherwise.

No application for revival of certificate of incorporation of banks, banking and quasi-banking institutions, preneed, insurance and trust companies, non-stock savings and loan associations (NSSLAs), pawnshops, corporations engaged in money service business, and other financial intermediaries shall be approved by the Commission unless accompanied by a favorable recommendation of the appropriate government agency.

SEC. 12. *Minimum Capital Stock Not Required of Stock Corporations.* - Stock corporations shall not be required to have a minimum capital stock, except as otherwise specifically provided by special law.

SEC. 13. *Contents of the Articles of Incorporation.* - All Corporations shall file with the Commission articles of incorporation in any of the official languages, duly signed and acknowledged or authenticated, in such form and manner as may be allowed by the Commission, containing substantially the following matters, except as otherwise prescribed by this Code or by special law:

- (a) The name of the corporation;
- (b) The specific purpose or purposes for which the corporation is being formed. Where a corporation has more than one stated purpose, the articles of incorporation shall indicate the primary purpose and the secondary purpose or purposes: *Provided*, That a nonstock corporation may not include a purpose which would change or contradict its nature as such;
- (c) The place where the principal office of the corporation is to be located, which must be within the Philippines;
- (d) The term for which the corporation is to exist, if the corporation has not elected perpetual existence;
- (e) The names, nationalities, and residence addresses of the incorporators;
- (f) The number of directors, which shall not be more than fifteen (15) or the number of trustees which may be more than fifteen (15);
- (g) The names, nationalities, and residence addresses of persons who shall act as directors or trustees until the first regular directors or trustees are duly elected and qualified in accordance with this Code;

(h) If it be a stock corporation, the amount of its authorized capital stock, number of shares into which it is divided, the par value of each, names, nationalities, and residence addresses of the original subscribers, amount subscribed and paid by each on the subscription, and a statement that some or all of the shares are without par value, if applicable;

(i) If it be a nonstock corporation, the amount of its capital, the names, nationalities, and residence addresses of the contributors, and amount contributed by each; and

(j) Such other matters consistent with law and which the incorporators may deem necessary and convenient.

An arbitration agreement may be provided in the articles of incorporation pursuant to Section 181 of this Code.

The articles of incorporation and applications for amendments thereto may be filed with the Commission in the form of an electronic document, in accordance with the Commission's rules and regulations on electronic filing.

SEC. 14. *Form of Articles of Incorporation.* - Unless otherwise prescribed by special law, the articles of incorporation of all domestic corporations shall comply substantially with the following form:

Articles of Incorporation
of

(Name of Corporation)

The undersigned incorporators, all of legal age, have voluntarily agreed to form a (stock) (nonstock) corporation under the laws of the Republic of the Philippines and certify the following:

First: That the name of said corporation shall be "_____, Inc., Corporation or OPC";

Second: That the purpose or purposes for which such corporation is incorporated are: (If there is more than one purpose, indicate primary and secondary purposes);

Third: That the principal office of the corporation is located in the City/Municipality of _____, Province _____ of, Philippines;

Fourth: That the corporation shall have perpetual existence or a term of years from the date of issuance of the certificate of incorporation;

Fifth: That the names, nationalities, and residence addresses of the incorporators of the corporation are as follows:

Name	Nationality
_____	_____
_____	_____
_____	_____
_____	_____

Sixth: That the number of directors or trustees of the corporation shall be _____; and the names, nationalities, and residence addresses of the first directors or trustees of the corporation are as follows:

Name	Nationality
_____	_____
_____	_____
_____	_____
_____	_____

Seventh: That the authorized capital stock of the corporation is _____ PESOS (P_____), divided into _____ shares with the par value of _____ PESOS (P_____) per share. (In case all the shares are without par value): That the capital stock of the corporation is _____ shares without par value.

(In case some shares have par value and some are without par value): That the capital stock of said corporation consists of _____ shares, of which _____ shares have a par value of _____ PESOS (P_____) each, and of which _____ shares are without par value.

Eighth: That the number of shares of the authorized capital stock above-stated has been subscribed as follows:

Name of Subscriber	Nationality	No. of Shares Subscribed	Amount Subscribed	Amount Paid
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(Modify No. 8 if shares are with no-par value. In case the corporation is nonstock, Nos. 7 and 8 of the above articles may be modified accordingly, and it is sufficient if the articles state the amount of capital or money contributed or donated by specified

persons, stating the names, nationalities, and residence addresses of the contributors or donors and the respective amount given by each.)

Ninth: That _____ has been elected by the subscribers as Treasurer of the Corporation to act as such until after the successor is duly elected and qualified in accordance with the bylaws, that as Treasurer, authority has been given to receive in the name and for the benefit of the corporation, all subscriptions, contributions or donations paid or given by the subscribers or members, who certifies the information set forth in the seventh and eighth clauses above, and that the paid-up portion of the subscription in cash and/or property for the benefit and credit of the corporation has been duly received.

Tenth: That the incorporators undertake to change the name of the corporation immediately upon receipt of notice from the Commission that another corporation, partnership or person has acquired a prior right to the use of such name, that the name has been declared not distinguishable from a name already registered or reserved for the use of another corporation, or that it is contrary to law, public morals, good customs or public policy.

Eleventh: (Corporations which will engage in any business or activity reserved for Filipino citizens shall provide the following):

"No transfer of stock or interest which shall reduce the ownership of Filipino citizens to less than the required percentage of capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation, and this restriction shall be indicated in all stock certificates issued by the corporation."

IN WITNESS WHEREOF, we have hereunto signed these Articles of Incorporation, this _____ day of _____, 20____ in the City/Municipality of _____, Province of _____, Republic of the Philippines.

(Names and signatures of the incorporators)

(Name and signature of Treasurer)

SEC. 15. *Amendment of Articles of Incorporation.* -Unless otherwise prescribed by this Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code. The articles of incorporation of a nonstock corporation may be amended by the vote or written assent of majority of the trustees and at least two-thirds (2/3) of the members.

The original and amended articles together shall contain all provisions required by law to be set out in the articles of incorporation. Amendments to the articles shall be indicated by underscoring the change or changes made, and a copy thereof duly certified under oath by the corporate secretary and a majority of the directors or trustees, with a statement that the amendments have been duly approved by the required vote of the stockholders or members, shall be submitted to the Commission.

The amendments shall take effect upon their approval by the Commission or from the date of filing with the said Commission if not acted upon within six (6) months from the date of filing for a cause not attributable to the corporation.

SEC. 16. *Grounds When Articles of Incorporation or Amendment May be Disapproved.* — The Commission may disapprove the articles of incorporation or any amendment thereto if the same is not compliant with the requirements of this Code: *Provided*, That the Commission shall give the incorporators, directors, trustees, or officers a reasonable time from receipt of the disapproval within which to modify the objectionable portions of the articles or amendment. The following are grounds for such disapproval:

- (a) The articles of incorporation or any amendment thereto is not substantially in accordance with, the form prescribed herein;
- (b) The purpose or purposes of the corporation are patently unconstitutional, illegal, immoral or contrary to government rules and regulations;
- (c) The certification concerning the amount of capital stock subscribed and/or paid is false; and
- (d) The required percentage of Filipino ownership of the capital stock under existing laws or the Constitution has not been complied with.

No articles of incorporation or amendment to articles of incorporation of banks, banking and quasi-banking institutions, preneed, insurance and trust companies, NSSLAs, pawnshops, and other financial intermediaries shall be approved by the Commission unless accompanied by a favorable recommendation of the appropriate government agency to the effect that such articles or amendment is in accordance with law.

SEC. 17. *Corporate Name.* - No corporate name shall be allowed by the Commission if it is not distinguishable from that already reserved or registered for the use of another corporation, or if such name is already protected by law, or when its use is contrary to existing law, rules and regulations.

A name is not distinguishable even if it contains one or more of the following:

- (a) The word "corporation", "company", "incorporated", "limited", "limited liability", or an abbreviation of one of such words; and
- (b) Punctuations, articles, conjunctions, contractions, prepositions, abbreviations, different tenses, spacing, or number of the same word or phrase.

The Commission, upon determination that the corporate name is: (1) not distinguishable from a name already reserved or registered for the use of another corporation; (2) already protected by law; or (3) contrary to law, rules and regulations, may summarily order the corporation to immediately cease and desist from using such name and require the corporation to register a new one. The Commission shall also cause the removal of all visible signages, marks, advertisements, labels, prints and other effects bearing such corporate name. Upon the approval of the new corporate name, the Commission shall issue a certificate of incorporation under the amended name.

If the corporation fails to comply with the Commission's order, the Commission may hold the corporation and its responsible directors or officers in contempt and/or hold them administratively, civilly and/or criminally liable under this Code and other applicable laws and/or revoke the registration of the corporation.

SEC. 18. *Registration, Incorporation and Commencement of Corporate Existence.* - A person or group of persons desiring to incorporate shall submit the intended corporate name to the Commission for verification. If the Commission finds that the name is distinguishable from a name already reserved or registered for the use of another corporation, not protected by law and is not contrary to law, rules and regulations, the name shall be reserved in favor of the incorporators. The incorporators shall then submit their articles of incorporation and bylaws to the Commission.

If the Commission finds that the submitted documents and information are fully compliant with the requirements of this Code, other relevant laws, rules and regulations, the Commission shall issue the certificate of incorporation.

A private corporation organized under this Code commences its corporate existence and juridical personality from the date the Commission issues the certificate of incorporation under its official seal and thereupon the incorporators, stockholders/members and their successors shall constitute a body corporate under the name stated in the articles of incorporation for the period of time mentioned therein, unless said period is extended or the corporation is sooner dissolved in accordance with law.

SEC. 19. *De facto Corporations.* - The due incorporation of any corporation claiming in good faith to be a corporation under this Code, and its right to exercise corporate powers, shall not be inquired into collaterally in any private suit to which such corporation may be a party. Such inquiry may be made by the Solicitor General in a *quo warranto* proceeding.

SEC. 20. *Corporation by Estoppel.* - All persons who assume to act as a corporation knowing it to be without authority to do so shall be liable as general partners for all debts, liabilities and damages incurred or arising as a result thereof: *Provided, however,* That when any such ostensible corporation is sued on any transaction entered by it as a corporation or on any tort committed by it as such, it shall not be allowed to use its lack of corporate personality as a defense. Anyone who assumes an obligation to an ostensible corporation as such cannot resist performance thereof on the ground that there was in fact no corporation.

SEC. 21. *Effects of Non-Use of Corporate Charter and Continuous Inoperation.* - If a corporation does not formally organize and commence its business within five (5) years from the date of its incorporation, its certificate of incorporation shall be deemed revoked as of the day following the end of the five (5)-year period.

However, if a corporation has commenced its business but subsequently becomes inoperative for a period of at least five (5) consecutive years, the Commission may, after due notice and hearing, place the corporation under delinquent status.

A delinquent corporation shall have a period of two (2) years to resume operations and comply with all requirements that the Commission shall prescribe. Upon compliance by the corporation, the Commission shall issue an order lifting the delinquent status. Failure to comply with the requirements and resume operations within the period given by the Commission shall cause the revocation of the corporation's certificate of incorporation.

The Commission shall give reasonable notice to, and coordinate with the appropriate regulatory agency prior to the suspension or revocation of the certificate of incorporation of companies under their special regulatory jurisdiction.

TITLE III

BOARD OF DIRECTORS/TRUSTEES AND OFFICERS

SEC. 22. *The Board of Directors or Trustees of a Corporation; Qualification and Term.* - Unless otherwise provided in this Code, the board of directors or trustees shall exercise the corporate powers, conduct all business, and control all properties of the corporation.

Directors shall be elected for a term of one (1) year from among the holders of stocks registered in the corporation's books, while trustees shall be elected for a term not exceeding three (3) years from among the members of the corporation. Each director and trustee shall hold office until the successor is elected and qualified. A director who ceases to own at least one (1) share of stock or a trustee who ceases to be a member of the corporation shall cease to be such.

The board of the following corporations vested with public interest shall have independent directors constituting at least twenty percent (20%) of such board:

(a) Corporations covered by Section 17.2 of Republic Act No. 8799, otherwise known as "The Securities Regulation Code", namely those whose securities are registered with the Commission, corporations listed with an exchange or with assets of at least Fifty million pesos (P50,000,000.00) and having two hundred (200) or more holders of shares, each holding at least one hundred (100) shares of a class of its equity shares;

(b) Banks and quasi-banks, NSSLAs, pawnshops, corporations engaged in money service business, preneed, trust and insurance companies, and other financial intermediaries; and

(c) Other corporations engaged in businesses vested with public interest similar to the above, as may be determined by the Commission, after taking into account relevant factors which are germane to the objective and purpose of requiring the election of an independent director, such as the extent of minority ownership, type of financial products or securities issued or offered to investors, public interest involved in the nature of business operations, and other analogous factors.