

[REPUBLIC ACT NO. 62, October 17, 1946]

AN ACT TO REQUIRE THE PRESENTATION OF PROOF OF OWNERSHIP OF SECURITIES AND THE RECONSTRUCTION OF CORPORATE AND PARTNERSHIP RECORDS, AND FOR OTHER PURPOSES.

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

SECTION 1. Presentation of proof of ownership of securities and reconstruction of security and transfer books.

A. Corporations and other forms of associations which issued securities on or before March first, nineteen hundred and forty-five shall require their security holders to present proof of their holdings at the principal office of the corporation or association, within a period to be established by their respective boards of directors or managing officers, which period shall be not less than six months and shall not extend beyond June thirtieth, nineteen hundred and forty-seven. Notice of such requirement shall be given by publication once a week for three consecutive weeks in a newspaper of general circulation published in the place where the principal office of the corporation or association is located, or if no newspaper is published in such place, then in any other newspaper of general circulation in the Philippines, and by ordinary mail sent at the last known address of the security holders.

B. For purposes of this Act, the term "securities" shall be limited to shares of stocks and bonds and to shares of limited partners in limited partnerships.

C. Security holders shall submit to the issuer the evidence of their ownership of securities within the period prescribed pursuant to paragraph "A" of this section. Upon proper cause shown, the Securities and Exchange Commission may, in general or specific cases, grant extensions of time for the presentation of proof of ownership of securities, but in no case shall the total extended period exceed six months from the expiration of the original period.

D. The ownership of securities may be proved by any of the means of proof which may be provided for in the Rules and Regulations which the Securities and Exchange Commission is hereby authorized to promulgate, subject to the approval of the Secretary of Justice.

E. Upon satisfactory proof of ownership of securities, the issuer corporation or association shall issue new share certificates or bonds to the persons entitled thereto, or, in case of securities which have not been fully paid, or for which no payment whatsoever has been made, the issuer shall recognize all valid claims of ownership thereto or interest therein.

F. Upon the expiration of the period for the presentation of proof of ownership, securities for which no claim of ownership has been filed, or the ownership of which has not been satisfactorily proved, shall be turned over to and held in trust by the Securities and Exchange Commission for a period of three years:

Provided, however, That litigations pending in court concerning the owner ship of any outstanding security shall not be affected thereby and may continue until the rendition of final judgment. The Securities and Exchange Commission shall entertain claims of ownership to the securities held by it in trust in pursuance hereof and shall require the issuer corporation or association to issue new share certificates or bonds to such claimants as shall introduce satisfactory proof of ownership of securities, as prescribed in paragraph "D" of this section. Upon the expiration of the three-year period, the securities as to which satisfactory proof of ownership has not been presented or no claim has been filed, or the claim, if any, has been abandoned, and which are not the subject of litigation, shall escheat to the State. The subject matter of said litigation, if any, shall escheat, also, to the State, upon the rendition of final judgment of competent court, unless the same shall adjudicate the security or securities therein involved to any of the parties thereto.

G. The issuer corporation or association shall report to the Securities and Exchange Commission within fifteen days after the expiration of the period prescribed in paragraphs "A" and "C" of this section, its authorized capital stock, or, in case of bonds, the amount of issue authorized, the total number of securities outstanding, the total number of securities claimed, the total number of securities unclaimed, the total number of securities subject to conflicting claims, all cases against the issuer corporation or association concerning the ownership of securities, giving the names of the claimants and their respective holdings and/or subscriptions, the amount paid on subscriptions, if any, and such other material facts as said Commission may require. The Securities and Exchange Commission shall order the publication, at the expense of the issuer, of said report and invite the attention of the public thereto.

H. No action against the issuer corporation or association contesting the recognition of claim for ownership may be made after one year from the date of such recognition, except in case of fraud or bad faith, where an action may be filed within the period provided by law therefore.

I. Any person who by means of fraud, shall cause the recognition of any claim filed under the provisions of this Act, or who shall make a false statement as to the number of securities held or owned by the claimant, or the amount paid thereon, or any fact material to the claim, shall, upon conviction, be punished by a fine not exceeding ten thousand pesos, or imprisonment not exceeding ten years, or both such fine and imprisonment at the discretion of the court. The same penalty shall be imposed upon the directors or officers of the issuer corporation or association who shall conspire, connive, or collude with the one who made the false statement above referred to.

J. With respect to securities, the holders of which are abroad, the Securities and Exchange Commission shall provide such measures as may be necessary to effectuate the purposes of this Act.

K. Where the records of the corporation or association have not been destroyed or lost and there is no question as to the ownership of securities therein, the Securities and Exchange Commission may grant exemption from such requirements of this section as are not necessary to carry out the purposes of this Act: *Provided, however,* That in no case shall a corporation or association be exempted from issuing new share certificates or bonds for its old share certificates or bonds or, in case of securities which have not been fully paid, or for which no payment whatsoever has been made, from recognizing any valid claim of ownership thereto or interest therein.