SEC MEMORANDUM CIRCULAR NO. 12
Series of 2020

TO : **PUBLICLY-LISTED COMPANIES**

SUBJECT : **SHAREHOLDERS'S APPROVAL ON SALE OF CORPORATE ASSETS**

To promote good corporate governance and the protection of minority investors, the Commission, pursuant to its regulatory power under Section 179(d) of Republic Act No. 11232 otherwise known as the Revised Corporation Code of the Philippines (RCCP) and Administrative Order No. 38, Series of 2013 resolved to adopt the following rules:

(1) The sale or disposal of corporate property and assets amounting to at least 51% of the corporation's total assets shall be considered as sale of all or substantially all of corporate property and assets, whether such sale accrued in a single transaction or in several transactions taking place within one (1) year from the date of the first transaction (aggregate sale transactions).

(2) In sale of corporate assets or property falling under the preceding paragraph, the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock in a stockholders' meeting duly called for the purpose shall be required prior to the execution of the sale transaction.

(3) In aggregate sale transactions, shareholder approval shall be required for the sale transaction that breaches the 51% corporate asset threshold.

(4) The determination of whether or not the sale amounts to at least 51% of the corporation's assets must be computed based on its total assets as shown in its latest audited financial statements, provided that the computation may also be based on the latest quarterly financial statement or a special purpose financial statement prepared in connection with the execution of the transaction.

If, after due notice and hearing, the Commission finds that any provision of this Memorandum Circular has been violated, the Commission may impose any or all of the sanctions provided under Section 158 of the RCCP.

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Manila Bulletin, April 15, 2020
Philippine Star, April 15, 2020

This Memorandum Circular shall take effect upon its publication in two (2) newspapers of general circulation in the Philippines.

Pasay City, Philippines, 7 April 2020.

For the Commission:

EMILIO B. AQUINO
Chairperson