Securities and Exchange Commission
PHILIPPINES

SEC Memorandum Circular No. 22
Series of 2020

TO: : **ALL CONCERNED**

SUBJECT : **GUIDELINES ON CORPORATE TERM**
(Section 11 of the Revised Corporation Code of the Philippines)

WHEREAS, Republic Act No. 11232, otherwise known as "An Act Providing for the Revised Corporation Code of the Philippines" (RCC) was signed into law on February 20, 2019 and took effect on February 23, 2019;

WHEREAS, under Section 11 of the RCC, a corporation shall have perpetual existence unless its articles of incorporation provides otherwise; and

WHEREAS, under paragraph 2 of Section 11 of the RCC, a corporation with certificate of incorporation issued prior to the effectivity of the RCC, 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, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the RCC;

NOW THEREFORE, to implement Section 11 of the RCC, the Commission hereby promulgates the following guidelines:

Section 1. Corporations Incorporated under R.A. No. 11232 (Revised Corporation Code of the Philippines)

Corporations incorporated under the RCC shall have perpetual existence unless its articles of incorporation provides a specific corporate term.

Section 2. Corporations Incorporated under B.P. No. 68 (Corporation Code of the Philippines) and Act No. 1459 (The Corporation Law)

a. The corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation. The corporation, subject to payment of filing fees, may amend Article Four to reflect its perpetual corporate term in its Articles of Incorporation, by a vote of **majority** of its Board of Directors or Trustees and by a vote of its stockholders representing a **majority** of its outstanding capital stock including the non-voting shares, or a **majority** of the members, in case of a non-stock corporation. **Provided that**, for all other provisions to be amended in one same amended articles of incorporation, the required vote should be vote of majority of its Board of Directors or Trustees and vote of its stockholders representing a two-thirds (2/3) of its outstanding capital stock or members, in case of a non-stock corporation.

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b. A corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, that elects to continue with their present corporate term pursuant to the corporation's Articles of Incorporation, shall notify the Commission by filing a Notice with attached Directors' Certificate, certifying that the decision to retain the specific corporate term as specified in the Articles of Incorporation was approved in a meeting duly held for the purpose by a **majority vote of the Board of Directors or Trustees** and by the vote of the stockholders representing a **majority of the outstanding capital stock**, including the non-voting shares, or a **majority of the members**, in case of a non-stock corporation.

c. The Notice to be submitted to the Commission must be signed by at least a **majority** of the members of the Board of Directors or Trustees, and attested by the Corporate Secretary. The corporation may follow the attached sample format of the Notice to facilitate its compliance with the requirement of the RCC.

d. The Notice must be submitted to the Securities and Exchange Commission, Company Registration and Monitoring Department (CRMD), any SEC Satellite Office or SEC Extension Office, within a period of two years from February 23, 2019, or until February 23, 2021, pursuant to Section 185 of the RCC. A Certificate of Filing Notice to Retain Specific Corporate Term shall be issued to the corporation.

e. The corporate term of corporations which fail to comply with the required notification shall be treated as perpetual after the lapse of the two-year period.

Section 3. Amendment to Extend or Shorten the Corporate Term

a. Corporations incorporated under the RCC whose articles of incorporation provide for a specific term of existence and existing corporations incorporated under the The Corporation Code and The Corporation Law that opted to retain its specific corporate term, may file an amendment of articles of incorporation to extend or shorten the specific corporate term pursuant to Section 11, paragraph 3 of the RCC. The amendment must be approved by vote or written assent of **majority of the Board of Directors or Trustees** and vote or written assent of the stockholders representing **at least two-thirds (2/3) of the outstanding capital stock of the corporation**.

b. In no case shall any extension of corporations mentioned in the preceding paragraph be made earlier than three (3) years prior to the original or subsequent expiration date of the corporate term, unless there are justifiable reasons for extension as may be determined by the Commission.

c. Extension of the corporate term shall take effect only on the day following the original or subsequent expiry date (s).

Section 4. Amendment to Change Specific Corporate Term to Perpetual Corporate Term

Corporations incorporated under the RCC whose articles of incorporation provide for a specific term of existence and existing corporations incorporated under The Corporation Code and The Corporation Law that notified the Commission of the decision to retain the specific corporate term, may subsequently amend its specific corporate term to perpetual term of existence. The amendment must be approved by vote or written assent of **majority of the Board of Directors or Trustees** and vote or written assent of the stockholders representing **at least two-thirds (2/3) of the outstanding capital stock of the corporation**.

Section 5. Amendment to Change Perpetual Corporate Term to Specific Corporate Term

Corporations incorporated under the RCC whose articles of incorporation provide for perpetual term of existence, corporations incorporated under the Corporation Code of the Philippines and Old Corporation Code existing at the time of effectivity of the RCC

whose corporate terms were treated perpetual for failure to comply with the notification required under Section 2 of this Memorandum Circular, as well as corporations that amended their articles of incorporation to reflect their perpetual term of existence, may subsequently amend its perpetual term of existence to specific corporate term. The amendment must be approved by vote or written assent of **majority of the Board of Directors or Trustees** and vote or written assent of the stockholders representing **at least two-thirds (2/3) of the outstanding capital stock of the corporation.**

Section 6. Appraisal Right of Dissenting Stockholders

Any change in the corporate term pursuant to Section 11 shall be without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the RCC.

This Memorandum Circular shall take effect immediately after its publication in a newspaper of general circulation.

18 August 2020 at Pasay City, Philippines.

EMILIO B. AQUINO
Chairperson

NOTICE

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Gentlemen:

I, the undersigned Corporate Secretary of _____(name of corporation)_____ notifies the Securities and Exchange Commission ("Commission") that the **majority** of the Board of Directors/Trustees and the stockholders representing a **majority** of the outstanding capital stock, including the non-voting shares/**majority** of the members of the corporation, elected to retain its specific corporate term of existence of _____(no. of years)_____, as specified in the Articles of Incorporation/Amended Articles of Incorporation approved on _____.

Attached is a copy of Directors' Certificate dated _____.

_____Date_____ at _____.

_____
Corporate Secretary

DIRECTORS' CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned majority of the Directors/Trustees and the Corporate Secretary of _____ hereby certify that the **majority** of the Board of Directors/Trustees and the stockholders representing a **majority** of the outstanding capital stock, including the non-voting shares/**majority** of the members of the corporation, approved to retain the corporation's specific corporate term of existence of _____(no. of years)_____, as specified in the Articles of Incorporation/Amended Articles of Incorporation approved on _____, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the Revised Corporation Code, during a meeting held on _____ at the principal office of the corporation.

The Corporate Secretary, _____, was likewise authorized to notify the Securities and Exchange Commission pursuant to Section 11 of the Revised Corporation Code, that the corporation elected to retain its specific corporate term.

IN WITNESS WHEREOF, we have hereunto signed this certificate this _____day of _____ at _____.

_____ Director
TIN-_____

_____ Director
TIN-_____

_____ Director
TIN-_____

_____ Director
TIN-_____

_____ Director
TIN-_____

_____ Corporate Secretary
TIN-_____

SUBSCRIBED AND SWORN to before me this _____ day of _____ at _____by the above-named persons who exhibited to me their valid government identification cards as indicated below:

NAME	IDENTIFICATION DETAILS	DATE AND PLACE ISSUED

NOTARY PUBLIC

Doc. No.: _____
Page No.: _____
Book No.: _____
Series of _____.