Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

OFFICE OF THE GENERAL COUNSEL

26 January 2007

SEC-OGC Opinion No. 07-01
Frequency of Regular Meetings of Board of Directors; Date of Annual Meeting

MANSOR SECURITY AND GENERAL SERVICES, INC.
Ma. Clara Apartment Building
35 Rizal Street, Iloilo City

Attention: Mr. Federico P. Bajar, Jr.
President

Gentlemen:

This refers to your letter dated 29 November 2006 requesting opinion on the following:

1. whether an annual stockholders' meeting of Mansor Security and General Services, Inc. (the Corporation) can be held even if there is a pending intracorporate case involving the Corporation; and

2. whether the Corporation can amend its by-laws after the resolution of the intra-corporate controversies involving the Corporation to change the date of the annual stockholders' meeting and of the regular board meetings.

Anent your first query, the same is a proper subject of a case, which would require an appreciation of facts based on evidence of the parties. For that reason, this Office shall refrain from rendering opinion on the matter. Besides, the opinion of this Office is merely advisory in nature and not binding upon the parties who, if adversely affected would take issue with it and contest it before the courts.

To legally effect the change of the date of the annual stockholders' meeting and

of the board of meetings, the by-laws of the corporation should be amended in accordance with Section 48[1] of the Corporation Code.[2]

The by-laws contain the terms and conditions that govern the relationship between and among stockholders. These terms include, among others, the date of the meetings of the stockholders and of the directors. In the absence of such dates in the by-laws of a corporation, the provisions of Sections 50 and 53 of the Corporation Code shall govern.

In the instant query, considering that the by-laws of the Corporation provide for the date of its annual stockholders' meeting then the same shall be followed. Whether the Corporation may amend its by-laws to change the date of its annual stockholders' meeting is well within the power of the board of directors and the stockholders. Thus, the Corporation may change the date of its annual meeting from January to March of every year. Please take note, however, that the specific date of said meeting must be identified. This is pursuant to SEC Resolution No. 366, series of 2003 requiring that the annual meeting shall either be:

> "1. the specific date as fixed in the by-laws of the corporation; or
> 2. any date in April as determined by the board of directors or trustees if there is no such fixed date in the by-laws of the corporation."

The same resolution also disallows the phrase "any day" of a particular month as the date of annual meeting to be stated in the by-laws.

With regard to the regular meetings of directors, the directors are generally required to meet monthly. However, the Corporation Code allows corporations to specify the frequency of the regular meetings of their directors as they may deem necessary. Based on that premise, the Corporation may specify in its by-laws that the regular meeting of its board of directors shall be held quarterly instead of monthly as directed by Section 53 of the Corporation Code.

1SECTION 48. **Amendments to by-laws**. The board of directors or trustees, by a majority vote thereof, and the owners of at least a majority of the outstanding capital stock, or at least a majority of the members of a non-stock corporation, at a regular or special meeting duly called for the purpose, may amend or repeal any by-laws or adopt new by-laws. The owners of two-thirds (2/3) of the outstanding capital stock or two-thirds (2/3) of the members in a non-stock corporation may delegate to the board of directors or trustees the power to amend or repeal any by-laws or adopt new by-laws: Provided, That any power delegated to the board of directors or trustees to amend or repeal any by-laws or adopt new by-laws shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock or a majority of the members in non-stock corporations, shall so vote at a regular or special meeting.

Whenever any amendment or new by-laws are adopted, such amendment or new by-laws shall be attached to the original by-laws in the office of the corporation, and a copy thereof, duly certified under oath by the corporate secretary and a majority of the directors or trustees, shall be filed with the Securities and Exchange Commission the same to be attached to the original articles of incorporation and original by-laws.

The amended or new by-laws shall only be effective upon the issuance by the Securities and Exchange Commission of a certification that the same are not inconsistent with this Code. (22a and 23a)

2 SEC Summary of Advisory Opinions: 1982-1994, p. 142.

The foregoing opinion rendered is based solely on the facts disclosed in the query and relevant solely to the particular issues raised therein and shall not be used in the nature of a standing rule binding upon the Commission.[3]

VERNETTE G. UMALI-PACO
General Counsel

3 Paragraph 7 of SEC Memorandum Circular No. 15, series of 2003.