Republic of the Philippines
Department of Finance
Securities and Exchange Commission

OFFICE OF THE GENERAL COUNSEL

09 September 2019

SEC-OGC Opinion No. 19-33
Re: Term of License to do Business of a Foreign Corporation

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Attention: Atty. Priscilla B. Valer
Atty. Roxanne Viel C. Santos

Dear Attorneys:

This refers to your letter dated 8 August 2018 requesting for confirmation of your opinion that the license to do business in the Philippines granted by the Commission to a foreign corporation is co-terminus with the life of the foreign corporation.

Your letter states that Pacific Metals Co. Ltd. ("Pacific") is a foreign stock corporation organized and existing under the laws of Japan. It was issued a license to do business in the Philippines ("SEC License") on 23 October 1970.

You further stated that, as a general rule, the term of a corporation incorporated under the laws of Japan is perpetual or indefinite unless its Articles of Incorporation expressly provides a specific term. Pacific's Articles of Incorporation did not provide for a definite corporate term, hence, its corporate term is deemed perpetual or indefinite.

On the contrary, however, Section 11 of the then Corporation Code of the Philippines[1]("Code") provides that a corporation shall exist for a period not exceeding fifty (50) years from the date of incorporation unless the period is extended. Because of the differing provisions, you are in quandary on whether or not Pacific needs to renew its SEC License before October 2020, the 50th year of its license.

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[1] Batas Pambansa, Blg. 68.

The pertinent provision applicable to licenses to transact business in the Philippines issued to foreign corporations is Section 126 of the Code, which is reproduced under Section 143 of the Revised Corporation Code[2] ("RCC") , to wit:

> "Section 143. *Issuance of a License* – xxx Upon issuance of the license, such foreign corporation may commence to transact business in the Philippines and **continue to do so for as long as it retains its authority to act as a corporation under the laws of the country or State of its incorporation**, unless such license is sooner **surrendered, revoked, suspended, or annulled in accordance with this Code or other special laws**. xxx" (Emphasis supplied)

From the foregoing, we confirm your opinion. As long as the foreign corporation still exists legally in its place of incorporation, its license to do business in the Philippines remains valid, unless sooner surrendered, revoked, suspended, or annulled in accordance with the RCC or other special laws.

It shall be understood that the foregoing opinion is rendered 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 courts, or upon the Commission in other cases of similar or dissimilar circumstances.[3] If upon investigation, it will be disclosed that the facts relied upon are different, this opinion shall be rendered null and void.

Please be guided accordingly.

CAMILO S. CORREA
General Counsel

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[2] Republic Act No. 11232
[3] SEC Memorandum Circular 2003-15, No. 7