

[**BATAS PAMBANSA BLG. 68, May 01, 1980**]

THE CORPORATION CODE OF THE PHILIPPINES

Be it enacted by the Batasang Pambansa in session assembled:

Title I—*GENERAL PROVISIONS*

Definitions and Classifications

SECTION 1. *Title of the Code.*—This Code shall be known as "The Corporation Code of the Philippines." (n)

SEC. 2. *Corporation defined.*—A corporation is an artificial being created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incident to its existence. (2)

SEC. 3. *Classes of corporations.*—Corporations formed or organized under this Code may be stock or non-stock corporations. Corporations which have capital stock divided into shares and are authorized to distribute to the holders of such shares dividends or allotments of the surplus profits on the basis of the shares held are stock corporations. All other corporations are non-stock corporations. (3a)

SEC. 4. *Corporations created by special laws or charters.* —Corporations created by special laws or charters shall be governed primarily by the provisions of the special law or charter creating them or applicable to them, supplemented by the provisions of this Code, insofar as they are applicable. (n)

SEC. 5. *Corporators and incorporators, stockholders and members.*—Corporators are those who compose a corporation, whether as stockholders or as members. Incorporators are those stockholders or members mentioned in the articles of incorporation as originally forming and composing the corporation and who are signatories thereof.

Corporators in a stock corporation are called stockholders or shareholders. Corporators in a non-stock corporation are called members. (4a)

SEC. 6. *Classification of shares.*—The shares of stock of stock corporations may be divided into classes or series of shares, or both, any of which classes or series of shares may have such rights, privileges or restrictions as may be stated in the articles of incorporation: *Provided*, That no share may be deprived of voting rights except those classified and issued as "preferred" or "redeemable" shares, unless otherwise provided in this Code: *Provided, further*, That there shall always be a class or series of shares which have complete voting rights. Any or all of the shares or series of shares may have a par value or have no par value as may be provided for in the articles of incorporation: *Provided, however*, That banks, trust companies, insurance companies, public utilities, and building' and loan associations shall not be permitted to issue no-par value shares of stock.

Preferred shares of stock issued by any corporation may be given preference in the distribution of the assets of the corporation in case of liquidation and in the distribution of dividends, or such other preferences as may be stated in the articles of incorporation which are not violative of the provisions of this Code: *Provided*, That preferred shares of stock may be issued only with a stated par value. The board of directors, where authorized in the articles of incorporation, may fix the terms and conditions of preferred shares of stock or any series thereof: *Provided*, That such terms and conditions shall be effective upon the filing of a certificate thereof with the Securities and Exchange Commission.

Shares of capital stock issued without par value shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable to the corporation or to its creditors in respect thereto: *Provided*, That shares without par value may not be issued for a consideration less than the value of five (P5.00) pesos per share: *Provided, further*, That the entire consideration received by the corporation for its no-par value shares shall be treated as capital and shall not be available for distribution as dividends.

A corporation may, furthermore, classify its shares for the purpose of insuring compliance with constitutional or legal requirements.

Except as otherwise provided in the articles of incorporation and stated in the certificate of stock, each share shall be equal in all respects to every other share.

Where the articles of incorporation provide for non-voting shares in the cases allowed by this Code, the holders of such shares shall nevertheless be entitled to vote on the following matters:

1. Amendment of the articles of incorporation;
2. Adoption and amendment of by-laws;
3. Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;
4. Incurring, creating or increasing bonded indebtedness;
5. Increase or decrease of capital stock;
6. Merger or consolidation of the corporation with another corporation or other corporations;

7. Investment of corporate funds in another corporation or business in accordance with this Code; and
8. Dissolution of the corporation.

Except as provided in the immediately preceding paragraph, the vote necessary to approve a particular corporate act as provided in this Code shall be deemed to refer only to stocks with voting rights. (5a)

SEC. 7. *Founders' shares.*—Founders' shares classified as such in the articles of incorporation may be given certain rights and privileges not enjoyed by the owners of other stocks, provided that where the exclusive right to vote and be voted for in the election of directors is granted, it must be for a limited period not to exceed five (5) years subject to the approval of the Securities and Exchange Commission. The five-year period shall commence from the date of the aforesaid approval by the Securities and Exchange Commission.

SEC. 8. *Redeemable shares.*—Redeemable shares may be issued by the corporation when expressly so provided in the articles of incorporation. They may be purchased or taken up by the corporation upon the expiration of a fixed period, regardless of the existence of unrestricted retained earnings in the books of the corporation, and upon such other terms and conditions as may be stated in the articles of incorporation, which terms and conditions must also be stated in the certificates of stock representing said shares. (n)

SEC. 9. *Treasury shares.*—Treasury shares are shares of stock which have been issued and fully paid for but subsequently reacquired by the issuing corporation by purchase, redemption, donation or through some other lawful means. Such shares may again be disposed of for a reasonable price fixed by the board of directors. (n)

Title II—INCORPORATION AND ORGANIZATION OF PRIVATE CORPORATIONS

SEC. 10. *Number and qualifications of incorporators.*— Any number of natural persons not less than five (5) but not more than fifteen (15), all of legal age and a majority of whom are residents of the Philippines, may form a private corporation for any lawful purpose or purposes. Each of the incorporators of a stock corporation must own or be a subscriber to at least one (1) share of the capital stock of the corporation. (6a)

SEC. 11. *Corporate term.*—A corporation shall exist for a period not exceeding fifty (50) years from the date, of incorporation unless sooner dissolved or unless said period is extended. The corporate term, as originally stated in the articles of incorporation, may be extended for periods not exceeding fifty (50) years in any single instance by an amendment of the articles of incorporation, in accordance with this Code: *Provided*, That no extension can be made earlier than five (5) years prior to the original or subsequent expiry date unless there are justifiable reasons for an earlier extension as may be determined by the Securities and Exchange Commission. (6)

SEC. 12. *Minimum capital stock required of stock corporations.*—Stock corporations incorporated under this Code shall not be required to have any minimum authorized capital stock except as otherwise specifically provided for by special law, and subject to the provisions of the following section.

SEC. 13. *Amount of capital stock to be subscribed and paid for purposes of incorporation.*—At least twenty-five (25%) percent of the authorized capital stock as stated in the articles of incorporation must be subscribed at the time of incorporation, and at least twenty-five (25%) percent of the total subscription must be paid upon subscription, the balance to be payable on a date or dates fixed in the contract of subscription without need of call, or in the absence of a fixed date or dates, upon call by the board of directors: *Provided, however*, That in no case shall the paid-up capital be less than five thousand (P5,000.00) pesos. (n)

SEC. 14. *Contents of articles of incorporation.*—All corporations organized under this Code shall file with the Securities and Exchange Commission articles of incorporation in any of the official languages, duly signed and acknowledged by all of the incorporators, containing substantially the following matters, except as otherwise prescribed by this Code or by special law:

1. The name of the corporation;
2. The specific purpose or purposes for which the corporation is being incorporated. Where a corporation has more than one stated purpose, the articles of incorporation shall state which is the primary purpose and which is/are the secondary purpose or purposes: *Provided*, That a non-stock corporation may not include a purpose which would change or contradict its nature as such;
3. The place where the principal office of the corporation is to be located, which must be within the Philippines;
4. The term for which the corporation is to exist;
5. The names, nationalities and residences of the incorporators;
6. The number of directors or trustees, which shall not be less than five (5) nor more than fifteen (15) ;
7. The names, nationalities and residences of the persons who shall act as directors or trustees until the first regular directors or trustees are duly elected and qualified in accordance with this Code;
8. If it be a stock corporation, the amount of its authorized capital stock in lawful money of the Philippines, the number of shares into which it is divided, and in case the shares are par value shares, the par value of each, the names, nationalities and residences of the original subscribers, and the amount subscribed and paid by each on his subscription, and if some or all of the shares are without par value, such fact must be stated;
9. If it be a non-stock corporation, the amount of its capital, the names, nationalities and residences of the contributors and the amount contributed by each; and
10. Such other matters as are not inconsistent with law and which the incorporators may deem necessary and convenient.

The Securities and Exchange Commission shall not accept the articles of incorporation of any stock corporation unless accompanied by a sworn statement of the Treasurer elected by the subscribers showing that at least twenty-five (25%) percent of the authorized capital stock of the corporation has been subscribed, and at least twenty-five (25%) percent of the total subscription has been fully paid to him in actual cash and/or in property the fair valuation of which is equal to at least twenty-five (25%) percent of the said subscription, such paid-up capital being not less than five thousand (P5,000.00) pesos.

SEC. 15. *Form of articles of incorporation.*—Unless otherwise prescribed by special law, articles of incorporation of all domestic corporations shall comply substantially with the following form:

Articles of Incorporation
of

(Name of Corporation)

Know All Men by These Presents:

The undersigned incorporators, all of legal age and a majority of whom are residents of the Philippines, have this day voluntarily agreed to form a (stock) (non-stock) corporation under the laws of the Republic of the Philippines ;

And we Hereby Certify:

First: That the name of said corporation shall be" _____, Inc. or Corporation";

SECOND: That the purpose or purposes for which such corporation is incorporated are: (If there is more than one purpose, indicate primary and secondary purposes);

Third: That the principal office of the corporation is located in the City/Municipality of _____, Province of _____, Philippines;

Fourth: That the term for which the said corporation is to exist is _____ years from and after the date of issuance of the certificate of incorporation;

"Fifth: That the names, nationalities and residences of the incorporators of the corporation are as follows:

Name	Nationality	Residence
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Sixth: That the number of directors or trustees of the corporation shall be _____; and the names, nationalities and residences of the first directors or trustees of the corporation are as follows:

Name	Nationality	Residence
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Seventh : That the authorized capital stock of the corporation is _____ (P _____) pesos in lawful money of the Philippines, divided into _____ shares with the par value of _____ (P _____) pesos per share.

(In case all the shares are without par value):

That the capital stock of the corporation is _____ shares without par value. (In case some shares have par value and some are without par value) : That the capital stock of said corporation consists of _____ shares of which _____ shares are of the par value of _____ (P _____) pesos each, and of which _____ shares are without par value.

Eighth: That at least twenty-five. (25%) percent of the authorized capital stock above stated has been subscribed as follows:

Name of Subscriber	Nationality	No. of Shares Subscribed	Amount Subscribed
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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Ninth: That the above-named subscribers have paid at least twenty-five (25%) percent of the total subscription as follows:

Name of Subscriber	Amount Subscribed	Total Paid-In
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(Modify Nos. 8 and 9 if shares are with no par value In case the corporation is non-stock, Nos. 7, 8 and 9 of the above articles may be modified accordingly, and it is sufficient if the articles state the amount of capital or money contributed or donated by specified persons, stating the names, nationalities and residences of the contributors or donors and the respective amount given by each.)

Tenth: That _____ has been elected by the subscribers as Treasurer of the Corporation to act as such until his successor is duly elected and qualified in accordance with the by-laws, and that as such Treasurer, he has been authorized to receive for and in the name and for the benefit of the corporation, all subscriptions (or fees) or contributions or donations paid or given by the subscribers or members.

Eleventh: (Corporations which will engage in any business or activity reserved for Filipino citizens shall provide the following) :

"No transfer of stock or interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be indicated in all the stock certificates issued by the corporation."

In witness whereof, we have hereunto signed these Articles of Incorporation, this _____ day of _____, 19____, in the City/Municipality of _____, Province of _____, Republic of the Philippines.

(Names and signatures of the incorporators)

Signed in the Presence of:

(Notarial Acknowledgment)

TREASURER'S AFFIDAVIT

Republic of the Philippines
CITY/MUNICIPALITY OF _____
Province of _____

I, _____, being duly sworn, depose and say:

That I have been elected by the subscribers of the corporation as Treasurer thereof, to act as such until my successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that as such Treasurer, I hereby certify under oath that at least 25% of the authorized capital stock of the

corporation has been subscribed and at least 25% of the total subscription has been paid, and received by me, in cash or property, in the amount of not less than P5,000.00, in accordance with the Corporation Code.

(Signature of Treasurer)

Subscribed and Sworn to before me, a Notary Public, for and in the City/Municipality of _____, Province of _____, this _____ day of _____, 19____; by with Res. Cert. No. _____ issued at _____ on _____, 19____.

Notary Public
My commission expires on _____, 19____

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 19__ (7a)

SEC. 16. *Amendment of articles of incorporation.*— Unless otherwise prescribed by this Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code, or the vote or written assent of at least two-thirds (2/3) of the members if it be a non-stock corporation.

The original and amended articles together shall contain all provisions required by law to be set out in the articles of incorporation. Such articles, as amended, shall be indicated by underscoring the change or changes made, and a copy thereof duly certified under oath by the corporate secretary and a majority of the directors or trustees stating the fact that said amendment or amendments have been duly approved by the required vote of the stockholders or members, shall be submitted to the Securities and Exchange Commission.

The amendments shall take effect upon their approval by the Securities and Exchange Commission or from the date of filing with the said Commission if not acted upon within six (6) months from the date of filing for a cause not attributable to the corporation.

SEC. 17. *Grounds when articles of incorporation or amendment may be rejected or disapproved.*—The Securities and Exchange Commission may reject the articles of incorporation or disapprove any amendment thereto if the same is not in compliance with the requirements of this Code: *Provided*, That the Commission shall give the incorporators a reasonable time within which to correct or modify the objectionable portions of the articles or amendment. The following are grounds for such rejection or disapproval:

1. That the articles of incorporation or any amendment thereto is not substantially in accordance with the form prescribed herein;
2. That the purpose or purposes of the corporation are patently unconstitutional, illegal, immoral, or contrary to government rules and regulations;
3. That the Treasurer's Affidavit concerning the amount of capital stock subscribed and/or paid is false;
4. That the percentage of ownership of the capital stock to be owned by citizens of the Philippines has not been complied with as required by existing laws or the Constitution.

No articles of incorporation or amendment to articles of incorporation of banks, banking and quasi-banking institutions, building and loan associations, trust companies and other financial intermediaries, insurance companies, public utilities, educational institutions, and other corporations governed by special laws shall be accepted or approved by the Commission unless accompanied by a favorable recommendation of the appropriate government agency to the effect that such articles or amendment is in accordance with law. (n)

SEC. 18. *Corporate name.*—No corporate name may be allowed by the Securities and Exchange Commission if the proposed name is identical or deceptively or confusingly similar to that of any existing corporation or to any other name already protected by law or is patently deceptive, confusing or contrary to existing laws. When a change in the corporate name is approved, the Commission shall issue an amended certificate of incorporation under the amended name. (n)

SEC. 19. *Commencement of corporate existence.*—A private corporation formed or organized under this Code commences to have corporate existence and juridical personality and is deemed incorporated from the date the Securities and Exchange Commission issues a certificate of incorporation under its official seal; and thereupon the incorporators, stockholders/members and their successors shall constitute a body politic and corporate under the name stated in the articles of incorporation for the period of time mentioned therein, unless said period is extended or the corporation is sooner dissolved in accordance with law. (n)

SEC. 20. *De facto corporations.*—The due incorporation of any corporation claiming in good faith to be a corporation under this Code, and its right to exercise corporate powers, shall not be inquired into collaterally in any private suit