



**Securities and  
Exchange  
Commission**  
PHILIPPINES



**BRIEFER ON  
REVISED  
CORPORATION  
CODE**

# FOREWORD



Corporations are more than entities intended for making money or advancing the interests of certain groups; they make for an essential component of inclusive growth.

Successful corporations create jobs and unlocks more business opportunities. They also enable the government in delivering quality health services, education and public infrastructure, among others.

Enabling corporations to keep pace with the fast-evolving business landscape is therefore imperative amid our pursuit for sustained, sustainable and inclusive growth, the centerpiece of the Philippine development agenda.

The enactment of Republic Act No. 11232, otherwise known as The Revised Corporation Code of the Philippines, is one giant leap forward. It fills the gaps in the almost four-decade-old Batas Pambansa Blg. 68 and supersedes provisions that have become obsolete and even hindersome in a fast-paced and highly competitive environment.

Overall, the Revised Corporation Code fosters inclusive entrepreneurship, improves the ease of doing business in the country and subsequently the economy's competitiveness, promotes good corporate governance, and increases protection afforded to corporations, investors and other stakeholders through progressive provisions.

Among others, the Revised Corporation Code provides for the establishment of a one- person corporation (OPC), perpetual existence of corporations, electronic filing and monitoring, alternative dispute resolution, stockholder participation through remote communication, election of independent directors for corporations vested with public interest, the concept of emergency board, and deterrence against corporate abuses, fraud and corruption.

These progressive provisions were signed into law by President Rodrigo R. Duterte on 20 February 2019 and became effective upon completion of the publication of the Revised Corporation Code on Manila Bulletin and BusinessMirror on 23 February 2019.

These are much-needed reforms that support the government's economic agenda, especially on increasing the economy's competitiveness and improving the ease of doing in the country in order to attract job-generating investments.

The Commission, as the overseer of the corporate sector, expresses its gratitude to the Office of the President, the Senate of the Philippines and the House of Representatives for the passage of the Revised Corporation Code. The Commission also acknowledges the Department of Finance, other government agencies and organizations that have supported the measure.

Moving forward, the Commission will continue pursuing reforms that will further enable the corporate sector to thrive and contribute more to the realization of our shared vision of a strongly-rooted, comfortable and secure life.

# REVISED CORPORATION CODE SALIENT POINTS

On February 23, 2019, Republic Act No. 11232 or the Revised Corporation Code became effective, replacing Batas Pambansa Blg. 68. The law introduces fresh and progressive concepts aimed at improving the ease of doing business in the country, promoting good corporate governance and afford protection to corporations, investors and consumers alike, amid a fast-evolving business landscape. Here are some of the key provisions of the new Code

## 1 PERPETUAL TERM

There's forever with the Revised Corporation Code! Section 115 provides that corporations are now allowed to exist beyond the 50-year term provided in the old code.



This will eliminate the possibility of legitimate and productive business prematurely closing down only because they have failed to renew their registration.

## 2 ONE PERSON CORPORATION



Build your corporation on your own, literally. The RCC removed the minimum number of incorporators required to organize a corporation and allowed the formation of one-person corporation, a corporation with a single stockholder and without a minimum authorized capital stock required.

## 3 NO MINIMUM CAPITAL STOCK



Start your business with as little capital or funding possible. Section 12 provides that Corporations shall not be required to have a minimum capital stock, except as otherwise specifically provided by special law. capital stock required.

## 4 PARTICIPATION VIA REMOTE COMMUNICATIONS, IN ABSENTIA

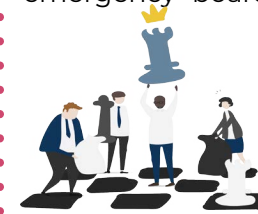


Be involved in the decision-making process whenever and wherever you are. The RCC has allowed the use of remote communication such as videoconferencing and teleconferencing during stockholder meetings. Stockholder may also participate and vote in absentia.

## 5 EMERGENCY BOARD

Be more decisive in times of emergency.

Amendment also includes the provision of an emergency board when a vacancy in a corporation's board of directors prevents the remaining directors from consulting a quorum and consequently from making emergency action required to prevent grave, substantial and irreparable loss or damage.



## 6 ELECTRONIC FILING AND MONITORING SYSTEM

Register, apply or file online.



As part of efforts of doing business in the country, the Revised Corporation Code mandated the Commission to develop and implement an electronic filing and monitoring system. So far, the Commission has implemented an online company registration system.

# F A Q

## FREQUENTLY ASKED QUESTIONS



### I. WHAT IS ONE PERSON CORPORATION?

A one person corporation (OPC) is a **corporation with a single stockholder**, who can only be a natural person, trust or estate.

The incorporator of an OPC being a **natural person** must be of **legal age**.

As an incorporator, the **“trust”** as used by the law does not refer to a trust entity, but as subject being managed by a trustee.

If the single stockholder is a trustee, administrator, executor, guardian, conservator, custodian, or other person exercising fiduciary duties, **proof of authority** to act on behalf of the trust or estate must be submitted at the time of incorporation.



### HOW TO CRAFT THE OPC'S CORPORATE NAME?

The suffix "OPC" should be indicated by the one person corporation either below or at the end of its corporate name.

### WHAT POSITION SHOULD BE ASSUMED BY THE STOCKHOLDER?

The single stockholder shall be the sole director and president of the OPC.

### WHAT POSITION IS PROHIBITED TO BE ASSUMED BY THE SINGLE STOCKHOLDER?

The single stockholder may not be appointed as corporate secretary but may assume the role of a treasurer.

### WHAT ADDITIONAL REQUIREMENT SHOULD BE SUBMITTED IF THE SINGLE STOCKHOLDER IS ALSO APPOINTED AS TREASURER?

The single stockholder who assumes the position of the Treasurer shall post a surety bond to be computed based on the authorized capital stock of the OPC



FREQUENTLY  
ASKED  
QUESTIONS



**WHICH POSITIONS SHOULD  
BE APOINTED?**

Within fifteen (15) days from the issuance of its certificate of incorporation, the OPC shall appoint a treasurer, corporate secretary, and other officers, and notify the SEC thereof within five (5) days from appointment, using the Appointment Form as may be prescribed by the SEC.

**DESIGNATION OF NOMINEE AND  
ALTERNATE NOMINEE**

The single stockholder is required to designate a nominee and an alternate nominee named in the Articles of Incorporation in the event of death and incapacity. The written consent of both the nominee and alternate nominee shall be attached to the application for incorporation.

**CAN THE NOMINEE AND ALTERNATE  
NOMINEE BE CHANGED?**

The single stockholder may, at any time, change its nominee and alternate nominee by submitting to the Commission the names of the new nominees and their corresponding written consent. The Articles of Incorporation need not be amended.

FREQUENTLY  
ASKED  
QUESTIONS ?

WHAT REQUIREMENT  
SHOULD BE FILED?

The OPC shall file its Articles of Incorporation (AI) in accordance with the requirements of Section 14 of the Revised Corporation Code of the Philippines.

WHAT SHOULD BE INCLUDED IN THE  
ARTICLES OF INCORPORATION?

The AI must set forth its primary purpose, principal office address, term of existence, names and details of the single stockholder, the nominee and alternate nominee and the authorized, subscribed and paid-up capital and such other matters consistent with law and which may be deemed necessary and convenient.

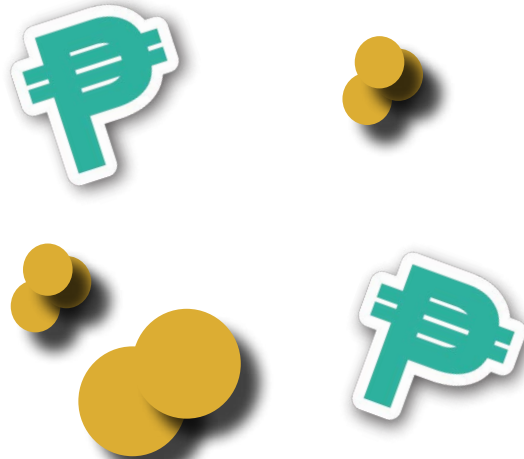
IS OPC REQUIRED TO  
SUBMIT ITS BY-LAWS?

The OPC is not  
required to submit  
and file its By-Laws.



### WHAT IS THE MINIMUM CAPITAL STOCK FOR OPC?

The OPC is not required to have a minimum authorized capital stock except as otherwise provided by special law.



### WHAT WILL HAPPEN IN CASE OF INCAPACITY OF SINGLE STOCKHOLDER?

In case the single stockholder becomes incapacitated, the nominee can take over the management of the OPC as director and president. At the end of the incapacity, the single stockholder can resume the management of the OPC.

### WHAT WILL HAPPEN IN CASE OF DEATH OR PERMANENT INCAPACITY OF SINGLE STAKEHOLDER?

In case of death or permanent incapacity of the single stakeholder, the nominee will take over the management of the OPC until the legal heirs of the single stockholder have been lawfully determined and the heirs have agreed among themselves who will take the place of the deceased.





**THE OPC MUST SUBMIT THE FOLLOWING DOCUMENTS WITHIN THE PERIOD REQUIRED BY THE SEC:**

- A** Annual audited financial statements within 120 days from the end of its fiscal year as indicated in its Articles of Incorporation;
- B** A report on all explanations or comments by the president on the qualification, reservation or adverse remarks made by the auditor in the financial statements;
- C** A disclosure of all self-dealings and related party transactions entered into between the OPC and the single stockholder;
- D** Other reports as the SEC may require.



## WHO ARE NOT ALLOWED TO FORM OPCs?

BANKS

NON-BANK FINANCIAL INSTITUTIONS

QUASI-BANKS

PRE-NEED, TRUST AND INSURANCE COMPANIES

PUBLIC AND PUBLICLY LISTED COMPANIES

NON-CHARTERED (GOCCS)

A NATURAL PERSON WHO IS LICENSED TO EXERCISE A PROFESSION MAY NOT ORGANIZE AS AN OPC FOR THE PURPOSE OF EXERCISING SUCH PROFESSION EXCEPT AS OTHERWISE PROVIDED UNDER SPECIAL LAWS.

## CAN FOREIGN NATIONAL PUT UP OPC?

A foreign natural person may put an OPC, subject to the applicable constitutional and statutory restrictions on foreign participation in certain investment areas or activities.



**WHY SHOULD  
YOU CONVERT  
TO OPC?**

It has been said that limited liability is the corporation's most precious characteristic, and the most effective legal invention made in the nineteenth century.

One Person Corporation takes this innovation further by combining limited liability with the complete dominion of a sole proprietorship.

Only a Domestic Corporation organized as a Stock Corporation may be converted into a One Person Corporation.

The Ordinary Stock Corporation (OCS) may only apply for its conversion to OPC after a natural person of legal age, a trust, or an estate ("single stockholder") acquired all outstanding capital stocks of an OSC.



**WHO MAY  
CONVERT TO  
OPC?**

Conversion is processed in the same manner as amendment of an Articles of Incorporations/By-laws.



## WHAT ARE THE REQUIRED DOCUMENTS?

### 1 AMENDED ARTICLES OF INCORPORATION

- Name of the Corporation, for the inclusion of the suffix OPC and removal of any suffix indicating an Ordinary Stock Corporation such as Corporation, Incorporated, Corp. or Inc.
- Reducing director into one (1) providing name, nationality and residence of the natural person, trustee, administrator, executor or other person exercising fiduciary duties.
- Nominee and Alternate Nominee
- Amendment or removal of provisions distinctive to Ordinary Stock Corporations

## WHAT ARE THE REQUIRED DOCUMENTS?

2

### SECRETARY'S CERTIFICATE

TO THE FOLLOWING EFFECT:

- The single stockholder acquired all of the outstanding shares in the Ordinary Stock Corporation (OSC);
- The single stockholder has decided to convert the OSC to OPC and for the purpose, has decided to:
  1. Amend the Articles of Incorporation;
  2. Repeal the By-laws of the OSC or adopt a new By-laws for the OPC;
  3. Appoint a nominee and alternate for the OPC;
- All taxes and obligations in favor of the government has been settled; and
- The OSC, or any of its stockholder, director, or officer is not involved in any intra-corporate dispute.

3

**PROOF OF ACQUISITION OF ALL THE OUTSTANDING SHARES SUCH AS, BUT NOT LIMITED TO, CERTIFIED TRUE COPIES OF DEEDS OF ASSIGNMENTS AND OF CERTIFICATES AUTHORIZING REGISTRATION ISSUED BY THE BUREAU OF INTERNAL REVENUE**

4

**AFFIDAVIT OF ACCEPTANCE EXECUTED UNDER OATH BY THE NOMINEE AND BY THE ALTERNATE NOMINEE, IF NOT YET INCLUDED IN THE SECRETARY'S CERTIFICATE.**

## WHAT ARE THE REQUIRED DOCUMENTS?

5

NAME RESERVATION

6

MONITORING CLEARANCE; AND

7

UNDERTAKING TO CHANGE CORPORATE NAME DULY EXECUTED UNDER OATH BY THE SINGLE STOCKHOLDER OF THE SOLE REMAINING DIRECTOR, IF NOT YET INCLUDED IN THE ARTICLES OF INCORPORATION

Conversion shall take effect upon approval of the Amended Articles of Incorporation through the issuance of a Certificate of Filing of Conversion to One Person Corporation.



**SEC MAIN OFFICE**  
**Secretariat Building, PICC Complex**  
**Roxas Boulevard, Metro Manila Philippines**  
**Telephone No.:(+632) 818-0923**  
**Fax No.:(+632) 818-5293**