

LAW ON CORPORATION

TITLE VIII CORPORATE BOOKS AND RECORDS

**CORPORATION CODE OF THE PHILIPPINES
Sec. 74-75**



Sec. 74. Books to be kept; stock transfer agent. – Every corporation shall keep and carefully preserve at its principal office a record of all business transactions and minutes of all meetings of stockholders or members, or of the board of directors or trustees, in which shall be set forth in detail the time and place of holding the meeting, how authorized, the notice given, whether the meeting was regular or special, if special its object, those present and absent, and every act done or ordered done at the meeting. Upon the demand of any director, trustee, stockholder or member, the time when any director, trustee, stockholder or member entered or left the meeting must be noted in the minutes; and on a similar demand, the yeas and nays must be taken on any motion or proposition, and a record thereof carefully made. The protest of any director, trustee, stockholder or member on any action or proposed action must be recorded in full on his demand. The records of all business transactions of the corporation and the minutes of any meetings shall be open to inspection by any director, trustee, stockholder or member of the corporation at reasonable hours on business days and he may demand, writing, for a copy of excerpts from said records or minutes, at his expense.

Any officer or agent of the corporation who shall refuse to allow any director, trustees, stockholder or member of the corporation to examine and copy excerpts from its records or minutes, in accordance with the provisions of this Code, shall be liable to such director, trustee, stockholder or member for damages, and in addition, shall be guilty of an offense which shall be punishable under Section 144 of this Code: Provided, That if such refusal is made pursuant to a resolution or order of the board of directors or trustees, the liability under this section for such action shall be imposed upon the directors or trustees who voted for such refusal: and Provided, further, That it shall be a defense to any action under this section that the person demanding to examine and copy excerpts from the corporation's records and minutes has improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making his demand.

Stock corporations must also keep a book to be known as the "stock and transfer book", in which must be kept a record of all stocks in the names of the stockholders alphabetically arranged; the installments paid and unpaid on all stock for which subscription has been made, and the date of payment of any installment; a statement of every alienation, sale or transfer of stock made, the date thereof, and by and to whom made; and such other entries as the by-laws may prescribe. The stock and transfer book shall be kept in the principal office of the corporation or in the office of its stock transfer agent and shall be open for inspection by any director or stockholder of the corporation at reasonable hours on business days.

No stock transfer agent or one engaged principally in the business of registering transfers of stocks in behalf of a stock corporation shall be allowed to operate in the Philippines unless he secures a license from the Securities and Exchange Commission and pays a fee as may be fixed by the Commission, which shall be renewable annually: Provided, That a stock corporation is not precluded from performing or making transfer of its own stocks, in which case all the rules and regulations imposed on stock transfer agents, except the payment of a license fee herein provided, shall be applicable.

Books and records to be kept by Corporation

1. Record of all business transactions
2. Minutes of all meetings of stockholders or members, or of board of directors or trustees
3. Stock and transfer books
4. Optional records and supplementary books as many be necessary or required by special laws

SEC Rules requiring filing of documents. The SEC requires all corporations whose securities are listed in any stock exchange or with permits to sell shares to the public or with twenty or more stockholders shall hereafter submit to this Commission within thirty (30) days after approval of the corporate action, certified true copies of the following documents evidencing the same, to wit:

- a. Minute of meetings
 1. Calling for payment of unpaid subscriptions
 2. Increasing or decreasing the capital stock
 3. Changing the nomenclature of shares of stock or certificates of indebtedness
 4. Authorizing the borrowing of material sums of money
- b. Other documents, such as:
 1. Certificated changing the composition of the board of directors and officers
 2. Certificates changing the ownership of the controlling interest in the corporation

Management contracts duly approved by the stockholders.

Sec. 75. Right to financial statements. – Within ten (10) days from receipt of a written request of any stockholder or member, the corporation shall furnish to him its most recent financial statement, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the result of its operations.

At the regular meeting of stockholders or members, the board of directors or trustees shall present to such stockholders or members a financial report of the operations of the corporation for the preceding year, which shall include financial statements, duly signed and certified by an independent certified public accountant.

However, if the paid-up capital of the corporation is less than P50,000.00, the financial statements may be certified under oath by the treasurer or any responsible officer of the corporation.

Stockholder's rights to financial statements and reports

1. Balance sheet as of the end of the last taxable year.
2. A profit and loss statement for said taxable year.
3. The board of directors or trustees shall present “a financial report” to stockholders or members.

SEC REPORTORIAL REQUIREMENTS Period	Requirements
Within 30 days from registration of articles onaf incorporation	a) Set up books of accounts duly registered with the BIR wherein receipts and disbursements made are immediately recorded. b) Set up and register with the SEC its stock and transfer book. c) File its by-laws with the Commission.
Within 15 days from end of 3 months from registration	Submit a statement of sources and application of funds certified by an independent CPA.

a) Within 105 days after the end of its fiscal year	i) If paid-up capital > P50,000, file a copy of BS and P&L statement. ii) If paid-up capital < P50,000, same as (i) and certified under oath by the Treasurer or any responsible officer.
b) Within 45 days	Certified under oath by the Treasurer or any responsible officer.
Within 30 days from the date of annual meeting	Submit: 1) General information sheet for the fiscal year. 2) Minutes of meeting of stockholders/members electing the BoD certified by the Secretary and subscribed and sworn to before a notary public. 3) Minutes of meeting of BoD electing the officers, certified by the secretary and subscribed and sworn to before a notary public
Within 5 days from stockholders/members meeting	Submit list of stockholders/members as of the date of annual or special stockholders/members' meeting, showing: <ul style="list-style-type: none"> • Name of the stockholder • Address • Nationality • No. of shares subscribed • Amt. subscribed by each Shall be made for inspection.
Within 5 days before the date of annual meeting	Submit list of stockholders/members entitled to vote as of a date prior to the meeting.

The SEC must be notified of any:

1. Change or transfer of address.
2. Any investment of corporate funds in any of the secondary purposes of the corporation by filing a copy of the resolution approved by 2/3 of the subscribed capital stock entitled to vote authorizing the BoD to invest in any of the secondary purposes.