

LAW ON CORPORATION

TITLE XVI MISCELLANEOUS PROVISIONS

CORPORATION CODE OF THE PHILIPPINES
Sec. 137-149



Sec. 137. *Outstanding capital stock defined.* – The term "outstanding capital stock", as used in this Code, means the total shares of stock issued under binding subscription agreements to subscribers or stockholders, whether or not fully or partially paid, except treasury shares.

Sec. 138. *Designation of governing boards.* – The provisions of specific provisions of this Code to the contrary notwithstanding, non-stock or special corporations may, through their articles of incorporation or their by-laws, designate their governing boards by any name other than as board of trustees.

Sec. 139. *Incorporation and other fees.* – The Securities and Exchange Commission is hereby authorized to collect and receive fees as authorized by law or by rules and regulations promulgated by the Commission.

Sec. 140. *Stock ownership in certain corporations.* – Pursuant to the duties specified by Article XIV of the Constitution, the National Economic and Development Authority shall, from time to time, make a determination of whether the corporate vehicle has been used by any corporation or by business or industry to frustrate the provisions thereof or of applicable laws, and shall submit to the Batasang Pambansa, whenever deemed necessary, a report of its findings, including recommendations for their prevention or correction. Maximum limits may be set by the Batasang Pambansa for stockholdings in corporations declared by it to be vested with a public interest pursuant to the provisions of this section, belonging to individuals or groups of individuals related to each other by consanguinity or affinity or by close business interests, or whenever it is necessary to achieve national objectives, prevent illegal monopolies or combinations in restraint or trade, or to implement national economic policies declared in laws, rules and regulations designed to promote the general welfare and foster economic development.

In recommending to the Batasang Pambansa corporations, business or industries to be declared vested with a public interest and in formulating proposals for limitations on stock ownership, the National Economic and Development Authority shall consider the type and nature of the industry, the size of the enterprise, the economies of scale, the geographic location, the extent of Filipino ownership, the labor intensity of the activity, the export potential, as well as other factors which are germane to the realization and promotion of business and industry.

Sec. 141. *Annual report or corporations.* –

Every corporation, domestic or foreign, lawfully doing business in the Philippines shall submit to the Securities and Exchange Commission an annual report of its operations, together with a financial statement of its assets and liabilities, certified by any independent certified public accountant in appropriate cases, covering the preceding fiscal year and such other requirements as the Securities and Exchange Commission may require. Such report shall be submitted within such period as may be prescribed by the Securities and Exchange Commission.

Sec. 142. *Confidential nature of examination results.* – All interrogatories propounded by the Securities and Exchange Commission and the answers thereto, as well as the results of any examination made by the Commission or by any other official authorized by law to make an examination of the operations, books and records of any corporation, shall be kept strictly confidential, except insofar as the law may require the same to be made public or where such interrogatories, answers or results are necessary to be presented as evidence before any court.

Sec. 143. *Rule making power of the Securities and Exchange Commission.* – The Securities and Exchange Commission shall have the power and authority to implement the provisions of this Code, and to promulgate rules and regulations reasonably necessary to enable it to perform its duties hereunder, particularly in the prevention of fraud and abuses on the part of the controlling stockholders, members, directors, trustees or officers.

Sec. 144. *Violations of the Code.* – Violations of any of the provisions of this Code or its amendments not otherwise specifically penalized therein shall be punished by a fine of not less than one thousand (P1,000.00) pesos but not more than ten thousand (P10,000.00) pesos or by imprisonment for not less than thirty (30) days but not more than five (5) years, or both, in the discretion of the court. If the violation is committed by a corporation, the same may, after notice and hearing, be dissolved in appropriate proceedings before the Securities and Exchange Commission: *Provided*, That such dissolution shall not preclude the institution of appropriate action against the director, trustee or officer of the corporation responsible for said violation: *Provided, further*, That nothing in this section shall be construed to repeal the other causes for dissolution of a corporation provided in this Code.

Sec. 145. *Amendment or repeal.* – No right or remedy in favor of or against any corporation, its stockholders, members, directors, trustees, or officers, nor any liability incurred by any such corporation, stockholders, members, directors, trustees, or officers, shall be removed or impaired either by the subsequent dissolution of said corporation or by any subsequent amendment or repeal of this Code or of any part thereof.

Sec. 146. *Repealing clause.* – Except as expressly provided by this Code, all laws or parts thereof inconsistent with any provision of this Code shall be deemed repealed.

Sec. 147. *Separability of provisions.* – Should any provision of this Code or any part thereof be declared invalid or unconstitutional, the other provisions, so far as they are separable, shall remain in force.

Sec. 148. *Applicability to existing corporations.* – All corporations lawfully existing and doing business in the Philippines on the date of the effectivity of this Code and heretofore authorized, licensed or registered by the Securities and Exchange Commission, shall be deemed to have been authorized, licensed or registered under the provisions of this Code, subject to the terms and conditions of its license, and shall be governed by the provisions hereof: *Provided*, That if any such corporation is affected by the new requirements of this Code, said corporation shall, unless otherwise herein provided, be given a period of not more than two (2) years from the effectivity of this Code within which to comply with the same.

Sec. 149. *Effectivity.* – This Code shall take effect immediately upon its approval.
Approved: May 1, 1980