

EXCELLENT AND EXCEPTIONAL PROFESSIONAL SERVICES

Tokyo Consulting Firm Newsletter

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One Person Corporation

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Last February 20, 2019, Philippine President Rodrigo Duterte signed Republic Act No. 11232 (R.A. 11232) or the Revised Corporation Code of the Philippines. This new law amends the 38-year-old Corporation Code. This amendment is in line with the Duterte administration's aim to improve doing business in the Philippines. This is also to encourage more small and medium business enterprises to adapt Corporation as a form of doing business in the Philippines. Among the salient changes the Revised Corporation Code presents, is the introduction of a new kind of corporation: the One Person Corporation (OPC). R.A. 11232 defines a One Person Corporation as "a corporation with a single stockholder: *Provided*. That only a natural person, trust, or

an estate may form a One Person Corporation". The new law permits natural person, trusts or estates to form One Person Corporations, with the single shareholder becoming the sole director and president by default. This form of corporation streamlines the incorporation or business registration process with SEC which is also a part of the government's commitment to improve the ease of doing business in the country.

In comparison to ordinary corporations, the following are the special features of an OPC:

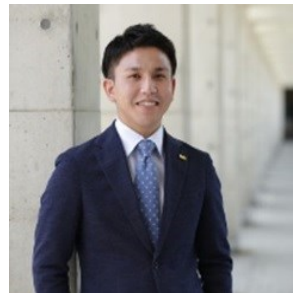
1. There is no minimum authorized capital stock required, unless otherwise provided by special law;
2. Instead of the usual suffixes (Corporation, Incorporated, Corp., Inc.), the name of the One Person Corporation shall include the suffix "OPC" which may be put either below or at the end of the Corporate Name;
3. There are no by-laws required;
4. Unlike the normal Corporation where the President and Treasurer cannot be the same person, the single stockholder in an OPC may be a self-appointed Treasurer, subject to the posting of bond in an amount determined by SEC;
5. Instead of regular or special meetings, only written resolutions by the single stockholder are required as minutes of all actions and decisions made;
6. The single stockholder is required to designate a nominee and an alternate nominee in case of the temporary or permanent incapacity or death of the single stockholder.

The One Person Corporation, like a normal corporation, should appoint a corporate secretary, treasurer, and other officers as it may deem. The corporate secretary should be a different person than the single stockholder.

Unlike a regular corporation wherein the President and Treasurer cannot be the same person; In an OPC, the single stockholder who shall assume both the position of President and Treasurer will be allowed subject to the requirement of posting bond computed based on the authorized capital stock shown as below:

ACS	Bond Coverage
1.00 to 1,000,000.00	1,000,000.00
1,000,001.00 to 2,000,000.00	2,000,000.00
2,000,001.00 to 3,000,000.00	3,000,000.00
3,000,001.00 to 4,000,000.00	4,000,000.00
4,000,001.00 to 5,000,000.00	5,000,000.00
P5,000,0001.00 and above = Amount of surety bond coverage shall be equal to the OPC's ACS.	

Not all industries or line of business can be allowed to register as a One Person corporation. Banks and quasi-banks, pre-need, trust, insurance, public and publicly listed companies, and non-chartered government-owned and controlled corporation may not incorporation as One Person Corporations. 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.



Mr. SEIYA OHASHI
 General Manager

A Foreign natural person may establish a One Person Corporation, however this is subject to applicable constitutional statutory restrictions on foreign participation in certain area of investment or activities as determined in the Negative list.

Aside from the issuance of guidelines and additional information as to the establishment of OPC, SEC shall also release guidelines in the conversion of a regular corporation to an OPC. As of today only a draft of the proposed guideline is released, subject to finalization and comments from public before official publication. Conversion from a regular corporation to an OPC will be done through amendment of the Articles of Incorporation. Please see link on the draft of the guidelines for conversion of a regular corporation.

http://www.sec.gov.ph/wp-content/uploads/2019/03/2019Notice_Establishment-Notice-for-public-comments-March-15-2019-1.pdf

For more information regarding One Person Corporation please see link of SEC Memorandum:

<http://www.sec.gov.ph/wp-content/uploads/2019/05/2019MCNo07.pdf>

Sources:

- Sec. 116, Revised Corporation Code
- Sec 117, Revised Corporation Code
- Sec. 120, Revised Corporation Code
- Sec 119, Revised Corporation Code
- Sec 123, Revised Corporation Code
- Sec. 127, Revised Corporation Code
- Sec 124, Revised Corporation Code

SEC Memorandum Circular No. 7 Series 2019
 Sec 116, Revised Corporation Code
 Executive Order No. 65

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