

UNIFORM CHARTER FOR GOVERNMENT CORPORATIONS

EXECUTIVE ORDER NO. 399, January 05, 1951

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Pursuant to the powers vested in me by Republic Act Numbered Four hundred and twenty-two, otherwise known as the Reorganization Act of 1950, I, Elpidio Quirino, President of the Philippines, do hereby promulgate this Uniform Government Corporate Charter.

DURATION, PURPOSES AND POWERS OF CORPORATIONS

SECTION 1. Duration. – All government owned or controlled corporations shall exist for a period of twenty-five years from the effectivity of this Executive Order.

SECTION 2. Principal Office. – All government owned or controlled corporations shall have their main offices in the City of Manila or in Quezon City, but may establish branches and agencies in other places, within and outside the Philippines, as may be necessary for the proper conduct of their business.

SECTION 3. Purposes and Specific Powers. – The purposes and specific powers of existing corporations that are subject to this Charter are those enumerated in Annex A hereof.

SECTION 4. General Powers. – All corporations shall have the following general powers:

- (a) To do all such other things and to transact all such business directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Corporation; and
- (b) Generally, to exercise all the powers of a corporation under the Corporation Law in so far as they are not inconsistent with the provisions of this Order.

CAPITAL AND MEETING OF THE STOCKHOLDERS

SECTION 5. Capitalization. – The authorized capital of government corporations are specified after their respective names in Annex A hereof. The Government of the Republic of the Philippines shall not be liable for any debt, liability, obligation or damage that might be contracted, incurred or caused by the corporation.

SECTION 6. Meeting of the Stockholders. – Where all the shares of stock of the corporation are entirely owned by the government, the corporation shall not hold a general meeting of stockholders. In lieu thereof, the General Manager of the corporation shall submit an annual report to the President of the Philippines, through the Administration of Economic Coordination.

GOVERNING BODY

SECTION 7. Composition and Appointment. – The corporate powers of the corporation shall be vested in and exercised by a Board of Directors of not more than seven nor less than five members as may be fixed by the President of the Philippines, consisting of a chairman and six or four members, appointed by the President of the Philippines with the consent of the Commission on Appointments. Directors need not be stockholders of the corporation. The said members shall serve as designated by the President in their appointments for terms of one, two, and three years, respectively, from the date they qualify and assume office; but their successors shall be

appointed for terms of three years, except that any persons chosen to fill a vacancy shall serve only for the unexpired term of the member whom he succeeds. For actual attendance at meetings, each director shall receive a per diem of twenty-five (P25) pesos.

SECTION 8. Powers and Duties of the Board of Directors. – The Board of Directors shall have the following powers and duties:

(a) To prescribe, amend and repeal, with the approval of the Administrator of Economic Coordination, by-laws, rules and regulations governing the manner in which the general business of the corporation may be exercised, including provisions for the formation of such committee or committees as the Board of Directors may deem necessary to facilitate its business.

(b) To appoint and fix the compensation of the General Manager, subject to the approval of the President of the Philippines, and to appoint and fix the compensation of the other officers of the Corporation, with the approval of the Administrator of Economic Coordination. The Board by a majority vote of all the members, may for cause, and with the approval of the President of the Philippines, suspend and/or remove the General Manager.

(c) To approve, subject to the final action of the Administrator of Economic Coordination, the annual and/or such supplemental budgets of the corporation which may be submitted to it by the General Manager from time to time.

SECTION 9. Suspension and Removal of Directors. – Any member of the Board of Directors may be suspended or removed by the President of the Philippines, solely or upon the recommendation of the Administration of Economic Coordination.

SECTION 10. Prohibition for Board Members. – No chairman or member of the Board of Directors of a corporation shall at the same time serve in the corporation in any capacity whatsoever other than as chairman or member thereof, unless otherwise authorized by the President.

MANAGEMENT

SECTION 11. Managing Head. – The management of the corporation shall be vested in the General Manager.

SECTION 12. Powers and Duties of the General Manager. – The General Manager shall have the following powers and duties:

(a) To direct and manage the affairs and business of the Corporation, on behalf of the Board of Directors, and subject to its control and supervision;

(b) To sit in all meetings of the Board of Directors, and participate in its deliberations, but without the right to vote;

(c) To submit within sixty days after the close of each fiscal year an annual report, through the Board of Directors, to the Administrator of Economic Coordination;

(d) To appoint and fix the number and salaries, with the approval of the Board of Directors, of such subordinate personnel as may be necessary for the proper discharge of the duties and functions of the Corporation, and, with the approval of the Board, to remove, suspend, or otherwise discipline, for cause, any subordinate employee of the Corporation; and

(e) To perform such other duties as may be assigned to him by the Board of Directors from time to time.

APPOINTMENTS AND PROMOTIONS

SECTION 13. Basis. – In the appointment and promotion of officers and employees, merit and efficiency shall serve as basis, and no political test or qualification shall be prescribed and considered for such appointments or

promotions. Any person appointed by the Board or by the General Manager, in violation of the above prohibition, shall be removed from office by the Administrator of Economic Coordination.

SECTION 14. Application of Civil Service Law and Regulations. – All officers and employees of the corporation shall be subject to the Civil Service Law, rules and regulations, except those whose positions may, upon recommendation of the Board of Directors and the Administrator of Economic Coordination, be declared by the President of the Philippines as policy-determining, primarily confidential or technical in nature.

AUDIT

SECTION 15. Personnel. – The Auditor General shall appoint a representative who shall be the Auditor of the corporation, and the necessary personnel to assist said representative in the performance of his duties. The number and salaries of the Auditor and said personnel shall be determined by the Auditor General, subject to appropriation by the Board of Directors. In case of disagreement, the matter should be submitted to the President of the Philippines whose decision shall be final. Said salaries and all other expenses of maintaining the Auditor's office shall be paid by the corporation.

SECTION 16. Report. – The financial transactions of the corporation shall be audited in accordance with law, administrative regulations, and the principles and procedures applicable to commercial corporate transactions. A report of audit for each fiscal year shall be submitted, within sixty days after the close of the fiscal year, by the representative of the Auditor General, through the latter, to the Board of Directors of the corporation, and copies thereof shall be furnished the President of the Philippines, the Administrator of Economic Coordination and the Presiding Officers of the two Houses of Congress. The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital and surplus or deficit; a statement and surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds; and such comments and information as may be necessary, together with such recommendations with respect thereto as may be advisable, including a report of any impairment of capital noted in the audit. The report shall also show specifically any program, expenditures, or other financial transaction or undertaking observed in the course of audit, which, in the opinion of the Auditor, has been carried on or made without authority of law.

DISSOLUTION AND LIQUIDATION

SECTION 17. Voluntary Dissolution. – Whenever the Administrator of Economic Coordination believes that a government corporation has accomplished its purposes, or is no longer necessary to carry out the objectives for which it was created, or when its main purpose cannot be accomplished, resulting in financial losses, he may recommend to the President of the Philippines the dissolution thereof even if its terms as provided in this Uniform Charter has not yet expired, and the President of the Philippines may, by executive order, effect such dissolution.

SECTION 18. Liquidation. – Every government owned or controlled corporation which is voluntarily dissolved as provided for in the next preceding paragraph, or whose term or existence has expired in accordance with the provisions of this Uniform Charter, shall nevertheless, be continued as a body corporate for three years after the time of its dissolution for the purpose of prosecuting and defending suits by or against it and of enabling it gradually to settle and close its affairs, to dispose of and convey its properties, but not for the purpose of continuing the business for which it was established. In order to carry out this liquidation, upon the dissolution of a government corporation, a Board of Liquidators shall be appointed by the President to take charge of winding up the affairs of the corporation and effecting its liquidation, subject to the supervision and control of the Administrator of Economic Coordination.

GENERAL PROVISIONS

SECTION 19. Applicability to Former Charters. – The charters of the Government Service Insurance System,

Metropolitan Water District and the National Power Corporation shall remain in full force and effect insofar as they are compatible with the provisions of this Uniform Charter.

SECTION 20. Applicability of the Corporation Law. – The provisions of the Corporation Law which are not inconsistent with the provisions of this Uniform Government Corporate Charter, shall be applicable to government owned or controlled corporations.

SECTION 21. Applicability to New Corporations. – All corporations hereafter organized by authority of the President for the economic development of the country, except those vested with governmental and regulatory powers, shall be chartered under the provisions of this Uniform Corporate Charter, unless otherwise provided by the President.

SECTION 22. Repeal or Modification. – All Acts, Executive Orders, Administrative Orders, and Proclamations or parts thereof inconsistent with any of the provisions of this Order are hereby repealed or modified accordingly.

SECTION 23. Constitutionality. – If any provision of this Order shall be held invalid, the other provisions shall not thereby be affected.

SECTION 24. Effectivity. – The provisions of this Executive Order shall take effect immediately upon promulgation hereof.

DONE in the City of Manila, this 5th day of January in the year of Our Lord, Nineteen Hundred and Fifty-One and of the Independence of the Philippines, the fifth.

(SGD.) ELPIDIO QUIRINO

President of the Philippines

By the President:

(SGD.) TEODORO EVANGELISTA

Executive Secretary

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