

AN ACT AMENDING THE CORPORATION LAW ACT NUMBERED FOURTEEN HUNDRED AND FIFTY-NINE, AS AMENDED, AND FOR OTHER PURPOSES.

Act No. 3518, March 01, 1929

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Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Sections four and five of Act Numbered Fourteen hundred and fifty-nine, "The Corporation Law," are hereby reenacted as section four thereof, to read as follows:

"SEC. 4. Corporators of a corporation are those who compose the corporation, whether stockholders or members, or both. Incorporators are those members or stockholders, or both, mentioned in the articles of incorporation as originally forming and composing the corporation.

"The owners of shares in a corporation which has capital stock are called stockholders or shareholders. Corporators of a corporation which has no capital stock and corporators of a corporation who do not own capital stock are members."

SEC. 2. A new paragraph is inserted as section 5 of the Corporation Law, as follows:

"SEC. 5. The shares of any corporation formed under this Act may be divided into classes with such rights, voting powers, preferences, and restrictions as may be provided for in the Articles of Incorporation. Any or all of the shares may have a par value or have no par value, as provided in the Articles of Incorporation: Provided, however, That banks, trust companies, insurance companies, and building and loan associations shall not be permitted to issue no-par value shares of stock. Subject to the laws creating and defining the duties of the Public Service Commission, shares of capital stock without par value may be issued from time to time, (a) for such consideration as may be prescribed in the Articles of Incorporation; or (b) in the absence of fraud in the transaction, for such consideration as, from time to time, may be fixed by the board of directors pursuant to authority conferred in the Articles of Incorporation; or (c) for such consideration as shall be consented to or approved by the holders of a majority of the shares entitled to vote at a meeting called in the manner prescribed by the by-laws, provided the call for such meeting shall contain notice of such purpose. Any or all shares so issued shall be deemed fully paid and non-assessable and the holder of such shares shall not be liable to the corporation or to its creditors in respect thereto: Provided, however, That shares without par value may not be issued for a consideration less than the value of five pesos per share. Except as otherwise provided by the Articles of Incorporation, and stated in the certificate of stock, each share shall be in all respects equal to every other share.

"Preferred shares of stock issued by any corporation the holders of which are entitled to any preference in the distribution of the assets of the corporation in case of liquidation may be issued only with a stated par value and, in all certificates for such shares of stock, the amount which the holder of each of such preferred shares shall be entitled to receive from the assets of the corporation in preference to holders of other shares shall be stated.

"The entire consideration received by the corporation for its no-par value shares shall be treated as capital, and

shall not be available for distribution as dividends."

SEC. 3. The first paragraph of section six and sub-paragraphs two, seven, and eight thereof are hereby amended to read as follows:

"SEC. 6. Five or more persons, not exceeding fifteen, a majority of whom are residents of the Philippine Islands, may form a private corporation for any lawful purpose or purposes by filing with the Bureau of Commerce and Industry articles of incorporation duly executed and acknowledged before a notary public, setting forth:

"(2) The purpose or purposes for which the corporation is formed: Provided, however, That no corporation hereafter formed for the purpose of engaging in the business of transportation, by land or by water, or of maintaining a telephone, telegraph, or wireless communication system, shall, except as otherwise provided by law, exercise any powers other than those necessary or incidental to the accomplishment of its said purpose. The restriction herein provided shall also apply to foreign corporations hereafter licensed to do business in the Philippine Islands. "

"(7) If it be a stock corporation, the amount of its capital stock, in lawful money of the Philippine Islands, and the number of shares into which it is divided, and if such stock be in whole or in part without par value then such fact shall be stated: Provided, however, That as to stock without par value the articles of incorporation need only state the number of shares into which said capital stock is divided.

"(8) If it be a stock corporation, the amount of capital stock or number of shares of no par stock actually subscribed, the names and residences of the persons subscribing, the amount or number of shares of no par stock subscribed by each, and the sum paid by each on his subscription."

SEC. 4. Paragraphs second, seventh, and eighth of the form of articles of incorporation embodied in section seven and the form of oath of the treasurer prescribed in the same section are hereby amended so as to read as follows:

"SECOND. That the purpose or purposes for which such corporation is formed are _____
(Here insert in full the purposes of the corporation)

"SEVENTH. (In case all of the shares of the corporation have par value.)

"That the capital stock of said corporation is _____ pesos and said capital stock is divided into _____ shares of the par value of _____ pesos each.

"(In case all of the shares of the corporation are without par value.)

"That the capital stock of said corporation is shares without par value.

"(In case some of the shares of the corporation have par value and some are without par value.) "That the capital stock of said corporation consists of shares of which _____ are shares of the par value of _____ (P) each and of which shares are without par value.

"(If the shares of stock are to be classified there should be stated herein the number of shares to be included in each class and all of the rights, voting powers, preferences, and restrictions of the shares of each class.)

"EIGHTH. That the amount of said capital stock (or the number of shares without par value) which has been actually subscribed is _____ (Here insert the full amount of said capital subscribed or the number of shares without par value) (shares), and the following persons have subscribed for the number of shares and amount of capital stock (or the number of shares without par value) set out after their respective names:

"CITY OR MUNICIPALITY OF

"PROVINCE OF _____ } ss.

"Philippine Islands _____

" _____

(Here insert the name of treasurer)

being duly sworn, deposes and says that on the _____ day of _____ Anno Domini nineteen hundred and _____, he was duly elected by the subscribers named in the foregoing articles of incorporation as treasurer of the corporation to act as such until his successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that as such treasurer he has been authorized by the subscribers to receive for the corporation all subscriptions paid in by subscribers for the capital stock; that for _____ shares of stock _____ pesos _____ (Here insert the amount) has been actually subscribed and that of said subscription pesos (or if property has been (Here insert the amount) transferred in lieu of cash a description of the property and a statement of its fair valuation) _____ has been actually transferred to him in trust and received by him for the benefit and to the credit of the corporation, and that at least twenty per centum of the entire number of authorized shares of capital stock has been subscribed and at least twenty-five per centum of the subscription has been actually paid to him or that property described as follows: _____ of the fair valuation of twenty-five per centum of the subscription has been actually transferred to him in trust and received by him for the benefit and to the credit of the corporation.

"Subscribed and sworn to before me this day of Anno Domini nineteen hundred and _____

" _____ "

Notary Public

SEC. 5. Section eight is hereby amended by adding a new proviso to the last paragraph thereof, to read as follows:

"Provided, however, That if the shares of stock of the corporation are without par value, then for the purposes of fixing the fees prescribed in this section such shares shall be taken to be of the par value of one hundred pesos each: And provided, further, That the Director of the Bureau of Commerce and Industry shall collect and receive a fee of twenty-five pesos from every non-stock corporation filing articles of incorporation under the provisions of this Act: And provided, further, That all collections of fees heretofore made by said Director for the said purpose from non-stock corporations are hereby ratified and approved."

SEC. 6. Section nine is hereby amended so as to read as follows:

"SEC. 9. The Director of the Bureau of Commerce and Industry shall not file the articles of incorporation of any stock corporation unless accompanied by a sworn statement of a treasurer elected by the subscribers showing that at least twenty per centum of the entire number of authorized shares of capital stock has been subscribed, and that at least twenty-five per centum of the subscription has been either paid to him in actual cash for the benefit and to the credit of the corporation, or that there has been transferred to him in trust and received by him for the benefit and to the credit of the corporation property the fair valuation of which is equal to twenty-five per centum of the subscription : Provided, That it shall be the duty of the Director of the Bureau of Commerce and Industry, immediately after the filing of the articles of incorporation of a corporation, to publish, at the expense of said corporation, the assets and liabilities of the same once in a newspaper of general circulation in the locality where the corporation is domiciled, if any, or in default thereof in a newspaper of general circulation in the City of Manila."

SEC. 7. Subsection five of section thirteen is hereby amended to read as follows:

"(5) To purchase, hold, convey, sell, lease, let, mortgage, encumber, and otherwise deal with such real and personal property as the purposes for which the corporation was formed may permit, and the transaction of the lawful business of the corporation may reasonably and necessarily require unless otherwise prescribed in this Act: Provided, That no corporation shall be authorized to conduct the business of buying and selling public lands or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to

carry out the purposes for which it is created, and every corporation authorized to engage in agriculture shall be restricted to the ownership and control of not to exceed one thousand and twenty-four hectares of land; and it shall be unlawful for any corporation organized for the purpose of engaging in agriculture or in mining to be in anywise interested in any other corporation organized for the purpose of engaging in agriculture or in mining; it shall be unlawful for any person owning stock in more than one corporation organized for the purpose of engaging in agriculture or in mining to own more than fifteen per centum of the capital stock then outstanding and entitled to vote of each of such corporations; it shall be unlawful for any corporation to own in excess of fifteen per centum of the capital stock then outstanding and entitled to vote of any corporation organized for the purpose of engaging in agriculture or in mining; any stockholder of more than one corporation organized for the purpose of engaging in agriculture or in mining may hold his stock in such corporations solely for investment and not for the purpose of bringing about or attempting to bring about a combination to exercise control of such corporations, or to directly or indirectly violate any of the provisions of the Public Land Law, and any corporation holding stock in any corporation organized for the purpose of engaging in agriculture or in mining may hold such stock solely for investment, and not for the purpose of bringing about or attempting to bring about a combination to effect control of such corporation, or to directly or indirectly violate any of the provisions of the Public Land Law. Corporations, however, may loan funds upon real estate security and purchase real estate when necessary for the collection of loans but they shall dispose of real estate so obtained within five years after receiving the title."

SEC. 8. Section thirteen is hereby further amended by inserting a new paragraph as subsection ten thereof, to read as follows:

"(10) Except as in this section otherwise provided, and in order to accomplish its purpose or purposes as stated in the articles of incorporation, to acquire, hold, mortgage, pledge or dispose of shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation."

SEC. 9. Section sixteen is hereby amended to read as follows:

"SEC. 16. No corporation organized under this Act shall create or issue bills, notes, or other evidence of debt for circulation as money, and no corporation shall issue stock or bonds except in exchange for actual cash paid to the corporation or for: (1) property actually received by it at a fair valuation equal to the par or issued value of the stock or bonds so issued; and in case of disagreement as to their value, the same shall be presumed to be the assessed value or the value appearing in invoices or other commercial documents, as the case may be; and the burden of proof that the real present value of the property is greater than the assessed value or value appearing in invoices or other commercial documents, as the case may be, shall be upon the corporation, or for (2) profits earned by it, but not distributed among its stockholders or members: Provided, however, That no stock or bond dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock then outstanding and entitled to vote at a general meeting of the corporation or at a special meeting duly called for the purpose.

"Any officer of any corporation consenting to the issuance of stock or bonds in exchange for property valued in excess of its real fair cash value, or who, having knowledge thereof, does not forthwith express his disapproval in writing, shall be severally and jointly liable to the corporation and its creditors for the difference between the real present cash value of the property at the time of the issuance of the stock and the issued or par value of the same, as the case may be.

"No corporation shall make or declare any dividend except from the surplus profits arising from its business, or divide or distribute its capital stock or property other than actual profits among its members or stockholders until after the payment of its debts and the termination of its existence by limitation or lawful dissolution: Provided, That banking, savings and loan, and trust corporations may receive deposits and issue certificates of deposit, checks, drafts, and bills of exchange and the like in the transaction of the ordinary business of banking,

savings and loan, and trust corporations."

SEC. 10. Subsection (c) of section seventeen is hereby amended so as to read as follows:

"(c) If an increase of the capital stock, the amount of capital stock or number of shares of no par stock thereof actually subscribed, the names and residences of the persons subscribing, the amount of capital stock or number of shares of no par stock, subscribed by each, and the amount paid by each on his subscription in cash or property, or the amount of capital stock or number of shares of no par stock allotted to each stockholder if such increase is for the purpose of making effective a stock dividend theretofore authorized."

SEC. 11. Section eighteen is hereby amended to read as follows:

"SEC. 18. Any corporation may amend its articles of incorporation by a majority vote of its board of directors or trustees and the vote or written assent of two-thirds of its members, if it be a non-stock corporation, or, if it be a stock corporation, by the vote or written assent of the stockholders representing at least two-thirds of the subscribed capital stock of the corporation: Provided, however, That if such amendment to the articles of incorporation should consist in any change in the rights of holders of shares of any class, or would authorize shares with preferences in any respect superior to those of outstanding shares of any class, or would restrict the rights of any stockholder, then any stockholder who did not vote for such corporate action may, within forty days after the date upon which such action was authorized, object thereto in writing and demand payment for his shares. If, after such a demand by a stockholder, the corporation and the stockholder cannot agree upon the value of his share or shares at the time such corporate action was authorized, such value shall be ascertained by three disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The finding of the appraisers shall be final, and if their award is not paid by the corporation within thirty days after it is made, it may be recovered in an action by the stockholder against the corporation. Upon payment by the corporation to the stockholder of the agreed or awarded price of his share or shares, the stockholder shall forthwith transfer and assign the share or shares held by him as directed by the corporation: Provided, however, That their own shares of stock purchased or otherwise acquired by banks, trust companies, and insurance companies should be disposed of within six months after acquiring title thereto.

"Unless and until such amendment to the articles of incorporation shall have been abandoned or the action rescinded, the stockholder making such demand in writing shall cease to be a stockholder and shall have no rights with respect to such shares, except the right to receive payment therefor as aforesaid.

"A stockholder shall not be entitled to payment for his shares under the provisions of this section unless the value of the corporate assets which would remain after such payment would be at least equal to the aggregate amount of its debts and liabilities exclusive of capital stock. ; "A copy of the articles of incorporation as amended, duly certified to be correct by the president and the secretary of the corporation and a majority of the board of Directors or trustees, shall be filed in the office of the Director of the Bureau of Commerce and Industry who shall attach the same to the original articles of incorporation, on file in his office. From the time of filing such copy of the amended articles of incorporation, the corporation shall have the same powers and it and the members or stockholders thereof shall thereafter be subject to the same liabilities as if such amendment had been embraced in the original articles of incorporation: Provided, however, That the life of said corporation shall not be extended by said amendment beyond the time fixed in the original articles: Provided, further, That the original articles and amended articles together shall contain all provisions required by law to be set out in the articles of incorporation: And provided, further, That nothing in this section shall be construed to authorize any corporation to increase or diminish its capital stock or so as to affect any rights or actions which accrued to others between the time of filing the original articles of incorporation and the filing of the amended articles.

"The Director of the Bureau of Commerce and Industry shall be entitled to collect and receive the sum of ten pesos for filing said copy of the amended articles of incorporation."

SEC. 12. Section twenty-five is hereby amended to read as follows:

"SEC. 25. The proceedings had and the business transacted at any meeting of the stockholders or members of a corporation, if within the powers of the corporation, shall be valid even if the meeting be improperly held or called: Provided, That all the stockholders or members of the corporation are present or represented at the meeting. At any such meeting the stockholders or members of the corporation may elect directors and fill vacancies then existing, and may transact such other business of the corporation as might lawfully be transacted at a regular meeting thereof."

SEC. 13. Act Numbered Fourteen hundred fifty-nine, as amended, is hereby amended by inserting the following new section:

"SEC. 281/2. A corporation may, by action taken at any; meeting of its board of directors, sell, lease, exchange or otherwise dispose of all or substantially all of its property and assets, including its good will, upon such terms and conditions and for such considerations, which may be money, stocks, bonds, or other instruments for the payment of money or other property or considerations, as its board of directors deem expedient, when and as authorized by the affirmative vote of shareholders holding shares in the corporation entitling them to exercise at least two-thirds of the voting power on such a proposal at shareholders' meeting called for that purpose. Notice of such meeting shall be given to all of the shareholders of record of the corporation whether or not they shall be entitled to vote thereat: Provided, however, That any stockholder who did not vote to authorize the action of the board of Directors may, within forty days after the date upon which such action was authorized, object thereto in writing and demand payment for his shares. If, after such a demand by a stockholder, the corporation and the stockholders cannot agree upon the value of his share or shares at the time such corporate action was authorized, such value shall be ascertained by three disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The finding of the appraisers shall be final and if their award is not paid by the corporation within thirty days after it is made, it may be recovered in an action by the stockholder against the corporation. Upon payment by the corporation to the stockholder of the agreed or awarded price of his share or shares, the stockholder shall forthwith transfer and assign the share or shares held by him as directed by the Corporation.

"Unless and until such sale, lease, or exchange shall be abandoned the stockholder making such demand in writing ceases to be a stockholder and shall have no rights with respect to such shares except the right to receive payment therefor as aforesaid.

"A stockholder shall not be entitled to payment for his shares under the provisions of this section unless the value of the corporate assets which would remain after such payment would be at least equal to the aggregate amount of its debts and liabilities exclusive of capital stock.

"Nothing in this section is intended to restrict the power of any corporation, without the authorization thereof by the shareholders, to sell, lease, exchange, or otherwise dispose of, any of its property if thereby the corporate business be not substantially limited, or if the proceeds of such property be appropriated to the conduct or development of its remaining business."

SEC. 14. Section thirty-one is hereby amended so as to read as follows:

"SEC. 31. At all elections of directors there must be present, either in person or by representative authorized to act by written proxy, the owners of the majority of the subscribed capital stock entitled to vote, or, if there be no capital stock, then a majority of the members entitled to vote. The elections must be by ballots, and every stock holder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing at the time fixed in the by-laws in his own name on the stock books of the corporation, and said stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as

he shall see fit: Provided, That the whole number of votes cast by him shall not exceed the number of shares owned by him as shown by the books of the corporation multiplied by the whole number of directors to be elected: And provided, That no stock declared delinquent by the board of directors for unpaid subscriptions shall be voted. Unless otherwise provided in the articles of incorporation or in the by-laws, members of corporation which have no capital stock may cast as many votes as there are directors to be elected but may not cast more than one vote for one candidate. Directors receiving the highest number of votes shall be declared elected. Any meeting of the stockholders or members called for an election may adjourn from day to day or from time to time if for any reason no election is had or if there are not present or represented by a proxy, at the meeting the owners of a majority of the subscribed capital stock entitled to vote or if there be no capital stock, a majority of the members entitled to vote."

SEC. 15. The following is hereby enacted as new section thirty-six of the Corporation Law:

"SEC. 36. One or more stockholders of any corporation organized under this Act may, pursuant to an agreement in writing, transfer their shares to any person or persons, or to a corporation having authority to act as trustee, for the purpose of vesting in such person or persons, or corporation, as trustee or trustees, voting or other rights pertaining to such shares for a period not exceeding five years, and upon the terms and conditions stated in the agreement: Provided, however, That no such agreement shall be entered into for the purpose of placing two or more corporations organized for the purpose of engaging in agricultural or in mining, or which by reason of their corporate purposes cannot be organized as one corporation in accordance with this Act, under the control or management of the same trustee or trustees, or for the purpose of lessening competition or creating a monopoly of any line of commerce.

"A duplicate copy of such agreement shall be filed in the principal office of the corporation and shall be open daily during business hours to the inspection of any stockholder or any depositor under said agreement, or the attorney of any such stockholder or depositor.

"Any other stockholder may transfer his shares to the same trustee or trustees upon the terms and conditions stated in said agreement, and thereupon shall be bound by all the provisions of said agreement.

"The certificates of stock so transferred shall be surrendered and cancelled, and new certificates therefor issued to such person or persons, or corporation, as such trustee or trustees, in which new certificates it shall appear that they are issued pursuant to said agreement.

"In the entry of transfer on the books of the corporation it shall be noted that the transfer is made pursuant to said agreement.

"The trustee or trustees shall execute and deliver to the transferors voting trust certificates. Such voting trust certificates shall be transferable in the same manner and with the same effect as certificates of stock under the provisions of this Act.

"The trustee or trustees shall possess all voting and other rights pertaining to the shares so transferred and registered in his or their names subject to the terms and conditions of and for the period specified in said agreement.

"Unless otherwise provided in said agreement, the trustee may vote in person or by proxy."

SEC. 16. The former section thirty-six of the Corporation Law is hereby reenacted as section thirty-seven, as follows:

"SEC. 37. Subscribers for stock shall pay to the corporation quarterly on all unpaid subscription interest, from the date of subscription, at the rate of six per centum per annum unless otherwise provided in the by-laws. No certificate of stock shall be issued to a subscriber as fully paid up until the full par value thereof, or the full subscription in case of no par stock, has been paid by him to the corporation. Subscribed shares not fully paid

up may be voted provided no subscription call or interest due on subscription is unpaid and delinquent."

SEC. 17. The former section thirty-seven is hereby embodied as the first paragraph of section thirty-eight, the latter to read as follows:

"SEC. 38. The board of directors or trustees of any stock corporation formed, organized, or existing under this Act may at any time declare due and payable to the corporation unpaid subscriptions to the capital stock and may collect the same with interest accrued thereon or such percentage of said unpaid subscription as it may deem necessary.

"The order of the board of directors declaring payable any unpaid subscription to the capital stock shall state what percentage of the unpaid subscription is due and payable, when, where, and to whom payable, the date of delinquency, which must be subsequent to the full terms of publication of the notice of call for unpaid subscriptions and not less than thirty days nor more than sixty days from the date of the order of the board calling for the payment of unpaid subscriptions, and the date on which the delinquent stock will be sold, which must not be less than fifteen days nor more than sixty days from the date the stock becomes delinquent.

"Notice of the order declaring unpaid subscriptions to the capital stock due and payable shall be given by the secretary or clerk of the corporation substantially in the following form:

"

(Here insert names of corporation in full and location of principal office)

"Notice is hereby given that at a meeting of the board of directors held on the _____ (Here insert date) unpaid subscriptions to the capital stock of the corporation (or the percentage thereof declared due) were declared due and payable _____ (Here insert when, to whom, and where) All stock upon which the subscription, with interest accrued, has not been paid on (Here insert date fixed for delinquency) will be delinquent and advertised for sale at public auction, and unless payment of the subscriptions, with interest and costs accrued, is made before sale of the stock, same will be sold on the to pay the " _____ (Here insert date fixed for sale) amount of the subscription and accrued interest, together with the costs of advertising and expenses of sale. _____ (Here insert signature of secretary or clerk, " _____ with location of office)

SEC. 18. Section sixty-two is hereby amended to read as follows:

"SEC. 62. A corporation may be dissolved at any time by the Court of First Instance for the province where the principal office of the corporation is situated upon the voluntary application of a majority of the members or of the stockholders holding at least two-thirds of all shares of stock issued or subscribed: Provided, however, That in case the dissolution of a corporation does not affect the rights of any creditor having a claim against such corporation, then such dissolution may be effected by a resolution duly adopted by the affirmative vote of two-thirds of the members or of the stockholders owning at least two-thirds of its capital stock outstanding at a meeting to be held on the call of the directors after publishing notice of the time, place and object of the meeting, for six consecutive weeks in some newspaper published in the place where the said corporation is located, and if no newspaper is published in the place, then in some newspaper of general circulation in the Philippines, and after sending such notice to each stockholder of record by registered mail at least thirty days prior to said meeting. A copy of the resolution authorizing the dissolution shall be certified by a majority of the Board of Directors and countersigned by the secretary or clerk of said corporation and filed in the Bureau of Commerce and Industry. The Director of the Bureau of Commerce and Industry shall thereupon record the fact of such dissolution and shall collect for such service the sum of twenty-five pesos, Philippine currency."

SEC. 19. Section one hundred seventy-four is hereby amended to read as follows:

"SEC. 174. The capital stock of such corporations shall; be paid in by the stockholders in regular, equal, periodical payments, known as dues, at such times and in such amounts as shall be provided in the by-laws of

the corporation. The dues on such share of stock subscribed for by a stockholder shall continue to be paid by the stockholder to the corporation until the share has been duly withdrawn, canceled, or forfeited, or until the share has reached its matured value; that is to say, when the dues paid on each share and the net earnings thereof, in accordance with the by-laws shall amount to the matured value of the share, but such corporation may issue and sell paid-up stock for cash and also investment stock to be paid in installments, and may pay to the holders of such shares such rates of interest or dividends as may be fixed from time to time by the board of directors of the corporation, which shall be expressed in the stock certificates and shall not participate further in the profits or accretions of the corporation. Either paid-up or investment stock may be surrendered by the holder any time upon the giving of such notice as the corporation may fix, not to exceed one year, and upon such surrender the holder will be entitled to receive only the amount of principal invested together with the accrued interest or earned dividend fixed by the board of directors and expressed in the stock shares. The capital stock shall consist of the proceeds of such paid-up or investment stock and of such accumulated dues together with the earnings and profits of the corporation, and shall in no case exceed twenty million pesos."

SEC. 20. No corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce, where the effect of such acquisition may be to substantially lessen competition between the corporation whose stock is so acquired and the corporation making the acquisition, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

No corporation shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of two or more corporations engaged in commerce where the effect of such acquisition, or the use of such stock by the voting or granting of proxies or otherwise, may be to substantially lessen competition between such corporations, or any of them, whose stock or other share capital is so acquired, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

SEC. 21. Section 190 (A) is hereby amended to read as follows:

"SEC. 190(A). Penalties.—The violation of any of the provisions of this Act and its amendments not otherwise penalized therein, shall be punished by a fine of not more than five thousand pesos and by imprisonment for not more than five years, in the discretion of the court. If the violation is committed by a corporation, the same shall, upon such violation being proved, be dissolved by quo warranto proceedings instituted by the Attorney-General or by any provincial fiscal by order of said Attorney-General: Provided, That nothing in this section shall be construed to repeal the other causer, for the dissolution of corporations prescribed by existing law, and the remedy provided for in this section shall be considered as additional to the remedies already existing."

SEC. 22. Nothing in this Act contained shall be construed either to modify, amend, or repeal any of the provisions of Act Numbered Thirty-two hundred and forty-seven, entitled "An Act to prohibit monopolies and combinations in restraint of trade," or of Act Numbered Twenty-eight hundred and seventy-four, entitled "An Act to amend and compile the laws relative to lands of the public domain, and for other purposes.

SEC. 23. All the provisions of this Act which do not conflict with any of the provisions of the Act of Congress of July 1, 1902, entitled "The Philippine Bill—An Act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes," of the Act of Congress approved on August 29, 1916, entitled "An Act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those Islands," or any other Act of Congress, shall take effect upon approval of this Act by the Governor-General, and the remainder thereof shall take effect upon its approval, by the Congress of the United States, and upon such approval the provisions of this Act shall be applicable to all corporations now or hereafter organized under the Corporation

Law, and to all franchises, rights, and privileges heretofore granted by the Philippine Legislature.

SEC. 24. This Act shall take effect upon its approval.

Approved by the Governor-General on December 3, 1928, and by the Congress of the United States on March 1, 1929.

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