

## NEWSLETTER

**CONVERSION FROM AN ORDINARY STOCK CORPORATION TO A ONE PERSON CORPORATION AND VICE VERSA**

**Q: Can an Ordinary Stock Corporation (OSC) be converted into a One Person Corporation (OPC) and vice versa?**

A: Yes. An OSC may be converted into an OPC or vice versa by applying for conversion with Securities and Exchange Commission (SEC) and submitting the documentary requirements listed under SEC Memorandum Circular No. 27, Series of 2020 (SEC MC 27-2020)

**Q: What is the process of conversion from an OSC to an OPC?**

A: All issued and outstanding shares must first be assigned to a single stockholder, with the corresponding transfer taxes paid and Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR) secured, before it may apply for conversion with the SEC.

*The conversion shall be processed as an Amendment of the OSC's Articles of Incorporation (AOI).*

**Q: What is the process of conversion from an OPC to an OSC?**

A: When all the shares of an OPC ceases to be held solely by a single stockholder, the OPC may be converted into an OSC by notifying the SEC of the same and submitting all the requirements listed in SEC MC No. 27-2020. The said notice must be made within sixty (60) days from the transfer of shares, counted from the date of the CAR from the BIR.

**Q: What happens to the OSC or OPC once the application for conversion has been approved by the SEC?**

A: Once the application for conversion is approved (whether from OSC to OPC and vice versa), the SEC shall issue a Certificate of Filing of Amended AOI which shall supersede the original AOI and Bylaws of the former OSC or the AOI of the former OPC.

**Q: Will the new OSC or OPC retain its former name?**

A: It depends. If there is already an existing corporation with a similar name, the new OSC or OPC will be required to adopt a new name. Otherwise, the new OSC or OPC shall retain its former name. In case of a new OPC, it shall bear the suffix "OPC".

**Q: After the conversion, will the new OSC or OPC be deemed to be a new entity?**

A: No. It is still the same corporation bearing the same SEC Registration Number and which will be legally responsible for all of the former OSC or OPC's outstanding liabilities as of the date of conversion.

**OFFICIAL E-MAIL ADDRESS AND MOBILE NUMBER**

**Q: Are there new reportorial requirements for the Securities and Exchange Commission?**

A: Yes. SEC Memorandum Circular No. 28, series of 2020 requires all corporations, associations, partnerships, and persons under the jurisdiction and supervision of the SEC to submit: (a) a valid official e-mail address and official cellular/mobile number; and (b) an alternate e-mail address and mobile number on or before 30 December 2020, extended until 22 February 2021.



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For future applications and those still pending primary registration, said required information may be indicated in the registration forms or submitted within thirty (30) days from the issuance of the certificate of registration, license, or authority.

The submission shall be accompanied by a duly signed authorization allowing the SEC to send notices, letter-replies, orders, decisions, and/or other documents through the e-mail addresses and mobile numbers provided.

**Q: What is the purpose of the submission of official and alternate e-mail addresses and mobile nos.?**

A: The official and alternate e-mail addresses shall be where transactions, applications, letters, requests, pleadings, and papers under the jurisdiction of, or for consideration by the SEC, including the Company's General Information Sheet (GIS), may be processed, submitted and/or filed online. The Commission may likewise send notices, letter-replies, orders, decisions, and/or other documents through said e-mail addresses.

Service of notice through this process shall be considered compliance with the notice requirements of administrative due process.

The official mobile number, on the other hand, is an additional security measure which shall be where any One-Time Personal Identification Number (OTP) or Two-Step Verification by a Software-Base Authenticator will be sent by the SEC, to ensure that any e-mail sent by the SEC are accessed only by persons authorized to do so.

**Q: What happens if there is a double filing or if more than one set of official e-mail and mobile nos. are submitted to the SEC?**

A: Should there be any double filing or submission of a company's supposed official email addresses or mobile numbers, the SEC may summon the parties involved to determine the cause of such double filing. If the SEC finds that an intra-corporate dispute exists, the submissions of email addresses and mobile numbers, as well as any GIS filed, shall be marked as "DISPUTED". The submissions and GIS may thereafter be unmarked only by an order from the appropriate court.

**Q: What happens if a covered entity fails to comply with the requirements under SEC MC. No. 20-2020?**

A: Beginning 23 February 2021, the SEC shall impose administrative penalties for non-compliance. This means that any covered entity that fails to submit the foregoing requirements shall be administratively penalized with a penalty of Ten Thousand Pesos (P10,000.00).

All GIS or Notification Update Forms to be filed with the SEC beginning such date shall likewise include the Company's official email addresses and mobile numbers, otherwise they shall be deemed incomplete.

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*"Service Beyond Expectations"*

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