

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

HOUSE OF REPRESENTATIVES
H.B. No. 5970



Introduced by Representative H. Harry L. Roque Jr.

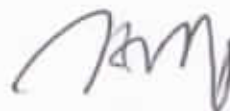
EXPLANATORY NOTE

Appraisal right is the right of a dissenting stockholder to demand appraisal and payment of the fair value of his stocks from the corporation. It allows a stockholder who dissents and votes against a proposed corporate action to withdraw from the corporation by demanding payment of the fair value of his shares. It may be exercised by any stockholder whenever a major change in his contract of investment occurs which he does not agree and which the law presumes he did not foresee when he bought his shares.

The Corporation Code, Section 37, on a private corporation's power to extend or shorten its corporate term, provides that a dissenting stockholder may exercise his appraisal right in case of an extension of corporate term. However, Section 81 of the same Code, which enumerates the instances when the appraisal right may be exercised, provides that the appraisal right be exercised in both cases of lengthening and shortening the term of corporate existence.

The lengthening and shortening of corporate term results in a substantial change in a stockholder's contract of investment with a corporation. The corporation's term of existence is a major factor in considering whether to buy shares in a corporate or not. This bill seeks to

harmonize Sections 7 and 81 by clearly allowing the appraisal right in both cases of lengthening and shortening the term of corporate existence.*



H. HARRY L. ROQUE JR.

* This bill was originally filed by Senator Miriam Defensor Santiago during the Sixteenth Congress, First Regular Session.

1 **STOCKHOLDER MAY EXERCISE HIS APPRAISAL RIGHT UNDER**
2 **THE CONDITIONS PROVIDED IN THIS CODE."**

3 SECTION 2. *Repealing Clause.* - Any law, presidential decree or issuance, executive
4 order, letter of instruction, administrative order, rule, or regulation contrary to or inconsistent
5 with the provisions of this Act is hereby repealed, modified, or amended accordingly.

6 SECTION 3. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
7 publication in at least two (2) newspapers of general circulation.

Approved,