



Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **6206**

Introduced by Representative Maria Lourdes Acosta-Alba

EXPLANATORY NOTE

This bill seeks to professionalize the practice of corporate directorship in government-owned and -controlled corporations (GOCCs) and government financial institutions (GFI), amending for the purpose Republic Act No. 10149, otherwise known as the "*GOCC Governance Act of 2011*."

In the corporate world, the board of directors of any company, corporation or association, including government-owned and -controlled corporations, plays a central function. An effective board of directors must comprise of highly qualified and competent directors capable of exercising objective and independent judgment. Company executives and external stakeholders share a common understanding of the role and responsibility of the board of directors and ensure that it enjoys appropriate autonomy, authority and accountability.

To raise investor confidence, develop capital market and help achieve high sustained growth for the corporate sector and economy, this measure mandates the Governance Commission for GOCCs (GCG) to develop a professional corporate directorship course or program and require candidates for director in GOCCs and GFIs, including those in ex-officio capacity, to pursue the program. After completion, the candidates for director are also required to take the qualifying examination. Failure in the examination will not qualify the candidates for appointment. However, candidates for director in their ex-officio capacity are no longer required to take the qualifying examination. The Bangko Sentral ng Pilipinas will identify and accredit the learning institutions which can

provide the professional corporate directorship course and conduct the corresponding qualifying examination.

The directors of GOCCs and GFIs are also required to attend a mandatory continuing education on corporate governance annually, similar to the Mandatory Continuing Legal Education for lawyers. This is to ensure that the appointed directors are updated on good corporate governance and knowledgeable on how to protect stakeholder interests, strengthen business relationships, increase access to external financing and lead to better operational performance.

In view of the foregoing, approval of this bill is highly and earnestly recommended.


MARIA LOURDES ACOSTA-ALBA

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1 AN ACT
2 PROFESSIONALIZING THE PRACTICE OF CORPORATE
3 DIRECTORSHIP IN GOVERNMENT-OWNED AND -CONTROLLED
4 CORPORATIONS AND GOVERNMENT FINANCIAL INSTITUTIONS,
5 AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 10149,
6 OTHERWISE KNOWN AS THE “*GOCC GOVERNANCE ACT OF 2011*”

11 SECTION 1. Section 16 of the Republic Act No. 10149 is amended to
12 read as follows:

“Section 16. *Fit and Proper*. – All members of the Board, the CEO and other officers of the GOCCs including appointive directors in subsidiaries and affiliate corporations shall be qualified by the Fit and Proper Rule to be determined by the GCG in consultation and coordination with the relevant government agencies to which the GOCC is attached and approved by the President.

1 To maintain the quality of management of the GOCCs, the
2 GCG, in coordination with the relevant government agencies shall,
3 subject to the approval of the President, prescribe, pass upon and
4 review the qualifications and disqualifications of individuals
5 appointed as officers, directors or elected CEO of the GOCC and
6 shall disqualify those found unfit.

7 In determining whether an individual is fit and proper to
8 hold the position of an officer, director or CEO of the GOCC, due
9 regard shall be given to one's integrity, experience, education,
10 training and competence.

11 THE GCG SHALL DEVELOP A PROFESSIONAL
12 CORPORATE DIRECTORSHIP COURSE AND REQUIRE ALL
13 GOCC CANDIDATES FOR DIRECTOR, INCLUDING THOSE
14 IN THEIR EX-OFFICIO CAPACITY, TO TAKE THE COURSE.
15 TO BE ELIGIBLE FOR APPOINTMENT, A CANDIDATE FOR
16 DIRECTOR, EXCEPT THOSE IN THEIR EX-OFFICIO
17 CAPACITY, SHALL PASS A QUALIFYING EXAMINATION.

18 THE BANGKO SENTRAL NG PILIPINAS SHALL
19 IDENTIFY AND ACCREDIT THE LEARNING INSTITUTIONS
20 WHICH OFFER THE PROFESSIONAL CORPORATE
21 DIRECTORSHIP COURSE AND CONDUCT THE
22 CORRESPONDING QUALIFYING EXAMINATION.

1 ALL MEMBERS OF THE BOARD, THE CEO AND
2 OTHER OFFICERS OF THE GOCCS, INCLUDING
3 APPOINTIVE DIRECTORS IN SUBSIDIARIES AND
4 AFFILIATE CORPORATIONS, SHALL UNDERGO AN
5 ANNUAL MANDATORY CONTINUING EDUCATION ON
6 CORPORATE GOVERNANCE.”

7 SEC. 2. All charters of the GOCCs under existing laws and all other
8 laws, executive orders including Executive Order No. 323, Series of 2000,
9 administration orders, rules, regulations, decrees and other issuances or parts
10 thereof which are inconsistent with the provisions of this Act are hereby
11 repealed or modified accordingly.

12 SEC. 3. This Act shall take effect fifteen (15) days after its publication in
13 the *Official Gazette* or in a newspaper of general circulation.

14 Approved,