Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

OFFICE OF THE GENERAL COUNSEL

9 February 2026

SEC OGC Opinion No. 26-03
Re: **Composition of the Board of Directors, Qualification of Foreign Representatives, and Beneficial Ownership Disclosure**

GUANGXI CONSTRUCTION PHILIPPINES, INC.
2b1corps@gmail.com

Dear Ma'am/Sir:

This refers to your email dated 20 October 2025 requesting the Commission's opinion on the composition of the board of directors, qualification of foreign representatives, and beneficial ownership disclosure of Guangxi Construction Philippines, Inc. ("Guangxi").

As stated in your email, the relevant facts are as follows:

1. Guangxi is duly organized and existing under Philippine laws, with an authorized capital stock of ₱30,000,000, divided into 3,000,000 common voting shares. The current shareholders are as follows:

Shareholder	Nationality	Subscribed Shares	Amount	Percentage
China Energy Engineering Group Guangxi Hydroelectric Construction Bureau Co., Ltd., represented by Hai Yu	Chinese	1,199,700	₱11,997,000	39.99%
Xinyong Mo	Chinese	300	₱3,000	0.01%
Joan Eribal Cuela	Filipino	900,000	₱9,000,000	30.00%
Charmaine Sasutona Tabagan	Filipino	900,000	₱9,000,000	30.00%
Total		3,000,000	₱30,000,000	100%

2. Guangxi is engaged in renewable energy facility construction and operation, infrastructure projects, and related engineering services. As the business is subject to foreign equity limitations, Guangxi maintains a 60% Filipino – 40% foreign ownership structure in compliance with Philippine laws.

Your queries and the corresponding responses shall be discussed in seriatim:

A. Definition and Qualification of Board Members

1.0 Under the Revised Corporation Code ("RCC"), are the terms "Member of the Board" and "Director" considered synonymous and interchangeable in corporate documents?

Answer: We answer in the *affirmative.*

Section 22 of the RCC provides:

> Section 22. *The Board of Directors or Trustees of a Corporation; Qualification and Term.* – Unless otherwise provided in this Code, the board of directors or trustees shall exercise the corporate powers, conduct all business, and control all properties of the corporation.

> **Directors shall be elected for a term of one (1) year from among the holders of stocks registered in the corporation's books,** while trustees shall be elected for a term not exceeding three (3) years from among the members of the corporation. Each director and trustee shall hold office until the successor is elected and qualified. A director who ceases to own at least one (1) share of stock or a trustee who ceases to be a member of the corporation shall cease to be such.
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> x x x x x x x x x[1]

Based on the foregoing, the corporate management of a stock corporation is lodged and entrusted with its Board of Directors. "Director" is the title attributed to one who has been elected as a member of the Board, and the designation "Director" is thus synonymous with "Member of the Board."

2.0 Does a shareholder automatically become a Director or Member of the Board by virtue of share ownership, or must each Director be formally elected in accordance with Guangxi's By-Laws and General Meeting procedures?

Answer: A Director must be formally elected in accordance with the RCC, and Guangxi's By-Laws and General Meeting procedures.

Complementary with Section 22 of the RCC, Section 23 thereof prescribes the manner of election of Directors, *viz:*

> Section 23. *Election of Directors or Trustees.* - Except when the exclusive right is reserved for holders of founders' shares under Section 7 of this Code, **each stockholder or member shall have the right to nominate any director or trustee who possesses all of the qualifications and none of the disqualifications set forth in this Code.**
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> At all elections of directors or trustees, there must be present, either in person or through a representative authorized to act by written proxy, the owners of majority of the outstanding capital stock, or if there be no capital stock, a majority of the members entitled to vote. When so authorized in the bylaws or by a majority of the board of directors, the stockholders or members may also vote through remote communication or *in absentia: Provided,* That the right to vote through such modes may be exercised in corporations vested with public interest, notwithstanding the absence of a provision in the bylaws of such corporations.
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> A stockholder or member who participates through remote communication or *in absentia,* shall be deemed present for purposes of quorum.
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> The election must be by ballot if requested by any voting stockholder or member.
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> In stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: *Provided,* That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected: *Provided,* however, That no delinquent stock shall be voted. Unless otherwise provided in the articles of incorporation or in the bylaws, members of nonstock corporations may cast as many votes as there are trustees to be elected but may not cast more than one (1) vote for one (1) candidate. Nominees for directors or trustees receiving the highest number of votes shall be declared elected.
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> x x x x x x x x x[2]

Considering the foregoing and the aforequoted Section 22 of the RCC, **the Board of Directors of corporations must be elected from among the stockholders in accordance with the procedure laid down therein.** Automatic inclusion of a member of the Board of Directors without the benefit of election is not allowed under the law.[3] Please note that every qualified stockholder may be a candidate in the election of the Board of Directors.

Corollary to the foregoing, the Corporate By-laws signify the rules and regulations or private laws enacted by the corporation to regulate, govern and control its own actions, affairs and concerns, and its stockholders/members, directors and officers in relation thereto and among themselves in their relation to it. They are in effect written into the charter and in this sense, they become part of the fundamental of

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[1] Emphasis supplied.
[2] Emphasis supplied.
[3] *Grace Christian High School v. Court of Appeals,* G.R. No. 108905, 23 October 1997.

the corporation, and the corporation, its directors, officers and members are bound by and must comply with them. (8 Fletcher, Sec. 4166, 4197)[4] For that matter, the By-Laws should be complied with, provided that the same is not contrary to law.

3.0 If a Nominee Shareholder holds shares on behalf of a parent company, may such nominee validly serve as a Director?

Answer: We answer in the *affirmative.*

I. Qualification of Directors.

The RCC provides for the minimum qualifications of the Board of Directors, to *wit:*

> Section 22. *The Board of Directors or Trustees of a Corporation; Qualification and Term.* - xxx
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> xxx xxx xxx
>
> A director who ceases to **own at least one (1) share of stock** or a trustee who ceases to be a member of the corporation shall cease to be such.
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> xxx xxx xxx[5]
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> Section 26. *Disqualification of Directors, Trustees or Officers.* – A person shall be disqualified from being a director, trustee or officer of any corporation if, within five (5) years prior to the election or appointment as such, the person was:
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> (a) Convicted by final judgment:
>
> (1) Of an offense punishable by imprisonment for a period exceeding six (6) years;
> (2) For violating this Code; and
> (3) For violating Republic Act No. 8799, otherwise known as "The Securities Regulation Code";
>
> (b) Found administratively liable for any offense involving fraudulent acts; and
>
> (c) By a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b) above.
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> The foregoing is without prejudice to qualifications or other disqualifications, which the Commission, the primary regulatory agency, or the Philippine Competition Commission may impose in its promotion of good corporate governance or as a sanction in its administrative proceedings.

In addition to the foregoing qualifications and disqualifications, Section 46 of the RCC further states that the corporation may provide in its by-laws additional qualifications of its directors:

> Section 46. *Contents of Bylaws.* – **A private corporation may provide the following in its bylaws:**
>
> xxx xxx xxx
>
> (f) **The directors' or trustees' qualifications,** duties and responsibilities, the guidelines for setting the compensation of directors or trustees and officers, and the maximum number of other board representations that an independent director or trustee may have which shall, in no case, be more than the number prescribed by the Commission;
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> xxx xxx xxx[6]

II. Nominee Director.

While Section 22 of the RCC requires that a director must be a stockholder of the corporation, the Commission had occasions to rule that "beneficial ownership" is not necessary and that a person who holds the legal title to stock on the books of the corporation is qualified, although the beneficial ownership may be in another. **In other words, it is sufficient that the title to the stock, as it appears on the books of the corporation, is in the nominee director, since the legal title is what counts and it is the person**

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[4] SEC Opinion dated 28 April 1997, addressed to Hon. Leonor Ines Luciano.
[5] Emphasis supplied.
[6] Emphasis supplied.

whose name appears as owner of the books of the company who is the stockholder and is eligible as director.[7]

For instance, a director may hold his stock as trustee and yet be legally qualified. **A person to whom one share of stock has been transferred for the express purpose of qualifying him as a director is eligible.** Thus, a non-stockholder may qualify as nominee director. However, **in order to be qualified as such, the owner of the shares represented must assign at least one qualifying share to the nominee for purposes of qualifying him to be a member of the Board, which assignment must be properly recorded in the corporate books.**[8]

Accordingly, **while a corporation cannot be directly elected as a member of the Board of Directors, its duly authorized officer, agent or trustee who has been designated as "nominee"** in accordance with the above procedure, may be eligible to be elected as director.[9]

B. Qualification of Foreign Nationals for Corporate Positions

4.0 In a corporation with 60% Filipino and 40% foreign equity, may a foreign national legally hold any of the following positions:

- **4.1 Chairman of the Board;**
- **4.2 Corporate Secretary; and**
- **4.3 Treasurer / Chief Financial Officer.**

5.0 If Guangxi becomes foreign-owned (more than 40% foreign equity), would the nationality requirements for these positions differ?

- **5.1 Which positions must be held by Filipino citizens, and which may be held by foreign nationals?**

Answer: Considering that the sub-questions raised in Item B hereof are interrelated, we shall discuss it altogether in this wise:

I. Citizenship Requirement for Officers in general; Citizenship Requirement for Corporations Engaged in Nationalized or Partly Nationalized Activities.

Notably, **in general, there is no citizenship requirement for directors in the RCC.** However, a citizenship requirement may be provided in the by-laws of the corporation.[10]

Further, when the corporation is a nationalized or partly nationalized corporation, it is also subject to the allowable participation of foreigners in the board of directors and/or management in proportion to their allowable share in its capital as provided under the 1987 Constitution, special laws, and/or special rules implemented by the regulatory authority of the industry.[11]

Section 2-A of Commonwealth Act No. 108, as amended by Presidential Decree No. 715, otherwise known as the "Anti-Dummy Law," provides:

> Section 2-A. *Unlawful use, Exploitation or enjoyment.* — Any person, *corporation,* or association which, having in its name or under its control, a right, franchise, privilege, *property* or business, *the exercise or enjoyment of which is expressly reserved by the Constitution or the laws to citizens of the Philippines* or of any other specific country, or to corporations or associations at least *sixty per centum* of the capital of which is owned by such citizens, permits or allows the use, exploitation or enjoyment thereof by a person, corporation or association not possessing the requisites prescribed by the Constitution or the laws of the Philippines; . . .; ***or in any manner permits or allows any person, not possessing the qualifications required by the Constitution, or existing laws to acquire, use, exploit or enjoy a***

[7] SEC-OGC Opinion No. 24-16 dated 18 June 2024, addressed to Azura Quiroz & Campos.
[8] Ibid.
[9] SEC-OGC Opinion No. 02-09 dated 12 January 2009, addressed to Sebastian Liganor & Galinato.
[10] Section 46(f) of the RCC.
[11] Id at No. 9.

> ***right, franchise, privilege, property or business, the exercise and enjoyment of which are expressly reserved by the Constitution or existing laws to citizens of the Philippines or of any other specific country, to intervene in the management, operation, administration or control thereof, whether as an officer, employee or laborer therein with or without remuneration*** except technical personnel whose employment may be specifically authorized by the Secretary of Justice, and any person who knowingly aids, assists or abets in the planning consummation or perpetration of any of the acts herein above enumerated shall be punished by imprisonment for not less than five nor more than fifteen years and by a fine of not less than the value of the right, franchise or privilege enjoyed or acquired in violation of the provisions hereof but in no case less than five thousand pesos: *Provided, however,* That the president, managers or persons in charge of corporations, associations or partnerships violating the provisions of this section shall be criminally liable in lieu thereof: Provided, further, That any person, corporation or association shall, in addition to the penalty imposed herein, forfeit such right, franchise, privilege, and the property or business enjoyed or acquired in violation of the provisions of this Act:. *And provided, finally, That the election of aliens as members of the board of directors or governing body of corporations or associations engaging in partially nationalized activities shall be allowed in proportion to their allowable participation or share in the capital of such entities.*[12]

It is settled that Section 2-A of the Anti-Dummy Law applies to corporations engaged in a nationalized or partly-nationalized activity or business undertaking.[13]

In relation to this, we direct your attention to Executive Order No. 175[14] which provides for The Foreign Investment Negative List— a list covering investment areas or activities which are open to foreign investors and/or reserved to Filipino nationals. It is divided into two fundamental lists: (a) List A which contains areas of investment where foreign ownership is limited by the mandate of the Philippine Constitution or by specific laws; and (b) List B which contains areas of investment where foreign ownership is limited for reasons of security, defense, risk to health and morals, and protection of local small-and-medium enterprises.

In sum, if the corporation is not engaged in wholly or partially nationalized activities, it may have foreign officers. Conversely, if the corporation is engaged in *wholly or partially nationalized activities,* foreigners are banned from being appointed as corporate officers.

As applied and per your disclosure that the corporation is subject to the nationality requirement of 60% Filipino- 40% foreign ownership, then it is considered as engaged in a partly nationalized activity. Hence, it cannot have foreign officers. With regard to who are corporate officers, they are those officers of a corporation who are given that character either by the Corporation Code (*now* RCC) or Articles of Incorporation, and by-laws of the corporation.[15]

The Commission, on several occasions, has opined that in firms engaged in *wholly or partially nationalized activities,* **aliens are banned from being appointed to management positions** such as president, vice-president, **treasurer, auditor, secretary,** etc. of said companies pursuant to the ruling of the Department of Justice, although they can be elected directors in proportion to their allowable participation or share in the capital of such activities in accordance with Section 2-A of the Anti-Dummy Law.[16]

As to the position of **Chairman**, the Commission previously opined:[17]

> **The concept of board chairman and his functions as an executive vary so widely in different companies as to be indefinable. There is no settled practice.** The typical pattern of executive duties is that the president or the chairman of the board is designated usually by the by-laws but sometimes in board resolutions, as the general manager or chief executive officer of the corporation. If the chairman of the board is so designated, the president is frequently designated the chief administrative or chief operating officer [or] may simply clearly be the officer who succeeds to the chairman's executive duties in his absence or disability. In such a given situation, an alien cannot qualify as chairman of the board of directors.
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> **However, where the president is the chief executive officer, typically, the duties of the Chairman of the board relate to presiding at meetings of the board and of committees of which he is a member and carrying out such other duties as the board shall assign. The duty of the Chairman of the board as presiding officer is**

[12] Emphasis, italics, and underscoring supplied.
[13] SEC-OGC Opinion No. 24-33 dated 05 November 2024, addressed to Atty. Geneses R. Abot.
[14] Promulgated on 27 June 2022.
[15] *Cacho v. Balagtas*, G.R. No. 202974, 07 February 2018.
[16] SEC Opinion dated 27 July 1990, addressed to Philippine Association of Service Exporters. Inc., citing SEC Opinions dated 14 June 1982, 01 July 1983, 15 May 1985, 28 May 1985, and 26 April 1989. *See* also SEC-OGC Opinion No. 22-09 dated 28 June 2022, addressed to Prime Infrastructure Capital, Inc.
[17] SEC Opinion dated 15 May 1985, addressed to Atty. Francisco F. Angeles.

> **not an executive one. Thus, where the function of the chairman of the board as provided for in the by-laws consists merely of presiding at the meetings of the board or of committees of which he is a member, a non-Philippine national may qualify as the chairman of the board.**[18]

Thus, for as long as the Chairman does <u>not</u> perform any executive function and merely presides at board meetings, we answer your query in the *affirmative.* Conversely, if the Chairman performs executive functions, we answer your query in the *negative.* Meanwhile, for the positions of Corporate Secretary and Treasurer, aliens are banned from being appointed to the same.

We wish to stress that, notwithstanding the change in foreign equity, the foregoing rules shall apply as long as the corporation is engaged in a partly nationalized activity.

II. Citizenship and Residency Requirement of Treasurer and Secretary.

Under Section 24 of the RCC, the treasurer must be a **resident** of the Philippines, while the secretary, must be a **citizen** and **resident** of the Philippines.

C. Number and Qualification of Directors

6.0 Under the RCC, must Guangxi have at least three (3) natural persons as Directors at all times?

Answer: Section 13(f) of the RCC provides that the Articles of Incorporation shall contain the number of directors, which shall not be more than fifteen (15) or the number of trustees which may be more than fifteen.

To implement Section 13 (f) of the RCC, *i.e., not more than fifteen (15) directors*, the Commission issued SEC Memorandum Circular ("MC") No. 16, Series of 2019,[19] which provides:

> Section 1. *Number of Incorporators.* —
>
> For the purpose of forming a new domestic corporation under the Revised Corporation Code, two (2) or more persons, but not more than fifteen (15), may organize themselves and form a corporation.
>
> Only a One Person Corporation (OPC) may have a single stockholder, as well as a sole director. Accordingly, its registration must comply with the corresponding separate guidelines on the establishment of an OPC.

Thus, an ordinary corporation (not an OPC) must have at least two (2) regular directors.[20]

More, while Section 10 of the RCC[21] allows for an incorporator to be any person, **partnership, association or corporation** to organize a corporation for any lawful purpose or purposes, there is no express provision allowing the same for directors. **Necessarily, directors must be natural persons.**

Meanwhile, Section 28 of the RCC reads:

> Section 28. *Vacancies in the Office of Director or Trustee; Emergency Board.* – **Any vacancy occurring in the board of directors or trustees other than by removal or by expiration of term <u>may be filled</u> by the vote of at least a majority of the remaining directors or trustees, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders or members in a regular or special meeting called for that purpose.**
>
> When the vacancy is due to term expiration, the election shall be held no later than the day of such expiration at a meeting called for that purpose. When the vacancy arises as a result of removal by the stockholders or members,

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[18] Emphasis supplied. Citations omitted.

[19] Guidelines on the Number and Qualifications of Incorporators under the Revised Corporation Code, 30 July 2019.

[20] SEC-OGC Opinion No. 24-37,19 November 2024.

[21] Section 10. *Number and Qualifications of Incorporators.* – Any person, partnership, association or corporation, singly or jointly with others but not more than fifteen (15) in number, may organize a corporation for any lawful purpose or purposes: *Provided,* That natural persons who are licensed to practice a profession, and partnerships or associations organized for the purpose of practicing a profession, shall not be allowed to organize as a corporation unless otherwise provided under special laws. Incorporators who are natural persons must be of legal age.

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the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the agenda and notice of said meeting. In all other cases, the election must be held no later than forty-five (45) days from the time the vacancy arose. A director or trustee elected to fill a vacancy shall be referred to as replacement director or trustee and shall serve only for the unexpired term of the predecessor in office.

However, when the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the corporation, the vacancy may be temporarily filled from among the officers of the corporation by unanimous vote of the remaining directors or trustees. The action by the designated director or trustee shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement director or trustee, whichever comes earlier. The corporation must notify the Commission within three (3) days from the creation of the emergency board, stating therein the reason for its creation.

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The phrase "may be filled" in Section 28 shows that the filling of vacancies in the board by the remaining directors or trustees constituting a quorum is **merely permissive, not mandatory.** Corporations, therefore, may choose how vacancies in their respective boards may be filled up -- either by the remaining directors constituting a quorum, or by the stockholders or members in a regular or special meeting called for the purpose.[23]

Relatedly, it is well settled that the power of a board of directors is **not** suspended by vacancies in the board **unless the number be reduced below a quorum**, and that, under a by-law which provides that a majority of the directors shall be necessary and sufficient to constitute a quorum, the number necessary is a majority of the entire board, notwithstanding there may be vacancies in the board at the time, and this rule also applies where there are fewer directors than are legally qualified to act as such.[24]

The foregoing should be read in conjunction with Section 52 of the RCC which provides for the quorum requirement to transact corporate business:

Section 52. *Regular and Special Meetings of Directors or Trustees; Quorum.* - Unless the articles of incorporation or the bylaws provides for a greater majority, a **majority** of the directors or trustees ***as stated in the articles of incorporation*** **shall constitute a quorum** to transact corporate business, and every decision reached by at least a **majority of the directors or trustees constituting a quorum**, except for the election of officers which shall require the vote of a majority of all the members of the board, shall be valid as a corporate act.

xxx xxx xxx[25]

As the Commission resolved in a previous opinion, the formula in determining the "majority of the number of directors" as fixed in the articles of incorporation would be one-half plus one of the number of directors as fixed in the articles of incorporation notwithstanding the vacancies in the Board at the time.[26] Thus, if there are three (3) members of the Board of Directors as fixed in Guangxi's Articles of Incorporation,[27] the majority should be one half plus one of three (3); hence, at least two (2) directors are necessary to transact corporate business.

6.1 If a shareholder is a juridical entity, *e.g., China Energy,* must it designate a natural person representative to sit as Director?

Answer: We answer in the *affirmative.* Kindly also see discussion under Item No. 3 hereof.

7.0 Is each Director required to personally hold at least one (1) share of Guangxi's capital stock?

Answer: We answer in the *affirmative.* Kindly also see discussion under Item No. 3 hereof.

7.1 If the Director represents a corporate shareholder, *e.g., Hai Yu representing China Energy Guangxi Bureau ("CEGB"),* must one (1) share be registered

[22] Emphasis and underscoring supplied.
[23] *Tan v. Sycip,* G.R. No. 153468, 17 August 2006.
[24] SEC Opinion dated 23 September 1991, addressed to Mr. Antonio V. Navarro. Citations omitted.
[25] Emphasis and italics supplied.
[26] SEC-OGC Opinion No. 16-07 dated 04 April 2016, addressed to Calderon Davide Trinidad Tolentino & Castillo.
[27] Sixth: That the number of directors of the corporation shall be three (3); xxx

under his name for qualification purposes?

Answer: We answer in the *affirmative.* Kindly also see discussion under Item No. 3 hereof.

7.2 If the same individual serves both as the parent company's representative and as a Director, is such dual role permissible under the RCC?

Answer: We answer in the *affirmative.* The RCC has no express prohibition to the same, subject to disclosure rules, as applicable.

8.0 If Mr. Hai Yu is a Filipino citizen or permanent resident, would that affect the nationality qualification or eligibility for directorship or corporate office?

Answer: Kindly see discussion under Item B hereof.

D. Nominee Shareholding and Beneficial Ownership Disclosure

If Xinyong Mo holds 300 shares as a Nominee Shareholder on behalf of CEGB,

9.0 Should such nominee and beneficial ownership relationship have been disclosed at the time of registration pursuant to SEC MC No. 15, Series of 2019[28] (Guidelines on the Disclosure of Beneficial Ownership)?

Answer: Please see discussion below.

For the beneficial ownership registry submission, please be advised that on 22 December 2025, the Commission issued SEC MC No. 15, Series of 2025 ("MC15"), with the subject, "Revised Beneficial Ownership Disclosure Rules." It amended or repealed, among others, SEC MC No. 15, Series of 2019, as amended by SEC MC No. 10, Series of 2022.[29]

The relevant MC15 provisions on the matter read:

> Section 6. *Beneficial Ownership Identification Principles.* **Only natural persons shall be recognized as beneficial owners.**[30]
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> **6.1. All beneficial owners falling under any of the following categories shall be disclosed and all applicable categories shall be reported. An individual shall be considered a beneficial owner from the time they qualify under any of the following categories below:**
>
> a. Category A (Ownership) - Natural person(s) owning, directly or indirectly through a chain of ownership, at least twenty percent (20%) of the voting rights, voting shares, or capital of the reporting entity.
> b. Category B (Contractual Control) - Natural person(s) who exercise control over the reporting entity through any contract, understanding, relationship, intermediary, or tiered entity.
> c. Category C (Board Election Power) - Natural person(s) having the ability to elect a majority of the board of directors/trustees, or any similar body, of the reporting entity.
> d. Category D (Dominant Influence) - Natural person(s) having the ability to exert a dominant influence over the management or policies of the reporting entity.
> e. Category E (Direction of Board) - Natural person(s) whose directions, instructions, or wishes in conducting the affairs of the reporting entity are carried out by a majority of the board members.
> f. Category F (Property Stewardship) - Natural person(s) acting as stewards of properties of the reporting entity, where such properties are under the care or administration of said natural person(s).
> **g. Category G (Nominee Arrangements) Natural person(s) who actually own or control the reporting entity through nominee shareholders or nominee directors acting for or on behalf of such natural persons.**
> h. Category H (Other Control Mechanisms) - Natural person(s) ultimately owning or controlling or exercising ultimate effective control through other means not falling under any of the foregoing categories including substantial benefits such as exclusive use of the reporting entity's assets, receipt of profits and liquidating dividends, among others.
> i. Category I (Senior Management): - Natural person(s) exercising control through senior management

[28] Amendment of SEC Memorandum Circular No. 17, Series of 2018 on the Revision of the General Information Sheet (GIS) to include Beneficial Ownership Information ("2019 Revision of the GIS").
[29] Amendments to SEC Memorandum Circular No. 15, s. 2019 (The 2019 Revision of the GIS) Increasing the Penalties and Imposing Additional Non-Financial Penalties and Providing Further Guidelines for Submission.
[30] Emphasis supplied.

positions within the reporting entity. This category is applicable only when no natural person is identifiable under Categories A through H after exhausting reasonable means of identification. If there are multiple persons in the same level of seniority, all such persons shall be identified as beneficial owners.[31]

6.2. A notice may be issued by the Commission to adjust or modify the reporting threshold for beneficial ownership under Category A, subject to the observance of legally required processes. Any such notice shall likewise follow the SEC's internal procedures for issuances affecting public compliance.

6.3. *Who May Not Be Beneficial Owners.* The following shall not qualify as beneficial owners:

a. Persons acting solely as agents, nominees, trustees, or in similar capacities on behalf of another person who qualifies as a beneficial owner;
b. Persons who hold positions in or exercise control over a corporation solely in their capacity as employees, without any ownership stake and without exercising effective control except when the beneficial owner falls under the ambit of category I in the preceding section;
c. Persons authorized to act on behalf of a group of natural persons, such as executors, administrators, or similar legal representatives not falling under Category F; and
d. Persons holding shares or exercising control solely in their professional capacity as regulated service providers; provided that they do not fall under the ambit of category B in the preceding section.

Section 13. *Mandatory Disclosure of Nominee Arrangements.* - **Any nominee incorporator/director/trustee or shareholder must disclose their status as such and the identity of their nominator/s to the Commission.** Such disclosure shall include the full names, country of residence, nationality/ies, tax identification number (TIN) or passport number (if without TIN) of the nominator. **If the nominator is a corporation, its beneficial owner must be disclosed, if not yet disclosed to the Commission under these rules.** If the nominator is a trust, the identities of the trustor/s, trustee/s, beneficiaries of the trust shall in like manner be disclosed.

Except as otherwise provided by existing laws, rules, and regulations, **the incorporators of a corporation shall disclose to the Commission, through the online company registration platform, the person or persons on whose behalf the registration of the corporation was applied for.** Nominee incorporators or applicants for registration, as well as the nominee directors/trustees and nominee shareholders of the applicant corporation shall in the same manner disclose to the Commission their residence, nationality, and tax identification numbers (TIN), or in the absence of such TIN, the passport numbers of their nominators or principals and the person on whose behalf the corporation was registered. Otherwise, they shall submit to the Commission a declaration that they are not nominee incorporators/nominee applicants/nominee directors/nominee subscribers, if such be the fact, and that they are not acting as such for and on behalf of another person.[32]

Section 14. *Mandatory Disclosure of Nominators/Principals/Persons on Whose Behalf One Acts as Director/Trustee/Shareholder of Existing Corporations.* - Except as otherwise provided by law, rules, and shall regulations, **nominee shareholders as well as nominee directors/trustees of registered corporations shall disclose to the Commission, online through a platform provided therefor, their nominators and principals or persons on whose behalf they act as such shareholders/directors/trustees.** Such information shall likewise be disclosed to the corporation in which they are or act as nominee shareholders or directors/trustees. The disclosure shall include the full names, country of residence, nationality, and tax identification numbers, or in the absence of such TIN, the passport numbers of their nominators or principals. If the nominator or principal is a corporation, the registered name of the corporation, its country or registration, names of its incorporators and directors, its beneficial owners, its TIN, if any, shall in the same manner be disclosed. If the nominator or principal is a trust, the names, nationality and country of residence, and TIN or passport number of the trustor/s, trustees/s and beneficiary/ies of the trust shall in like manner be disclosed.[33]

Section 21. Filing Timeline.

21.1. Initial Disclosure

a. **For newly registered entities, Beneficial ownership information shall be submitted at the time of incorporation or registration. No certificate of incorporation or license to do business shall be issued until such information is provided;** and

b. **For existing entities, Beneficial ownership shall be provided with the next General Information Sheet following the effectivity of these Rules.**[34]

21.2. Change in Beneficial Ownership. - **Any change in beneficial ownership shall be reported within seven (7) calendar days from the date of the event.**[35]

Section 22. Beneficial Ownership Registry Submission.

22.1. **All beneficial ownership information shall be submitted through the Commission's designated beneficial**

[31] Emphasis supplied.
[32] Emphasis supplied.
[33] Emphasis supplied.
[34] Emphasis supplied.
[35] Emphasis supplied.

ownership registry.[36]

22.2. The Commission may authorize physical submission or alternative filing methods of beneficial ownership information, in exceptional circumstances, though official correspondence or advisory.

Kindly also be informed that effective 30 January 2026, corporations are required to submit their beneficial ownership data through the Hierarchical and Applicable Relations and Beneficial Ownership Registry ("HARBOR"), a web-based registry for such disclosures.

Before, beneficial ownership disclosures were submitted to the Commission *via* the Electronic Filing and Submission Tool on the last page of a company's General Information Sheet ("GIS") submission. With the launch of HARBOR, the Commission issued the 2026 version of the GIS, which removes the page on beneficial ownership disclosures. Effectively, companies will no longer need to re-submit the same beneficial ownership declaration every year, unless there are changes, including the addition of new beneficial owners. Instead, filers will be required to revalidate previously submitted information.

In light of the foregoing, if such nominee arrangement and beneficial ownership data were already existing at the time that Guangxi was incorporating, the same should have been disclosed at the time of incorporation or registration as a required disclosure with the Electronic Simplified Processing of Application for Registration of Company ("eSPARC"), an online facility that caters to the application for registration of corporations. eSPARC is also the online company registration platform mentioned in Section 13 of MC15. To reiterate, no certificate of incorporation or license to do business shall be issued until such information is provided.

On the other hand, if such nominee arrangement and beneficial ownership data existed after Guangxi's incorporation, it has the option to either: (a) disclose the same already *via* the HARBOR even before the filing of its GIS; or (b) file the same *via* HARBOR together with its next GIS filing, *i.e., within thirty (30) days from the actual date of Annual Stockholders' Meeting.* Per Guangxi's By-laws, its "[r]egular or annual meetings of stockholders or members shall be held annually on May 1."

We also wish to highlight that nominee directors/trustees/shareholders/incorporators and beneficial owners refer to natural persons. The nominator or principal may be a natural person or juridical entity.

10.0 May compliance be achieved through either of the following:

10.1 Amending the Articles of Incorporation to reflect the beneficial ownership relationship; or

Answer: Kindly see discussion under Item No. 9 hereof.

10.2 Transferring the 300 shares from Mr. Mo to CEGB, allowing CEGB to formally subscribe 0.01% equity and designate its representative to sit on the Board of Directors?

Answer: Even without the transfer, compliance may be achieved by making the disclosure under Item No. 9 hereof. Nevertheless, the legal transfer of shares or revocation of the assignment of shares to the nominee may be undertaken by the company, subject to the necessary documentation to effect the same. For this matter, MC15 provides:

> Section 12. *Disclosure and Recording of the Alienation, Sale, or Transfer of Shares.* Except as provided for under any of the rules of the Commission, **the alienation, sale or transfer of shares of stock, the date thereof, by whom and to whom made, shall be disclosed and recorded in the Stock and Transfer Book of the issuing corporation within Thirty (30) days from date of such alienation, sale, or transfer, subject to compliance with the requirements for the recording or registration of transfers under applicable regulations. Unless thus disclosed and recorded, the same shall not be binding on the issuer. No transfer or assignment of ownership or rights over shares of stock shall be effective unless the name of the transferee/purchaser/assignee is properly identified and the transaction is recorded in the Stock and Transfer Book or the appropriate registry book of the issuing corporation in accordance with these Guidelines.**

[36] Emphasis supplied.

> Sales or transfers of shares of publicly listed companies through the facilities of the Philippine Stock Exchange are not covered by this Section, without prejudice to the requirement to disclose beneficial ownership information in the Commission's Beneficial Ownership Registry which shall remain applicable to all registered corporations as well as disclosure of beneficial ownership of shares in accordance with pertinent provisions of the IRR of the Securities Regulation Code.[37]

It shall be understood that the foregoing opinion is rendered based solely on the facts, circumstances and documents disclosed/submitted and relevant solely to the particular issue raised therein. It shall not be used in the nature of a standing rule binding upon the Commission or upon the courts whether of similar or dissimilar circumstances.[38] If, upon further inquiry or investigation, it will be disclosed that the facts relied upon are different, this opinion shall be rendered void.

Please be guided accordingly.

Very truly yours,

Romuald C Padilla
General Counsel

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[37] Emphasis supplied.
[38] Paragraph 7, SEC Memorandum Circular No. 15, Series of 2003.