Securities and Exchange Commission PHILIPPINES

OFFICE OF THE GENERAL COUNSEL

19 March 2026

SEC-OGC Opinion No. 26-06
Re: Non-Stock, Non-Profit Corporation Vested with Governmental Function

MANILA ECONOMIC and CULTURAL OFFICE
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Attention: Atty. Rodolfo O. Reyes
Corporate Secretary

Dear Atty. Reyes:

This refers to your Letter dated 12 February 2026,[1] requesting for opinion regarding the nature and character of the Manila Economic and Cultural Office (MECO), a non-stock, non-profit corporation vested with governmental functions.

In your letter, you stated that on 05 June 1975, MECO was incorporated with the Commission as a non-stock, non-profit corporation under Philippine Law. Consistent with such registration, MECO has complied with the reportorial requirements applicable to similar entities, including the filing of an annual General Information Sheet (GIS). Since MECO's incorporation, several Executive Orders (EOs) were issued by the Presidents of the Philippines defining its supervision, functions, and governmental character.

You also mentioned that on 26 February 2001, EO No. 15, Series of 2001, expressly vested MECO with official/government-like functions consistent with the previous EOs and reiterated its supervision by the government.

According to you, MECO is subject to oversight not only by the President but also by the Department of Trade and Industry (DTI). Moreover, the members of the Board of Directors are not elected by shareholders or members but are instead indirectly appointed by the President of the Philippines, underscoring the absence of a private constituency.

You also stated that in the case of *Funa vs. MECO* (MECO Case),[2] the Supreme Court clarified that MECO performs governmental functions and thus possesses a *sui generis* character, distinguishing it from ordinary private corporations. You posit that MECO's character and nature are therefore similar to the Philippine National Red Cross (PNRC), which the Supreme Court, in *Dante V. Liban, et al., vs. Richard J. Gordon* (PNRC Case),[3] held to also possess a *sui generis* character.

Hence, you are now requesting an opinion on the following matters:

1. Whether MECO continues to fall within the jurisdiction of the Commission for purposes of reportorial requirements applicable to private non-stock corporations;
2. Whether MECO continues to be required to file an annual GIS with the Commission; and

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[1] Endorsed to this Office on 16 February 2026.
[2] G.R No. 193462, February 04, 2014.
[3] G.R. No. 175352, January 18, 2011.

3. Whether MECO needs to have the amendment of its Articles of Incorporation (AOI) and By-Laws submitted to the Commission for the latter's approval.

Republic Act (RA) No. 10149, or "The GOCC Governance Act of 2011,[4] was passed into law, defining government instrumentalities with corporate powers and a Government-Owned or -Controlled Corporation (GOCC), in this wise:

> (n) ***Government Instrumentalities with Corporate Powers (GICP)/Government Corporate Entities (GCE)*** **refer to instrumentahties or agencies of the government, <u>which are neither corporations nor agencies integrated within the departmental framework</u>, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and <u>enjoying operational autonomy usually through a charter</u>** including, but not limited to, the following: the Manila International Airport Authority (MIAA), the Philippine Ports Authority (PPA), the Philippine Deposit Insurance Corporation (PDIC), the Metropolitan Waterworks and Sewerage System (MWSS), the Laguna Lake Development Authority (LLDA), the Philippine Fisheries Development Authority (PFDA), the Bases Conversion and Development Authority (BCDA), the Cebu Port Authority (CPA), the Cagayan de OrO Port Authority, the San Fernando Port Authority, the Local Water Utilities Administration (LWUA) and the Asian Productivity Organization (APO).
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> (o) ***Government-Owned or -Controlled Corporation (GOCC)*** **refers to any agency organized as a stock or nonstock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and <u>owned by the Government of the Republic of the Philippines directly or through its instrumentalities</u> xxxx."** (Emphasis supplied)

With the above definition, it is now settled that for a corporation to be classified as a GOCC, the following elements must concur: (1) it is established by original charter or through the general corporation law; (2) vested with functions relating to public need whether governmental or proprietary in nature; and (3) **directly owned by the government or by its instrumentality, or where the government owns a majority of the outstanding capital stock**. Possessing all three (3) attributes is necessary for a corporation to be classified as a government-owned or controlled corporation.[5]

MECO, although incorporated under the Corporation Code[6] (now Revised Corporation Code or RCC[7]) and having a function with a public aspect, is not a GOCC because it is not owned or controlled by the government. As the Supreme Court explained in the *MECO* Case:[8]

> **"Organization as a non-stock corporation and the mere performance of functions with a public aspect, however, are not by themselves sufficient to consider the MECO as a GOCC. In order to qualify as a GOCC, a corporation must also, if not more importantly, be owned by the government.**
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> **<u>The fact of the incorporation of the MECO under the Corporation Code is key</u>. <u>The MECO was correct in postulating that, as a corporation organized under the Corporation Code, it is governed by the appropriate provisions of the said code, its articles of incorporation and its by-laws</u>. In this case, it is the *by-laws* of the MECO that stipulates that its directors are elected by its members; its officers are elected by its directors; and its members, other than the original incorporators, are admitted by way of a unanimous board resolution, xxx.**
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> It is significant to note that *none* of the original incorporators of the MECO were shown to be government officials at the time of the corporation's organization. Indeed, none of the members, officers or board of directors of the MECO, from its incorporation up to the present day, were established as government appointees or public officers designated by reason of their office. **There is, in fact, no law or executive order that authorizes such an appointment or designation. Hence, from a strictly legal perspective, it appears that the presidential *"desire letters"* pointed out by petitioner—if such letters even exist outside of the case of Mr. Basilio—are, no matter how strong its persuasive effect may be, merely recommendatory.**
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[4] Section 3 of Republic Act No. 10149 (2011), GOCC Governance Act of 2011, Approved June 6, 2011.
[5] GSIS Family Bank Employees Union vs. Sec. Cesar L. Villanueva et al., G.R. No. 210773, January 23, 2019.
[6] Batas Pambansa Blg. 68, May 01,1980.
[7] Republic Act No. 11232, February 20, 2019
[8] Supra Note 2.

Even if MECO were to be considered as a GOCC, it would still fall under the category of a Non-Chartered GOCC,[9] which, as will be discussed hereunder, should still be governed by the pertinent provisions of the RCC.

As to whether MECO is, in the alternative, a government instrumentality, the MECO Case is again instructive, viz:

> "The categorical exclusion of the MECO from a GOCC makes it easier to exclude the same from any other class of government instrumentality. The other government instrumentalities *i.e.*, the regulatory agencies, chartered institutions and GCE/GICP are all, by explicit or implicit definition, creatures of the law. **The MECO cannot be any other instrumentality because it was, as mentioned earlier, merely incorporated under the Corporation Code.**"

The above test was reiterated by the Supreme Court in *Metropolitan Waterworks Sewerage System vs. The Local Government of Quezon City, et al.*,[10] where it ruled that a **government instrumentality must not have been organized as a stock or non-stock corporation**, even though it exercises corporate powers, administers special funds, and enjoys operational autonomy, usually through its charter.

Thus, MECO is not a government instrumentality since it was organized as a non-stock corporation under the general incorporation law, i.e., now RCC.

Further, while the MECO Case stated that MECO is *sui generis*, the same does not make its nature similar to that of the PNRC, as held in the PNRC Case. In the latter case, the Supreme Court held that PNRC is *sui generis* because it is neither a government entity nor a private corporation. PNRC is not strictly a private corporation because, while it has a charter, its creation really and primarily derived from the Geneva Convention. Its creation was not privately motivated but originated from the State's obligation to comply with international law. It is, including its distinct features, directly regulated by international humanitarian law.

The above circumstances of PNRC, as elucidated in the PNRC Case, is not on all fours with those of the MECO Case, i.e., MECO has no charter but was incorporated under the Corporation Code and was not created to comply with international law. On the contrary, and to repeat the Supreme Court in the MECO Case, "it is governed by the appropriate provisions of the [Corporation Code], its articles of incorporation and its by-laws."

Thus, the statement that MECO is sui generis is a mere recognition of it having public functions, which is not reason enough to alter MECO's corporate personality, as the same is determined by its ownership and manner of creation. Having been created under the Corporation Code and without government ownership or control, MECO remains a private non-stock corporation and is therefore within the Commission's jurisdiction.

In this connection, *Philippine Society for the Prevention of Cruelty to Animals v. Commission on Audit et al.*, [11] explained that by virtue of the fiction that all corporations owe their very existence and powers to the State, **the reportorial requirement is applicable to all corporations of whatever nature, <u>whether they are public, quasi-public, or private corporations</u>- <u>as creatures of the State</u>**, there is a reserved right in the legislature to investigate the activities of a corporation to determine whether it acted within its powers. In other words, **the reportorial requirement is the principal means by which the State may see to it that its creature acts according to the powers and functions conferred upon it.**

Pursuant thereto, Section 177 of the RCC provides:

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[9] Section 3 of Republic Act No. 10149 or the "GOCC Governance Act of 2011", provides:

SEC. 3. *Definition of Terms.* —

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(p) ***Nonchartered GOCC* refers to a GOCC organized and operating under Batas Pambansa Bilang 68, or "The Corporation Code of the Philippines".**

[10] G.R. No. 194388, November 07,2018.
[11] G.R. No. 169752, September 25, 2007.

SEC. 177. *Reportorial Requirements of Corporations.* -Except as otherwise provided in this Code or in the rules issued by the Commission, **every corporation**, domestic or foreign, doing business in the Philippines **shall submit to the Commission:**

(a) Annual financial statements audited by an independent certified public accountant: *Provided,* That if the total assets or total liabilities of the corporation are less than Six hundred thousand pesos (P600.000.00), the financial statements shall be certified under oath by the corporation's treasurer or chief financial officer; and

(b) A general information sheet.

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The reportorial requirements shall be submitted annually and within such period as may be prescribed by the Commission.

The Commission may place the corporation under delinquent status in case of failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years. The Commission shall give reasonable notice to and coordinate with the appropriate regulatory agency prior to placing on delinquent status companies under their special regulatory jurisdiction.

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The annual submission of the reportorial requirements is to ensure transparency, accountability, and compliance with regulatory laws. As corporations are creatures of the law, they owe their existence to the sovereign powers of the State, exercised by the Legislature, which, by general law or, in certain instances, direct act, prescribes the manner of their formation or organization. **Throughout their lifetimes, corporations are subject to a plethora of regulatory requirements, such as those involving annual reports.**[12]

In fact, under Section 30 of RA No. 10149, "the provisions of the Corporation Code of the Philippines shall apply suppletorily to GOCCs, insofar as they are not inconsistent therewith." Having been incorporated under the Corporation Code, Non-Chartered GOCCs are included among the entities required to file annual reports to the Commission. This interpretation finds support in the Joint Memorandum of Agreement issued by the Commission and the Governance Commission for GOCCs (GCG), which categorically provides that "the Commission continues to have jurisdiction over Non-Chartered GOCCs insofar as reportorial requirements are concerned."

For the same reasons above, and as required by Sections 15[13] and 47[14] of the RCC, any amendment to the AOI or By-laws of a corporation organized under the RCC must be approved by the Commission.

Based on the foregoing, MECO is required to comply with the afore-quoted provisions of the RCC. Hence, we answer all your questions in the affirmative.

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 in other cases or

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[12] Ago Realty & Development Corporation et al., v. Ago, G.R. No. 210906, October 16, 2019.

[13] SEC. 15. *Amendment of Articles of Incorporation.* –

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The amendments shall take effect upon their approval by the Commission or from the date of filing with the said Commission if not acted upon within six (6) months from the date of filing for a cause not attributable to the corporation.

[14] SEC. 47. *Amendment to Bylaws.* –

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The amended or new bylaws shall only be effective upon the issuance by the Commission of a certification that the same is in accordance with this Code and other relevant laws.

upon the courts whether of similar or dissimilar circumstances.[15] 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

[15] Section 7, SEC MC No. 15 Series of 2003, 16 December 2003.