

**SECTION 19. Powers and Duties of the President.** – The President of the Corporation shall be the Chief Executive of the Corporation. He shall have the following powers and duties:

- “(a) Submit for the consideration of the Board of Directors such matters, policies and measures he recommends as necessary to carry out the purposes and provisions of this Decree;
- “(b) Execute and administer the policies, measures and directives approved by the Board of Directors;
- “(c) Direct and supervise the operations and internal administration of the Corporation;
- “(d) Delegate any administrative responsibility to other officers of the corporation as he may deem proper and necessary;
- “(e) Exercise such other powers as may be vested in him by the Board.

**SECTION 20. Representation.** – The President of the Corporation shall be the principal representative of the Corporation and as such he shall, in accordance with the instructions of the Board:

- “(a) Represent the Corporation in all dealings with other offices, agencies and instrumentalities of the government and with all other persons or entities, public or private, whether domestic or foreign;
- “(b) Execute, on behalf of the Corporation, all contracts and agreements the Corporation may enter into; authorize with his signature, notes and securities issued by the Corporation; and all such other documents of the Corporation;
- “(c) To vote all stocks owned or controlled by the Corporation;
- “(d) To represent the Corporation, personally or through counsel, in any legal proceeding or action taken by or against the Corporation; and
- “(e) To delegate his power to represent the Corporation, as provided in subsections (a), (b), (c) and (d) of this Section, to other officers of the Corporation upon his own responsibility.

**SECTION 21. Authority of the President in Emergencies.** – In the event of war or other emergencies which require immediate action by the Board of Directors and there is insufficient time to call a meeting thereof, the President of the Corporation with the concurrence of the Secretary of the Department of Trade or in the latter’s absence, with the concurrence of any two (2) other members of the Board, may decide any matter or take any action within the authority of the Board itself and may suspend enforcement of any resolution or decision previously taken by the Board.

“In such cases, the President of the Corporation shall subsequently call a meeting of the Board which shall then ratify or modify such emergency action as the circumstances warrant.

“SECTION 22. Executive Vice President. – During the absence or incapacity of the President of the Corporation, the Executive Vice President shall act as Chief Executive of the Corporation. He shall exercise the powers and perform the duties as may be delegated to him by the President of the Corporation or assigned to him by the Board of Directors.

“SECTION 23. The Auditors. – The Chairman of the Commission on Audit shall appoint a representative who shall be the auditor of the Corporation. He shall likewise appoint the necessary personnel to assist said representative in the performance of his duties. The salaries of the auditor and his staff shall be fixed by the Chairman of the Commission on Audit with the advice of the Board of Directors and said salaries and other expenses for the auditor’s office shall be paid by the Corporation. The auditor of the Corporation and personnel under him may be removed only by the Chairman of the Commission on Audit.

“The Auditor must be a certified public accountant with at least ten years experience as certified public accountant. No relative of any member of the Board of Directors or the Chairman of the Commission on Audit within the fourth degree of consanguinity and affinity shall be appointed as such representative.

#### MISCELLANEOUS PROVISIONS

“SECTION 24. Annual Report. – Before the end of February of each year, the Corporation shall submit to the President of the Philippines an annual report on the condition of the Corporation. The annual report shall contain a review of the policies and measures adopted by the Board during the past year and an analysis of the economic and financial circumstances which required such measures and policies. The annual report shall also include an audited statement of the financial condition of the Corporation.

“SECTION 25. Fiscal Period, Corporate Profits and Losses. – The fiscal period of the Corporation shall commence on the first day of January and end on the last day of December of each year.

In the event the audited financial statement included in the Annual Report required in the next preceding section reveals a net profit from its business operations, said net profits shall be accumulated in its surplus account, which shall be utilized in pursuance of corporate objectives as may be authorized by the Board of Directors; Provided, however, that the accumulated surplus shall not, at the end of any fiscal period, exceed twenty five per centum (25%) of the authorized capital stock of the Corporation.

Whenever the audited financial statement reveals a net loss from the business operations of the Corporation, such loss shall be debited to surplus, and if surplus is inadequate, the balance shall be debited to the capital of the Corporation.

“SECTION 26. Dividends. – Whenever surplus profits arise from the business operations of the Corporation as reflected by its Annual Report, and such profits exceed twenty five per centum (25%) of the authorized capital stock of the Corporation, the excess shall be available for declaration as dividends accruing to the shares of stock issued by the Corporation, under the conditions hereunder set forth.

**SECTION 27. Declaration of Dividends.** – After determination of the existence of excess surplus profits, the Board of Directors may either declare the payment of cash dividends or recommend to the stockholders of the Corporation the declaration of stock dividends; and in the latter event, no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote at a general meeting of stockholders or at a special meeting duly called for the purpose.

“Cash dividends accruing to the shares of the National Government of the Republic of the Philippines shall first be applied to the unpaid subscription of the National Government until the same is duly paid. Thereafter, any further dividends due to the National Government shall be paid to the National Treasury of the Philippines for the general funds thereof.

**SECTION 28. Personnel Recruitment.** – The Corporation shall adopt a special recruitment and employment scheme as a merit system that is responsive to the commercial nature of its operations. Further, the Corporation is hereby authorized to extend permanent appointment to, or contract the services of trained and experienced persons, even without civil service eligibility, for its manpower build-up as a competing trading firm. In view of the pioneering nature of its operation, the Corporation shall continue to be exempt from the OCPC rules and regulations.

Officers and employees of the Corporation, including all members of the Board of Directors, shall not engage directly or indirectly in any partisan political activity or take part in any election except to vote.

**SECTION 29. Responsibilities and Penalties.** – Any member of the Board of Directors or officers or employees of the Corporation who willfully violates this Decree or the By-Laws of this Corporation adopted pursuant to this Decree, or who is guilty of gross negligence in the performance of his duties, shall be held liable for any loss or damage suffered by the Corporation as a result of such violation or negligence. Similar responsibility shall apply to the disclosure of any information of a confidential nature about the discussions or resolutions of the Board of Directors or about the operations of the Corporation, and to the use of such information for personal gain to the detriment of the Corporation.

“Any director, officer, employee or agent of the Corporation who violates or aids in or abets the violation of any of the provisions of this Decree shall be punished by a fine not exceeding ten thousand pesos or by imprisonment of not more than five years, or both such fine and imprisonment.

**SECTION 30. Liquidation.** – In the event of liquidation of the Corporation, for any cause, the investment of the private sector in the capital stock of the Corporation shall have preference in the disposition of the assets of the Corporation.

**SECTION 31. Repealing Clause.** – Presidential Decree No. 252 as amended is hereby repealed. All acts, decrees, rules, regulations, and other official issuances or parts thereof, inconsistent to or incompatible with any of the provisions of this Decree are likewise hereby repealed or modified accordingly.

“SECTION 32. This Decree shall take effect immediately.”

Done in the City of Manila, this 25th day of January, nineteen hundred and seventy-seven.

**(SGD.) FERDINAND E. MARCOS**  
President of the Philippines

By the President:

**(SGD.) JUAN C. TUVERA**  
Presidential Assistant