

THE CPA LICENSURE EXAMINATION SYLLABUS REGULATORY FRAMEWORK for BUSINESS TRANSACTIONS

Effective May 2016 Examination

This subject covers the candidates' knowledge of the regulatory framework governing business transactions and business organizations/associations, and of business laws including their legal implications. Candidates should know and understand the pertinent legal provisions, general principles, concepts, and underlying philosophy of the laws applicable to commerce and business. The candidates must have sufficient knowledge to enable them to recognize the legal implications of business situations or transactions and to know when to seek legal counsel or recommend that it be sought.

The candidates must have a working knowledge to apply the various regulatory framework measures and the pertinent provisions of the law relative to particular business scenarios.

The candidates must also be familiar with clients' rights and remedies, with the handling of disputes on regulatory issues. They must know the various regulatory offices that they will be interacting with and the basic regulations that they will derive benefits from..

The candidates must also be able to communicate effectively matters pertaining to the regulatory work that will be handled.

The knowledge of the candidates in the competencies cited above is that of an entry level accountant who can address the fundamental requirements of the various parties that the candidates will be interacting professionally in the future.

Only new laws, implementing rules and regulations, jurisprudences and other issuances shall be included in the examinations if these are in effect for at least six (6) months at the date of the examination..

The examination shall have one hundred (100) multiple choice questions.

The syllabus for the subject is presented below.

1.0 LAW ON BUSINESS TRANSACTIONS

- 1.1 Obligations
 - 1.1.1 Sources of obligations and their concepts
 - 1.1.1.1 Law
 - 1.1.1.2 Contracts
 - 1.1.1.3 Quasi-contracts
 - 1.1.1.4 Delicts
 - 1.1.1.5 Quasi-delicts
 - 1.2 Kinds of obligations in general under the Civil Code
 - 1.3 Specific circumstances affecting obligations in general
 - 1.3.1 Fortuitous events
 - 1.3.2 Fraud
 - 1.3.3 Negligence
 - 1.3.4 Delay
 - 1.3.5 Breach of contract
 - 1.4 Duties of obligor in obligation to do or not to do
 - 1.5 Extinguishment of obligation with special emphasis on
 - 1.5.1 Payment of debts of money
 - 1.5.2 Mercantile documents as means of payment
 - 1.5.3 Special forms or modes of payment
 - 1.5.4 Remission or condonation, confusion, compensation and novation
 - 1.5.5 Effect of insolvency and bankruptcy on extinguishment of obligation

2.0 Contracts

- 2.1 Concepts and classification
- 2.2 Elements and stages
- 2.3 Freedom from contract and limitation

- 2.4 Persons bound
- 2.5 Consent
 - 2.5.1 Capacitated persons
 - 2.5.2 Requisites
 - 2.5.3 Vices of consent
- 2.6 Objects of contracts
- 2.7 Considerations of contracts
- 2.8 Formalities of contracts
- 2.9 Interpretation and reformation of contract
- 2.10 Defective contracts
 - 2.10.1 Rescissible
 - 2.10.2 Voidable
 - 2.10.3 Unenforceable
 - 2.10.4 Void

3.0 Sales

- 3.1 Nature, forms and requisites
- 3.2 Earnest money as distinguished from option money
- 3.3 Rights/obligations of vendor and vendee
- 3.4 Warranties (in relation to consumer laws)
- 3.5 Installment sales
 - 3.5.1 Personal property – Recto Law
 - 3.5.2 Real Property – Maceda Law
 - 3.5.3 PD 957 / Condominium Act

4.0 LAW ON CREDIT TRANSACTIONS

- 4.1 Pledge, Real Mortgage and Chattel Mortgage
 - 4.1.1 Nature and requisites
 - 4.1.2 Requirements to bind the parties and third persons
 - 4.1.3 Obligations and rights of pledgor and pledge
 - 4.1.4 Obligations and rights of mortgagor and mortgagee
 - 4.1.5 Effect of pactum commissorium
 - 4.1.6 Modes of extinguishment
- 4.2 Insolvency Law *
 - 4.2.1 Definition of insolvency
 - 4.2.2 Suspension of payments
 - 4.2.3 Voluntary insolvency
 - 4.2.4 Involuntary insolvency
- 4.3 Corporate Rehabilitation *
 - 4.3.1 Definition of Terms
 - 4.3.2 Stay Order
 - 4.3.3 Receiver
 - 4.3.4 Rehabilitation Plan
 - 4.3.5 Contents of Petition and other types of Rehabilitations

5.0 NEGOTIABLE INSTRUMENTS AND BOUNCING CHECKS LAW

- 5.1 Negotiable Instruments
 - 5.1.1 Negotiability of instrument
 - 5.1.2 Abnormal negotiable Instruments
 - 5.1.3 Incomplete but delivered instruments
 - 5.1.4 Incomplete and undelivered instruments
 - 5.1.5 Complete but undelivered instruments
 - 5.1.6 Instruments with forged signature
- 5.2 Bouncing Checks *
 - 5.2.1 Checks without insufficient funds
 - 5.2.2 Evidence of knowledge of insufficient funds
 - 5.2.3 Duty of Drawee
 - 5.2.4 Credit Construed

6.0 LAW ON BUSINESS ASSOCIATIONS

- 6.1 Partnership
 - 6.1.1 Nature and as distinguished from corporation
 - 6.1.2 Elements and kinds

- 6.1.3 Formalities required
- 6.1.4 Rules of management
- 6.1.5 Distribution of profits and losses
- 6.1.6 Sharing of losses and liabilities
- 6.1.7 Modes and retirement requirements
- 6.1.8 Limited partnership
- 6.2 Corporations
 - 6.2.1 Nature and classes of corporation
 - 6.2.2 Incorporation and organization of Private Corporation
 - 6.2.3 Powers of a corporation
 - 6.2.3.1 Expressed
 - 6.2.3.2 Implied
 - 6.2.3.3 Incidental
 - 6.2.4 Board of Directors/Corporate Officers
 - 6.2.4.1 Qualifications
 - 6.2.4.2 Election and removal
 - 6.2.4.3 Powers and fiduciary duties
 - 6.2.5 Classes of stocks
 - 6.2.5.1 Concepts
 - 6.2.5.2 Subscriptions
 - 6.2.6 Powers, duties, rights and obligations of stockholders
 - 6.2.7 Majority and minority control
 - 6.2.8 By Laws
 - 6.2.9 Meetings
 - 6.2.10 Corporate reorganization
 - 6.2.10.1 Mergers
 - 6.2.10.2 Consolidations
 - 6.2.10.3 Other business combinations
 - 6.2.11 Non-stock corporation
 - 6.2.12 Modes of dissolution and liquidation
 - 6.2.12.1 Retirement Requirements
 - 6.2.13 Foreign corporations
 - 6.2.13.1 License to do business
 - 6.2.13.1.1 Purpose of the license
 - 6.2.13.2 Requirements for application/issuance of license
 - 6.2.13.3 Consequence of doing business without a license
 - 6.2.14 Definition and rights of foreign corporations
 - 6.2.15 Definition of doing business and its relation to foreign investments
 - 6.2.16 Purpose and qualifications of Resident agent
 - 6.2.17 Suits against foreign corporations
 - 6.2.18 Suspension or revocation of license
 - 6.2.19 Withdrawal from business
 - 6.2.20 Kinds and availability of corporate books
 - 6.2.21 Securities Regulation Code
 - 6.2.21.1 Kinds of securities
 - 6.2.21.2 Protection of investors, private tender offer and Insider Trading
 - 6.2.21.3 SEC Circulars and Issuances
 - 6.2.21.4 Code of Corporate Governance
 - 6.2.21.5 Filing of General Information Sheet
 - 6.2.21.6 Filing of Annual Audited Financial Statements
- 6.3 Cooperatives *
 - 6.3.1 Organization and Registration of Cooperatives
 - 6.3.2 Administration
 - 6.3.3 Responsibilities, Rights and Privileges of Cooperatives
 - 6.3.4 Capital, Property of Funds
 - 6.3.5 Audit, Inquiry and Members' Right to Examine
 - 6.3.6 Allocation and Distribution of Funds
 - 6.3.7 Types and Categories of Cooperatives
 - 6.3.8 Merger and Consolidation of Cooperatives
 - 6.3.9 Dissolution of Cooperatives

7.0 Law on other Business Transactions

- 7.1 PDIC Law *
 - 7.1.1 Insurable deposits
 - 7.1.2 Maximum liability
 - 7.1.3 Requirements for Claims
- 7.2 Secrecy of Bank Deposits and Unclaimed Balances Law *
- 7.3 General Banking Law *
 - 7.3.1 Definition of Banks
 - 7.3.2 Loans
 - 7.3.2.1 SBL
 - 7.3.2.2 DOSRI
- 7.4 AMLA Law *
 - 7.4.1 Covered transactions
 - 7.4.2 Suspicious transactions
 - 7.4.3 Reportorial Requirement
- 7.5 The New Central Bank Act *
 - 7.5.1 Legal tender power over coins and note
 - 7.5.2 Conservatorship
 - 7.5.3 Receivership and Closures
- 7.6 Intellectual Property Law (except provisions under Part 1 (Intellectual Property Office) *
 - 7.6.1 The Law on Patents
 - 7.6.2 The Law on Trademark, Service Marks and Trade Names
 - 7.6.3 The Law on Copyright

***- Effective October 2017 CPA Board Exam**

NOTES:

1. The following items can be incorporated in the syllabus of Partnership and Corporation:
 - a. Securities Regulation Code
 - b. SEC Circulars and Issuances
 - c. Cooperatives
2. The Insolvency Law and Corporate Rehabilitation can be incorporated in the syllabus of Pledge & Mortgage.
3. The Bouncing Checks Law and Banking Laws can be taught in the Negotiable Instruments Law.
4. Intellectual Property Law can be discussed in Financial Reporting re: Intangible Assets