

MORE NOVELTIES RELATED TO LAW 479-08

Enacted on 11 December 2008, the General Law on Business Associations and Limited Liability Proprietorships, number 479-08 ("Law 479-08" or the "Law"), went into effect on 9 June 2009.

As we have indicated in prior publications of *JCP Update*, Law 479-08 was enacted with the intent to replace statutory provisions governing business associations and other business entities that were previously found in the country's Commercial Code and other applicable local laws. This Law includes statutory elements that more accurately address corporate legal issues.

Law 479-08 establishes a relatively short period of time for which business entities can conform to the requirements of the new law.

Due to this short period of time given to adjust to the new legal requirements under Law 479-08, a new law, Law number 178-09 ("Law 178-09"), was approved on 22 June 2009, that modifies Articles 515, 521, and 523 of Law 479-08, extending the period of adjustment to eighteen (18) months as of the publication date of Law 479-08. This extension makes 11 June 2010, the deadline for a corporation, whether public or private, to finalize the adjustment to

its corporate, accounting, and operational framework in compliance with Law 479-08's new requirements.

In light of the majority of businesses being unable to complete the adjustment or transformation process prior to the deadline of the initial extension, the National Congress approved a second extension of six (6) additional months under Law number 73-10 on 9 June 2010, modifying the material provisions of Articles 515 and 521 and Paragraph I of Article 523 of Law 479-08. This new extension adds a total of twenty-four (24) months to the period of adjustment/transformation given to commercial entities from the date in which the Law was initially published, giving said entities until December 11, 2010, to become compliant with the Law's requirements.

Remember, pursuant to the Law's new requirements, commercial entities only have two options: (1) complete an adjustment process; or (2) complete a transformation process. Under the first option, the commercial entity is permitted to remain as it currently exists; while under the second option, the commercial entity is permitted to take on a new corporate structure. Granted, this all depends on the

corporate realities of each entity and its capital investment capacity.

As a result of this second extension, the Chamber of Commerce and Production should continue to receive documents (renewal or matriculation applications, registration, and other related corporate documents) from those commercial entities that have not finalized their adjustment or transformation process until 11 December 2010.