

CORPORATE LAW: NOVELTIES REGARDING LAW 479-08

As we commented in the March edition of *JCP Update*, on 11 December 2008 was enacted the General Law on Business Associations and Limited Liability Proprietorships, number 479-08 ("Law 479-08"), which overturns and substitutes Title III of the Code of Commerce of the Dominican Republic with respect to companies and introduces marked changes in Dominican corporate law. The new rules entered in force on 19 June 2009.

It is well-known that the approval of Law 479-08 stirred debates and concerns in Dominican legal and commercial circles regarding the consequences which the new judicial framework could produce, especially over the short term.

As a result of such debates and concerns, Law number 178-09 was enacted on 22 June 2009 ("Law 178-09"), modifying articles 515, 521 and 523 of Law 479-08.

The two articles of Law 178-09, extend the term for completing the process of corporate, accounting and operative adjustment for Corporations (*sociedades anónimas*) which are to remain as such, to a total of eighteen (18) months¹ after

enactment of Law 178-09, whether they be public or private corporations.

Further, with the enactment of Law 178-09, the Chambers of Commerce and Production must continue to receive, until 11 June 2010, the corporate documents for the purposes of matriculation, renewal or recording, of those corporations which have not yet completed the adjustment procedure set forth in Law 479-08 or, by default has not completed the transformation process, even though the corporate structure in question is no longer in conformity with the new judicial standards.

- *A Two Way Street?*

It should be recalled that Law 178-09 did not modify the date on which Law 479-08 entered into effect.

Let us recall that paragraph II of article 525 of Law 479-08 provided the following: *Once the adjustment procedure is completed, the corporations will be subject to the provisions of this law.* This provision was not modified by Law 178-09.

On the basis of this provision, it could be asked if, in the event of a

company not having completed the process of corporate adjustment (bringing an existing Corporation into conformity with the conditions of the new law), or transformation (from a Corporation to another corporate vehicle), those corporate actions carried out as of 19 June 2009 must be done pursuant to the exigencies of Law 479-08 or the provisions of the Code of Commerce must be applied.

To be sure, this will no doubt generate conflicting opinions and interpretations.

Over time, jurisprudence and practice will inevitably clear up the uncertainties brought about by the newness of all these issues.

¹ That is, until 11 June 2010.