

## NEW TYPE OF CORPORATE ENTITY

On June 5, 2007 was published Law No. 20,190, also known as Capital Market II Act (hereinafter, the “Act”). This Act creates a new type of corporate entity, the so-called Company per Shares (Sociedad por Acciones - “SpA”).

The SpA is a commercial company, participation in its equity is represented by nominal shares, and its shareholders are only liable up to the amount of their respective contributions.

In the silence of the by-laws and the Act, the SpA is governed, unless contravene its nature, by the rules applicable to close stock corporations (sociedad anónima cerrada). For tax purposes, SpA is considered as close stock corporations.

The SpA may be organized as single-owned legal entity, being the first company organization that, in general terms, has this character. There is no distinction as to whether the founding shareholder shall be an individual or other legal entity; nor do the SpA's become dissolved by operation of law when all the shares are held by the same person, except in the case that the by-laws so state. A true single-owned legal company is now available in Chilean system, under a legal structure where the shareholder will be liable only up to the amount of its contribution.

Incorporation of a SpA is more flexible than incorporation of other companies; it may be incorporated by means of a public deed or through a private instrument executed and filed with a notary public. In case of amendments of the SpA's by-laws, if 100% of the shares attend, the amendment may be effected without being necessary to hold a shareholders meeting.

By-laws must contain, at least: the name, which must include the expression “SpA”; the business purpose, which is always considered commercial; the company's capital, which must be determined in a precise manner and will be divided in nominal shares; and the manner in which the management of the company will be exercised and its

representatives. In connection with this latter subject, the management may be entrusted to one or more managers, to a board of directors, or to other form of corporate management.

The most revolutionary characteristics of the SpA, as far as our companies law is concerned, are, undoubtedly, those regarding the corporate capital and the policy of dividends, where the shareholders' autonomy of will, expressed in the SpA by-laws, has a range of possibilities so far unknown under Chilean Corporate law. For instance, with respect to the capital increase, it is not mandatory the preemptive rights in favor of shareholders, notwithstanding that it may so be established in the by-laws. In addition, it is provided, as a broad possibility, that the SpA may hold treasury shares, unless a prohibition to the contrary is set forth in the company by-laws.

In respect of dividend policies, the by-laws of a SpA may establish the payment of a dividend in a fixed amount, determined or susceptible of being determined, to a series of shares. Should the profits not be sufficient to pay such dividend, the shareholder may opt for the accumulation of the dividends owed, which shall be payable prior to the payment of any other dividends made in the future, whether in the event of future distributions or upon the dissolution and liquidation of the company, or exercise a right of withdrawal.

In addition, the Act permits to establish a dividend for profits arising from units of business or assets. The profits arising from such business units or assets will not be computed in the general profits of the SpA until such preferred dividend has been paid. In addition, these dividends shall be payable irrespective of the general results of the SpA, being only those of the business unit or assets considered.

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