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The new Civil and Commercial Code, as approved by Law No. 26,994, will enter into force on August 1, 2015 (hereinafter, the “CCC”).

So far, the Argentine Commercial Code had been separate from the Civil Code: the first one was enacted in 1859 whereas the second became effective in 1871.

The CCC, promulgated by the Executive Branch on October 7, 2014, repeals both the Civil and Commercial Codes and systematizes in a single body of laws the main principles and regulations that constitute the backbone of the special laws comprising the juridical system.

Below follow some of the major changes introduced by the CCC:

Companies:

- The CCC authorizes the creation of sole-shareholder entities under the form of corporations. The Board of Directors shall have at least three members and an uneven number of statutory auditors.

- Companies that are not organized under any of the corporate forms set forth in Chapter II of the General Company Law ("GCL"), that fail to meet any essential requirements, or that do not meet the formalities required by the GCL, shall be governed by Section IV of Chapter I of the GCL. The articles of organization of such companies shall be enforceable against their members and against any third parties that may have been aware thereof. Furthermore, third parties may enforce the articles against the company, its members and managers. As regards liability of the members, they shall be severally liable in equal proportion, except as may be otherwise agreed or applicable according to the corporate form adopted. Such companies may follow the “rectification” process and take the form of any of the corporate types set forth in the GCL or continue operating as “Section IV companies”.

- Regulations on companies governed by the civil code are repealed.

- The CCC provides for more alternatives to form husband-and-wife businesses. The spouses are now allowed to form part of any kind of company.

Contracts:

- The CCC contains provisions on contracts that had been governed in the past by specific laws such as lease-purchase, trust and business cooperation agreements; in addition, it contains regulations on typical commercial contracts that were not expressly regulated in the Commercial Code such as franchise, factoring, concession, agency, bank and other agreements.

- It includes regulations on pre-contractual issues / preliminary negotiations / letters of intent.

- It provides for the creation of arbitration agreements.

- The provisions of the Argentine Constitution and Law No. 24,240 on Consumer Protection are regulated by the inclusion of consumer contracts.

Obligations denominated in foreign currency:

- The CCC establishes the principle of
free will between the parties in respect of obligations and contracts. Although the debtor of an obligation to pay in foreign currency is entitled to pay in legal tender, as it is a “power” granted to the debtor, it may as well be waived. As this is not a public policy rule, its scope shall be determined by case-law.

Civil liability:

- The CCC introduces the functions of prevention and punishment in relation to civil liability, through the action for prevention and excessive punishment.

Legal capacity:

- Civil non-profit associations are regulated.
- Co-owners associations are included as a new type of legal entity.

Family:

- Marital property system: The spouses may enter into agreements to choose between the different marital property systems (community property or separate property). If the spouses have not entered into any agreement, the community property system is applied.
- Divorce: The requirement of having been married for 3 years in order to file for divorce is eliminated. The spouses may file for divorce either individually or jointly. It is no longer necessary to state the grounds on which the divorce is filed for.

Successions:

- The legal portion descendants are entitled to inherit is changed from four-fifths to two-thirds; the legal portion of ancestors is changed from two-thirds to one-half; and the legal portion of the surviving spouse is maintained at one-half.

Statute of limitations:

- The generic limitation period is changed from 10 to 5 years, unless the specific regulations provide for a different period.
- The statute of limitations for the filing of a claim for damages derived from civil liability is 3 years.

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◇ Brazil

**RIO 2016 OLYMPIC GAMES - TAX BENEFITS**

As a way to stimulate investments, the Brazilian Government issued a new Law[1] that sets forth tax measures applicable to operations involving the organization of events directly related to the 2016 Rio Olympic Games.

The Law provides for the exemption of Federal taxes due on import of goods or services to be used exclusively for Olympic Games-related activities. Taxes included in this exemption are the IPI (Federal Excise Tax), the II (Importation Tax), and the PIS/COFINS (Social Contributions levied upon imports), among other charges and duties.

Only some specific entities may be eligible for the Olympic tax benefits, such as the International Olympic Committee (IOC) and associated companies, the Court of Arbitration for Sport (CAS), the World Anti-Doping Agency (WADA), the Organizing Committee for the 2016 Olympic Games (RIO 2016), National Olympic Committees, International Sports Federations, accredited media companies, sponsors and IOC and RIO 2016 service providers.

If any of the eligible applicants commercializes products or services in Brazil...
or if it employs individuals (with or without a formal employment relationship), they incur in the legal obligation to establish an office or branch in Brazil.

Non-resident individuals entering Brazil who are employed or hired by such organizations to carry out activities related to the Rio Olympic Games are also exempted from the IRPF (Individual Income Tax).

Following the Federal Government precedent, States and Municipalities also adopted Laws exempting the payment of the ICMS (State Sales Tax) and the ISS (Services Tax) for sales and activities related to the Games (including celebrations, meetings, conferences, congresses).

It is worth noting that the IOC and RIO 2016 recently provided a list to the Brazilian Revenue Service indicating the individuals and legal entities that should benefit from the tax advantages herein mentioned [2].

Eligible companies not included in this list must send to the IOC or RIO 2016 all Debt Clearance Certificates for Federal Taxes and a duly completed form available on the internet [3]. Then, the IOC or RIO 2016 will submit the documentation to the Brazilian Revenue Service, who will issue an Executive Declaratory Act authorizing the use of the tax benefits.

EPP - Employment Protection Program
On July 7th, 2015, the Employment Protection Program (“EPP”) was established and regulated as from the publication of the Provisional Measure[1] No. 680 (“PM”) and the Decree No. 8,479 (“Decree”). Additional rules related to the PPE were effective as from the Inter-Ministerial Committee of the CPPE, according to CPPE Resolution No. 2/2015, published by the Federal Official Gazette on July 22th, 2015 (“CPPE Resolution No. 2”), which allows the companies to start adhering to the EPP upon negotiation with the relevant union.

The EPP was designed by the Brazilian Government aiming to focus on saving jobs in a period of crisis, by means of the adoption of measures that encourage companies to keep their workforce intact, through temporarily reducing of their employees’ working hours in an amount not up to 30% of their currently working hours with the proportionate reduction of their salaries, provided that it meets four basic requirements:

(i) the reduction should be agreed by means of a collective bargaining agreement to be entered into by and between the union that represents the working class and the employer; (ii) such collective bargaining agreement has to be applicable to all company’s employees, or at least, to employees of certain sector or department within the company and (iii) the reduction may not exceed the period of twelve months.

Furthermore, the companies must comply with the rules and procedures provided by the Inter-Ministerial Committee on Employment Protection Program (“CPPE”), according to CPPE Resolution No. 2, in which was announced the conditions for joining the program, namely: (i) proof of Employment Net Indicator[2] equal to or under 1%; (ii) enrollment with the General Taxpayers’ Registry of the Ministry of Finance – CNPJ/MF for at least two years; and (iii) proof of regularity concerning obligations related to tax, social security and the Federal Indemnity Fund for employees (“FGTS”), upon the

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presentation of the correspondent clearance certificates issued by the Brazilian Federal Revenue Services ("RFB") and the Federal Savings Bank ("CEF").

The reduction of workers’ salaries, although proportional to a decrease in working hours, may be seen as a violation of one of the guiding principles that govern the employment relationship rules, the so-called irreducibility of salaries, as there is an express provision in the Brazilian Labor Code ("CLT") that forbids any harmful changes to the employees’ agreement (Article 468). However, given the current scenario of the labor market, with increasing unemployment, the EPP may be seen as a possibility for maintaining another fundamental principle, the so-called employment relations continuity, also provided for in the CLT (Article 422). In any case, the EPP appears to be a more favorable alternative than the so-called “Layoff”, which is an emergency measure to maintain jobs also applicable under Brazilian laws (Article 476-A and 503, both from CLT).

Moreover, in order to avoid losses to the workers, the PM provides that half of the salary reduction, i.e., up to 15% of that amount, will be paid by the Government with funds from the Workers Support Fund ("FAT" in the Portuguese acronym), provided that it does not exceed the 65% limit of the Unemployment Insurance maximum value, which currently amounts to R$900.84.

It is important to mention that the inclusion of companies in the EPP will contribute to an effective cost savings for employers, employees and the government. The companies will be able to adjust their flow production to a reduced demand in period of crisis, and while preserves jobs, enables the maintenance of skilled workers, as well to reduce the effective costs in labor demands, layoffs and future admissions. To workers, there is the preservation of their jobs and a relevant maintenance of their income. Finally, to the government, those protective measures generates savings in costs of Unemployment Insurance and preserves a great part of the revenue from payroll (FGTS, income tax and social contribution).

Finally, it is relevant to note that companies that adhere to the EPP are forbidden to dismiss their employees in an arbitrary manner during the program’s period and for an additional period that correspond to a third of the EPP’s period, making the PPE an effective temporary stability to workers, a necessary measure to ensure the main purpose of the PM, that is the employment’s security.
[1] Provisional Measure, set forth under article 62 of the Brazilian Federal Constitution, is an exclusive legislative act of the president, with immediate force of law, without the legislative branch participation. The Provisional Measure will only be called for discussion and approval at a later time during its validity. The conditions for an “MP” issuance are the urgency and relevance of the matter.

[2] Employment Net Indicator (ILE in the Portuguese acronym) is an index percentage that represents the cumulative difference between the number of admissions and dismissals made in the last twelve months in relation to the total (inventory) of company employees occurred in the 13th month preceding the membership application to the EPP. These data should be registered in the General Register of Employed and Unemployed (CAGED in the Portuguese acronym).

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ANNUAL CENSUS OF FOREIGN CAPITAL IN BRAZIL – 2015

The Brazilian Central Bank, as from the issuance of the Normative No. 3,602, of June 25, 2012, has established the Annual Census of Foreign Capital in Brazil (“Annual Census”).

The Annual Census has the purposes of aggregating information about the Brazilian external liability, which includes direct foreign investments and debts instruments. As from the information provided online by Brazilian companies and investments funds, BACEN generates internally stats that aim to subside the formulation of economy policy, as well as to inform international organizations and economic research centers with respect to such data.

The Brazilian companies which, on December 31, 2014, (i) held foreign registered capital and have a net equity equals to or above US$100 million and/or (ii) have contracted short-term loans (term under 360 days) comprising the outstanding principal amount equals to or above US$10 million, are obliged to provide the information to BACEN requested under the Annual Census.

Additionally, Brazilian investment funds must also submit information, by means of their managers, of the total amount and respective participation held by foreign investors, specifying the foreign investors that held, individually, a stake at the fund equals or greater than 10% of the fund, subject to the minimum threshold of US$ 1000 million invested, taking also into account December 31, 2014 as the base date.

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The period for the online submission of the 2015 Annual Census is from July 1st to August 17, 2015.
It is important to mention that BACEN’s website has an online FAQ in which Brazilian companies may certify whether they are obliged to submit the information under the Census 2015.

Please note that Brazilian companies are solely responsible for the information provided under the 2015 Census. The provision of false, incomplete or incorrect information to the BACEN subject the register to the penalties and fines set forth by BACEN’s Resolution No. 4,104, of June 28, 2012.

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Chile

LISTED CORPORATIONS’ CORPORATE GOVERNANCE REGULATION

On June 8, 2015, the Securities and Insurance Superintendence (“SVS”) issued General Rules Nr. 385 and 386 regarding listed corporations’ regulations on corporate governance, social responsibility, sustainable development and other corporate matters (the “Regulation”). The Regulation aims to promote transparency of listed corporations’ corporate governance practices to provide investors with relevant and useful information for investment decisions.

The Regulation provides that listed corporations must submit to the SVS information regarding their corporate governance, social responsibility and sustainable development practices as described in the Annex of General Rule Nr. 385. It is mandatory for listed corporations to complete the chart and status of compliance of corporate governance practices described in such Annex. Despite the foregoing, it is not mandatory to comply with the mentioned corporate governance practices.

The Regulation seeks to promote, among others, the following corporate behaviors: (i) social responsibility and sustainable development politics, in particular diversity (genre, nationality, age, among others) in the composition of the corporations’ board of directors and in the designation of their main executives; (ii) spreading information to shareholders and general public regarding corporations’ social responsibility and sustainable development politics, practices and effectiveness; (iii) review and certification by an independent third party of the self-assessment conducted by the board of directors of the corporation’s compliance with the practices described in such Annex; (iv) adopting national and international principles, guidelines, and recommendations of corporate governance; and (v) define the board of directors’ conflicts of interest treatment and updating procedures of their Conduct Code.

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AMENDMENTS TO THE LABOR CODE

On June 17, a Labor Overhaul regarding collective matters (the “Bill”) was approved by the House of Representatives and submitted to the Senate for consideration. The Bill’s main purpose is to promote fair and balanced labor relations between employees and employers by aiming to increase and strengthen unionization in the private sector and, consequently, stimulate dialogue and agreements between company members and improve the collective bargaining process.

To accomplish the abovementioned purpose, the Bill introduces, among others, the following amendments: (i) provides that only unions may enter into collective bargaining processes with employers in companies where unions exist; (ii) provides that the parties of a collective employment contract may extend the applicability of its provisions to non-unionized employees; (iii) provides that an employer’s response to a union’s proposal, in...
cases where no previous collective bargaining agreement exists, is considered as the negotiation’s starting point (piso de la negociación), which shall exclude readjustments and closing bonuses, among others; (iv) increases trade unions’ right to information by forcing employers to provide unions periodical financial information regarding a company (for example, the company’s finance statements); and (v) repeals the employers’ right to replace workers during a strike, provided that on-strike employees continue rendering minimum services (servicios mínimos) during this period, indispensable to avoid irreparable damages to the physical assets and infrastructure of the company.

The Bill would modify other union-related matters, such as: (i) broadening the matters that can be subject to collective negotiation, eliminating existing restrictions in connection thereto; (ii) amends the existing nomenclature for hours necessary to carry out union work (trabajo sindical), conceptually referring to such time as a right instead of permits (permisos); (iii) increases the number of hours required for union training (formación sindical) from one to three weeks per calendar year; and (iv) obligates every union to appoint a female worker as part of its leadership.

Finally, the Bill grants the Labor Authority (Dirección del Trabajo) with new authorities, regulating its authorities to participate in dispute resolutions and provide technical assistance to employees regarding collective bargaining.

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NEW FOREIGN INVESTMENT ACT

On June 25, 2015, Act Nr. 20,848 was published in the Official Gazette (the “Act”), establishing a new legal framework for the direct foreign investment into Chile and creating new authorities. According to the Act, the existing foreign investments’ regulation (i.e., Decree Law Nr. 600 issued by the Economics Ministry in 1974) will be repealed with effect as of January, 2016[1]. The Act was passed in light of Chile’s economic stability and overall growth over the last two decades. Consequently, and following the repeal of Decree Law Nr. 600 and the possibility of executing foreign investment contracts with the Chilean State, the Act updates Chile’s foreign investments regulations as follows: (i) defines the concepts of direct foreign investment and foreign investor; (ii) creates a new legal framework for such investments; and (iii) creates the Agency for the Promotion of Foreign Investment (Agencia de Promoción de la Inversión Extranjera), a new decentralized body that will promote and attract such foreign investments, replacing the existing Foreign Investments Committee (Comité de Inversiones Extranjeras). This new regulation also sets forth the fair and equitable treatment to foreign investors, guaranteeing their right to remit capital contributions and profits abroad (subject to compliance of tax regulations) and access the formal exchange market.

The Act also sets forth a legal mandate for the President of Chile to determine the strategy for the promotion and attraction. To exercise the foregoing task, the Act also creates a Committee of Ministers for the Promotion of Foreign Investment, with the main duty of advising the President on these matters. This Committee is chaired by the Minister of Economy.

Finally, the Act tasks the President of Chile to issue several decrees with force of law regulating, among other matters: (i) the staff of the Agency for the Promotion of Foreign Investment; (ii) the date on which the Agency for the Promotion of Foreign Investment will begin its activities; and (iii) the transfer of resources form the Foreign Investment Committee to the Agency for the Promotion of Foreign Investment.
Notwithstanding the foregoing, the Act provides that foreign investors shall maintain all their legal rights under foreign investment agreements executed under Decree Law Nr. 600 before January 1, 2016.

[1] Note that per the Act, notwithstanding the repeal of Decree Law Nr. 600, foreign investors may - for a period of up to four years as of the date on which the Act enters into force - request the relevant authority to enter into a foreign investment agreement under article 3 of the latter regulation. The foregoing must be requested to the Agency for the Promotion of Foreign Investment.

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CUSTOMS MODERNIZATION BILL

On June 30, 2015, a bill aiming to amend several Chilean customs regulations was submitted to the Chilean Congress (the “Bill”). Among others, the Bill aims to modify the following customs regulatory bodies issued by the Chilean Treasury Ministry (Ministerio de Hacienda): (i) Decree with Force of Law Nr. 30, containing the Customs Ordinances; (ii) Decree Nr. 1,148, containing applicable customs tariffs; and (iii) Decree with Force of Law Nr. 329, which regulates the legal statute of the National Customs Service (“SNA”).

The Bill seeks to modernize Chilean customs regulations and strengthen existing authorities, as a response to a significant increase in the country’s international trade over the last decade, representing 53% of its domestic product as of 2004.

Accordingly, among other changes, the Bill: (i) regulates the figure of authorized economic operators, i.e., parties involved in the logistics management of foreign trade and certificated by the SNA, in accordance with the WCO Framework of Standards to Secure and Facilitate global trade (SAFE); (ii) grants a legal statute to regulations regarding the rights and obligations applicable to international express delivery services rendering; (iii) regulates an exception to the general import regime of goods, authorizing certain smaller companies and operators to retrieve imported goods from customs warehouses for their use and commercialization, prior to the payment of applicable customs tariffs and taxes, as a result of a guarantee granted by the relevant importer; (iv) creates a new customs destination regime (destinación aduanera) denominated “storage” (depósito), which allows goods entering Chile to be stored for a term of one year without paying the applicable customs tariffs and taxes, and to be subject to minor processes (e.g., packing, assembly, labeling, etc.) provided that the goods are not transformed in any way; and (v) further regulates the customs destination regime denominated “temporary admission for the perfecting of assets” (admisión temporal para perfeccionamiento activo), which authorizes Chilean manufacturers of export goods to enter supplies into Chile for their processing, perfecting and exporting.

Furthermore, the Bill strengthens the supervising authorities of the SNA, allowing it to reject all entry declarations aiming to benefit from preferential treatment and/or customs destination regimes that suspend the payment of customs tariffs and taxes, in case the person filing such declaration: (i) registers one or more outstanding debts in connection with tariffs, taxes and fines/penalties for an amount greater than 200 UTM (monthly tax unit, approximately USD 12,940) for over a year; (ii) has been convicted for customs crimes; and/or (iii) has materially breached customs regulations, as determined by the SNA’s National Director.

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**AMENDMENTS TO STOCK MARKET AND CORPORATIONS’ ACTS**

On July 1, 2015 a new bill that amends Acts Nr. 18,045 and 18,046, regarding securities market and corporations, respectively, was submitted to Congress (the “Bill”). The Bill aims to improve and adjust the current legal framework of Chile’s financial markets, by establishing a more strict regulation for related party transactions.

Among other provisions, the Bill aims to: (i) eliminate an existing restriction to price stabilization activities, which consisted that they should had the sole purpose of carrying out a public offering of securities or an initial public offering; (ii) increase the liability of the SVS’ and company’s management organisms, regarding situations which produce losses or damages to the market or to investors; (iii) obligate parties carrying out investment recommendations to disclose any conflicts of interest they may have, as well as their knowledge or experience regarding investments; (iv) make a company directors’ jointly liable for presumed damages caused to a corporation and its shareholders, as a result of operations approved in breach of the law in matters regarding the right of abstention rights and related party operations; (v) provide a right of withdrawal for minority shareholders in case a general shareholders’ meeting approves a transaction between related parties which such shareholders consider damaging for their interests; and (vi) improves minority shareholders’ access to information regarding a company’s day-to-day operations.

Accordingly, the Bill also aims to set forth criminal sanctions in connection with the above. Specifically, the Bill aims to: (i) imprison directors, administrators, managers or key executives who deliver maliciously false information to a publicly traded corporation’s board of directors or to an external audit company or risk rating agency; (ii) eliminate the act of handling privileged information by staff of the Securities and Insurance Superintendence as a requirement for an increase of sanctions in connection with the delivery of false or tendentious information to the stock market to apply; (iii) set forth that criminal liability in connection with falsely issuing a report regarding the financial situation of an entity supervised by the SVS, is applicable both to employees and partners of external auditing companies; and (iv) imprison all individuals acting as external auditors, without the required registrations or operating under a suspended or cancelled registration, as well as partners and managers of auditing companies who reveal privileged information corresponding to audited companies.

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**BILL THAT CREATES SECURITIES AND INSURANCE COMMISSION**

On June 16, 2015, the Chilean Senate Treasury Commission issued its first report on the bill that creates the Securities and Insurance Commission (the “Bill”). With this report, the Bill originally submitted by the Chilean Government to the Congress on July 2, 2013, moved forward on its discussion Second Constitutional Stage.

The Bill aims to comply with monitoring parameters of international associations such as the OECD and the World Bank, and its main purposes are to: (i) implement an overall structural change of the securities and insurance regulator (SVS), by modifying its current structure; (ii) improve legitimacy and due process in the regulator’s implementation of sanctions; and (iii) promote transparency and accountability of securities and insurance authorities.

The Bill seeks to establish a securities and insurance authority structure similar to the US Security Exchange Commission (SEC) and Spain’s National Commission of Stock Market (Comisión Nacional de Mercado de Valores or CNMV), by introducing the following main
amendments: (i) establishing a new collegial entity (the Securities and Insurance Commission) chaired by a president appointed by the President of Chile; (ii) assuring the autonomy of this entity by not permitting the discreional removal of its members; (iii) empowering the securities and insurance authorities with broadest investigation authorities; (iv) supporting regulatory entities from other countries; and (v) establishing a leniency system (sistema de delación compensada), which aims to incentive regulated entities’ self-accusations.

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Puerto Rico

The U.S. Court of Appeals for the First Circuit upheld a lower court decision to strike down the Commonwealth of Puerto Rico’s (Puerto Rico or commonwealth) statute intended to granting local municipalities, such as the Puerto Rico Electric Power Authority, the right to enter bankruptcy. The issue before the court was whether the Commonwealth of Puerto Rico, which was excluded from a part of the bankruptcy code used by municipalities, could make its own rules for all allowing public agencies to seek protection from creditors.

In 1984, Congress passed legislation barring municipalities, agencies and government-owned utilities in Puerto Rico from declaring bankruptcy. To date, the Puerto Rico Electric Power Authority has $9 billion in debt, falling sales and rising costs. Its electricity rates for consumers run 2 ½ times the national average and higher than any U.S. state, except Hawaii. The utility’s 44 year old power plants lack pollution controls and violate Environmental Protection Agency mercury limits.

Last year, the Commonwealth of Puerto Rico passed the Recovery Act to give certain public corporations the ability to restructure financially in an orderly process. Currently, the commonwealth has about $72 billion in debt, which Puerto Rico Governor Alejandro García Padilla stated it was unable to pay. In February 2015, a federal district court in Puerto Rico held that the Recovery Act was pre-empted by the federal bankruptcy code.

In the appellate court case, the commonwealth argued that Puerto Rico’s dire fiscal circumstances constituted a state of emergency, allowing it to use police powers to enact a restructuring law. Conversely, the bondholders contended that Congress did not permit Puerto Rico to create its own debt relief statutes and the restructuring law was a stricter version of the Chapter 9 bankruptcy for state municipalities. The court ruled in favor of the bondholders. However, the court said excluding the U.S. territory’s public entities from federal bankruptcy law was unconstitutional. Furthermore, the court found that Puerto Rico should be given access to Chapter 9 of the U.S. bankruptcy code, which deals with municipal bankruptcies. Thus, the commonwealth may ask the U.S. Supreme Court to consider the case.

Since the court decision provided a great deal of legislative history, it may strengthen the case for Congress to act on a bill. United States Representative Pedro Pierluisi (D-PR) introduced a bill that would treat Puerto Rico similar to other state for bankruptcy purposes and would allow certain public agencies to file for Chapter 9 bankruptcy. Nevertheless, this bill was referred to the House Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law, and had not moved since it was debated at a February congressional hearing. United States Senators Charles Schumer (D-NY) and Richard Blumenthal (D-CT) intends to introduce a similar bill to address the bankruptcy issue.

In conclusion, without assistance from U.S. lawmakers, the court decision means that
debt-burden agencies, such as the Puerto Rico Electric Power Authority, must continue piecemeal negotiations with creditors. As the commonwealth falls deeper into a fiscal crisis, the current process could lead to chaos if discussions break down and sue the agencies and each other to reclaim what they are owed.

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