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AMENDMENTS TO LAW 20,659 KNOWN AS COMPANY IN ONE DAY

A few days ago, Law 21,366 was published in the Official Gazette amending Law 20,659 (of May 2013), which created a complete digital system (and parallel to the traditional system of public deed and extract registered in the Registry of Commerce and published in the Official Gazette), to incorporate, modify and dissolve commercial companies. This system, administered by the Registry of Companies and Corporations or "RES" (www.registrodeempresasysociedades.cl , under the Ministry of Economy), allows commercial companies to be incorporated and be fully operational and with tax ID in a single day, at no cost to users (or at a very low cost if the partners or shareholders do not have an advanced electronic signature or are legal entities). The RES system also does not imply a cost for the users to obtain certificates (for example of good standing) or copies of the company's charter documents (bylaws, amendments, etc.).

Currently, the RES system is the preferred way to incorporate companies in Chile. In 2020, of the total number of companies incorporated in Chile (considering the traditional system as well as the digital RES system), 85% of the companies were incorporated through the digital RES system and only the remaining 15% through the traditional system. In June 2021, 99.2% of the partners or shareholders of the RES companies were individuals, and only 0.8% of the partners or shareholders were legal entities, which shows that the RES system is an ideal way for start-ups and SMEs with individuals as partners or shareholders (not so for subsidiaries of conglomerates or already operating companies that prefer the traditional system).

Among the amendments incorporated to the RES system, the following can be highlighted:

• **New Electronic Shareholders Registry.** The RES stock companies (sociedades por acciones) and corporations (sociedades anónimas) must keep their shareholder registry (which certifies who their shareholders are and where the transfer of ownership or encumbrances on the shares is recorded) electronically in the RES.

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This improves the service offered by the RES by eliminating the need to have a physical or paper record of shareholders, which will provide greater certainty and clarity about the owners of a company both to the RES (to validate the actions that the shareholders of the company perform) and to third parties.

• **New Register of Representatives.** The RES will keep an electronic registry of the powers of attorney and delegations granted, modified or revoked by the companies and corporations of the RES. This change will allow the representatives of the RES companies to easily and free of charge evidence their powers of attorney before third parties with the consequent improvement of certainty for the latter.

• **Advanced Electronic Signature of Representatives.** Legal entities will be able to act in the RES system through their representatives, as long as they sign using an advanced electronic signature, which will avoid having to sign with the assistance of a notary public.

• **Interconnection with Other Services.** It is established that through the RES site its users may carry out procedures managed by other State agencies or services provided by public or private organizations.

• **Other adjustments and improvements.** Reference to the rescission of acts (to leave them without effect) is included; the second paragraph of article 8 of Law 20,659 on capital contributions payable in kind (much criticized by the doctrine) is eliminated; acts or resolutions of the RES companies carried out outside the RES and which must be included (and the way to do it) to the RES are clarified, and rules for migration of a RES company to the traditional regime, and vice versa, are clarified.

The amendments to the regulations issued under Law 20,659 must be implemented within one year, and Law 21,366 will enter into full force 6 months after the issuance of said regulations.

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