



COMPLEMENTARY MEASURES TO EASE THE GOVERNMENT OF CORPORATE ENTITIES

2nd April, 2020

On April 1st, 2020, the Real Decreto-ley 11/2020, of 31st March, adopting complementary urgent measures in the social and economic areas to face the COVID-19 (the “**Royal Decree**”) that complement those passed in Real Decreto-ley 8/2020, of 17th March, relating to the government of corporate entities, has been published. The new Royal Decree gathers the recommendations made by the Colegio de Registradores de España and the Comisión Nacional del Mercado de Valores (“**CNMV**”), in their joint release dated 26th March, 2020.

In the following paragraphs we summarize the new measures included by the Royal Decree in relation to corporate entities.

A.- Private Entities

1. Holding of meetings

The new Royal Decree expressly provides that the meetings of the management bodies (including the delegated commissions and other voluntary or compulsory commissions that may exist) may be held, not only through videoconference or writing without a session, but also through multiple conference call, if all the members of the body have access to the necessary channels, the secretary recognizes their identity, and the minute so expresses, and that shall immediately be sent to the email addresses of each of the participants.

With regard to the holding of general meetings, it also provides that, even if the bylaws do not provide for it, during the alarm state they may be held through videoconference or multiple conference call, if each and every person with a right to be present or their representatives have access to these channels, the secretary recognizes the identity of the participants, and the minute so expresses, and that shall be immediately be sent to the participant’s email addresses.

2. Annual Accounts

Regarding the deadline for the drawing up of the annual accounts, and even though the deadline established by law has been suspended until the end of the alarm state, the Royal Decree establishes that the drawing up of the annual accounts made during the alarm state by the management board shall be valid, and shall also be entitled to carry out the audit (voluntary or compulsory):

- (i) Within the legally established deadline; or
- (ii) In the term of two (2) months following the end of the alarm state.

3. Proposal for application of the results (PAR)

The corporate entities that may have drawn up their annual account within the legally established deadline, may substitute the proposal for application of the results provided for in the report, for a new proposal. In this regard, the Royal Decree differentiates between those general meetings that are already called at the passing of this Royal Decree, and those that had not been called by then.

(i) General meetings not called yet

The PAR drawn up and included in the report may be changed for a new alternative proposal which will be the one to be proposed to the general meeting, justifying its substitution in the situation created by COVID-19. In this cases, it is required that the auditor prepare a communication indicating that he would not have modified his audit opinion if the new proposal had been known at the time of his signature.

(ii) General meetings already called

The management board may decide whether: (i) the previously drawn up PAR is presented for approval; or (ii) propose a deferral of the decision on the PAR included in the call of the general meeting to a future general meeting which shall be held within the deadline legally established to hold the ordinary general meeting (as extended by Real Decreto Ley 8/2020).

The decision of the management body shall be published before the holding of the already called general meeting. This option shall also require the same justification requirements to

be included in a communication by the auditor as expressed above.

The certification by the management board for its the deposit of the annual accounts shall be limited, if applicable, to the approval of the annual accounts, later filing before the Commercial Registry, a complimentary certification referred to the proposal for application of the results.

B.- Listed entities

The Royal Decree also provides that the measures on the proposal for application of the results reviewed in section 3 above, be applied to listed entities. In such cases, the new proposal for application of the results and its justification by the management board and the auditor shall be made public as soon as approved as complementary information to the annual accounts in the website of the entity and in the CNMV as other relevant information, or if needed, as confidential information.



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