

LEGAL NOTE

January, 2018

To: Clients and Friends

Re: Amendments to the General Law of Commercial Companies | New event of Dissolution and Simplified Dissolution and Winding-up Process

On January 24, 2018, a Decree that amends and adds several provisions of the General Law of Commercial Companies (*Ley General de Sociedades Mercantiles*) was published in the Official Gazette of the Federation, through which, among other items, a new event of dissolution and a simplified dissolution and winding-up process for certain types of companies were incorporated. These amendments will become effective 6 months following January 25, 2018.

Pursuant to the amendments, a new event of dissolution for commercial companies is included through a judicial or administrative resolution issued by a competent court and based on any of dissolution events established in applicable laws, which event shall be registered at the public Registry of Commerce.

On the other hand, the new simplified dissolution and winding-up procedure shall only be available to companies that satisfy the requirements established in the amendments, of which the following are worth noting: (i) all of its partners or shareholders are individuals, (ii) is dormant and has not issued electronic invoices for the past 2 years, (iii) is in good standing with respect to its tax, labor and social security obligations, (iv) has no outstanding monetary debts with third parties, (v) is not subject to bankruptcy (*concurso mercantil*), and (vi) is not an entity forming part of the financial system.

This simplified procedure will apparently be more efficient than the existing regular process, as the dissolution and winding-up would be carried out by the partners or shareholders of the company without the intervention and associated costs of a Notary Public, and only complying with certain publication obligations. Likewise, it is provided that the liquidators will now be only obligated to keep the company's books and records for 5 years instead of the 10 year term applicable to the regular procedure.

The amendments also introduces for all types of dissolution and winding-up procedures, regular and simplified, the option for appointed liquidators to keep the company's books and records using electronic and digital means as long as they comply with certain Mexican Official Norms applicable to the digitalization and keeping of electronic data.

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