

## CORPORATE AND COMMERCIAL EXTRAORDINARY MEASURES FOR COVID-19

Due to the extraordinarily serious situation in which society finds itself as a result of the development of COVID-19, urgent containment measures are taken on a daily basis for different areas of civil society. The latest package of measures approved by the Spanish Government during the first week after the state of alert was declared includes, among others, certain temporary changes in the commercial and corporate scope for Spanish companies, both private and public listed.

Royal Decree-Law 8/2020, of 17 March, enables, among other aspects, in extraordinary manner and for as long as the state of alarm lasts, the possibility that governing bodies (mainly Boards of Directors) and delegated committees may hold their meetings remotely by videoconference and, where appropriate, approve the resolutions to be adopted by said bodies by votes in writing and without holding a meeting, at the election of the Chairman of the Board or at the request of at least two members of the Board. This authorisation is possible for companies or entities even if their Articles of Association do not expressly provide for it. However, the Royal Decree-Law does not consider other alternatives to holding a meeting by videoconference, nor does it include in said exception the General Meetings of Shareholders or Members.

Likewise, the obligation established in the Companies Act to formulate the Annual Accounts for the 2019 financial year by the management body is temporarily suspended until the end of the alarm period (in the event that the said financial year coincides with the calendar year), extended for 3 additional months after the end of the alarm state. In the event that the financial year does not coincide with the calendar year, and said accounts have already been formulated before the declaration of the alarm state, the period for verification by the auditors is understood to be extended by 2 months after the end of the current alarm state. The same applies to the General Meetings of Shareholders (for private or public listed companies), where the obligation to approve the accounts is suspended until the alarm state ends, with 3 months after the end of this period to be able to approve them.

It is also important to note that, while the state of alarm lasts, the shareholders cannot exercise their right of separation, even if there is a statutory or contractual provision, until the end of the exceptional period in which we find ourselves. The same applies to companies that are in the process of being dissolved, either legally or under the terms of the Articles of Association. This also affects the computation in cases of bankruptcy where the debtor who is in a state of insolvency will not have the duty to request the declaration of bankruptcy until the end of the alarm situation.

In addition to the above, the procedural and administrative terms and deadlines, including those of the Commercial Registries throughout the country, are suspended until the end of the State of Alarm, so that those corporate resolutions subject to registration, its cancellation and their

qualification, is currently suspended. However, some Registries continue to accept the submission of documents.

Many of these measures are aimed at protecting the business network from possible liability for non-compliance with legal obligations and supplements those of an economic, labor and foreign investment nature that have recently been approved due to the adoption of the restrictive measures enacted to deal with the expansion of COVID-19 in Spain, where its commercial and now corporate activity has come to a stagnation.