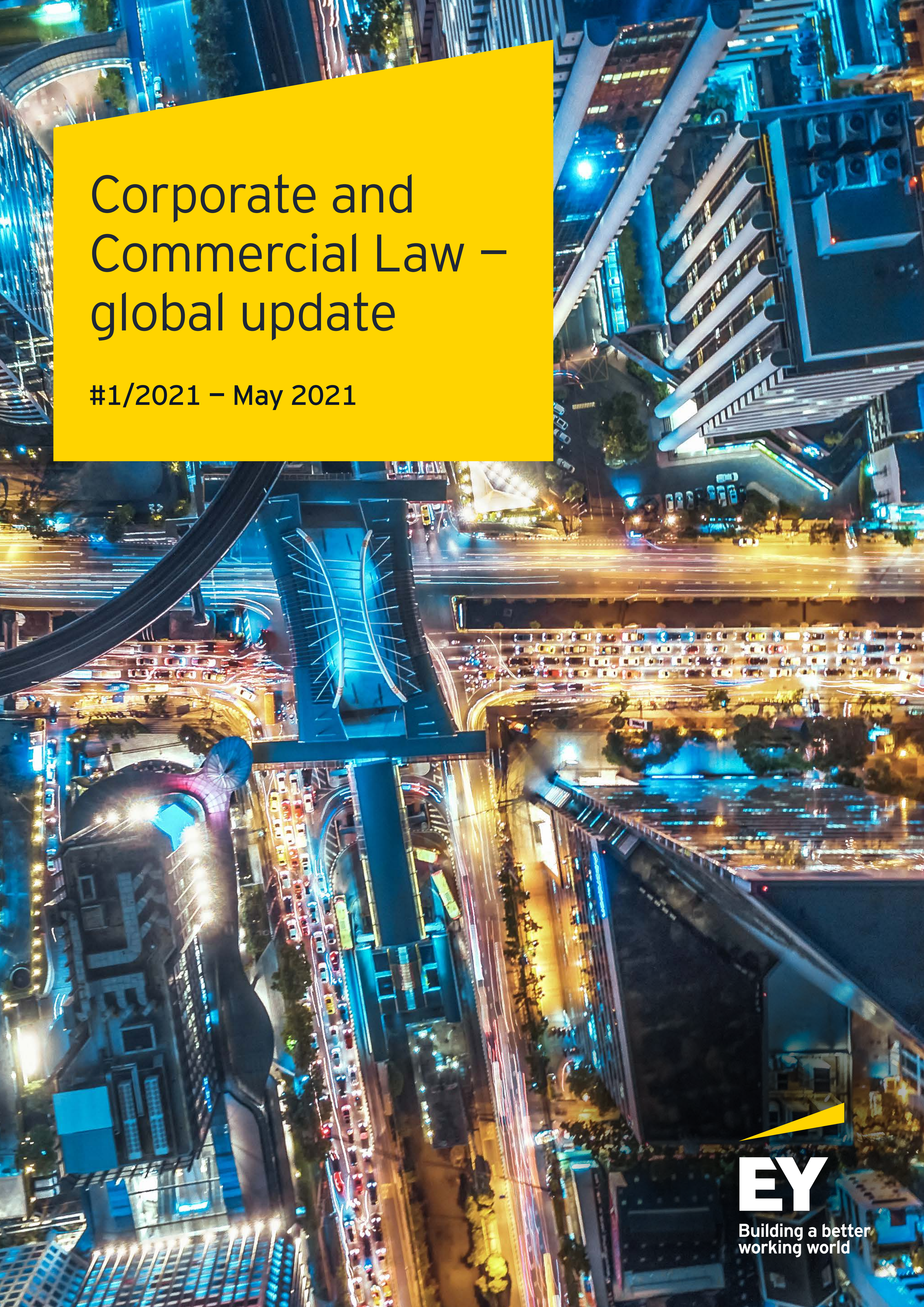


Corporate and Commercial Law – global update

#1/2021 – May 2021

EY

Building a better working world

Editorial

Dear reader,

We are pleased to present the latest edition of EY Corporate and Commercial Law global update, the purpose of which is to inform EY clients and colleagues of the noteworthy and most recent legal news across a number of jurisdictions.

In this issue, we have articles from a total of 19 jurisdictions on current legal affairs around the globe, covering Western Europe, Latin America, Central and Eastern Europe and Asia-Pacific.

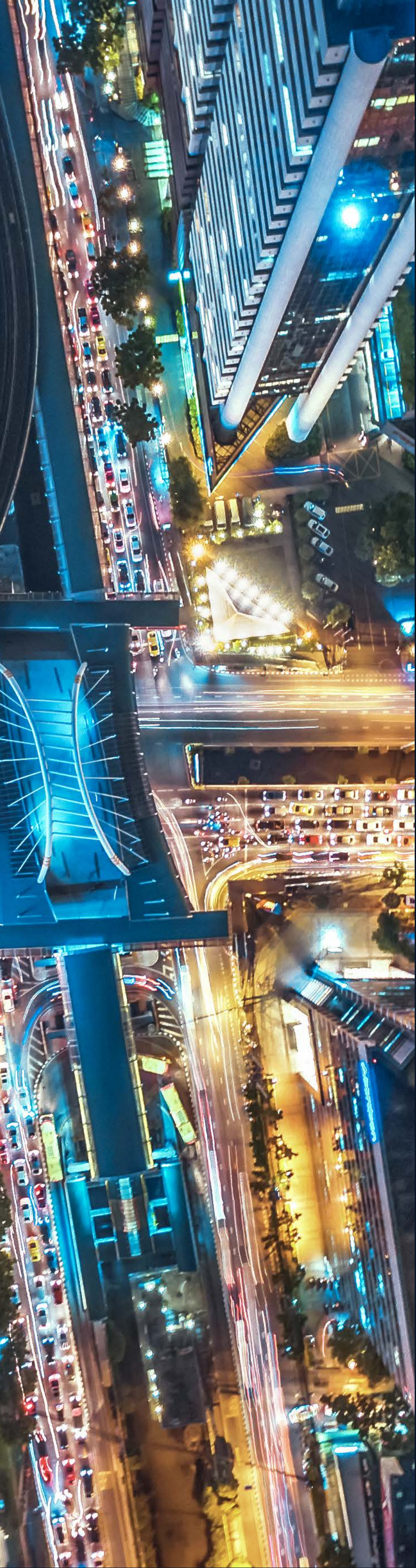
The articles in this global update reflect the global reach and diversity of EY Law services, from corporate law to civil law and commercial law to regulatory aspects. If you wish to receive more detailed information on Law services or on the topics discussed in this issue, please feel free to reach out to us. You will find contact details for each of the jurisdictions where EY member firms offer Law services at the back of this publication.

Across the global EY network of member firms today, there are more than 3,400 qualified professionals providing services for the legal function in more than 90 jurisdictions. Apart from offering specific tailor-made legal advice for a number of business needs, we also cover a wide range of sectors: automotive and transportation, banking and capital markets, consumer products and retail, government and public sector, health, insurance, life sciences, media and entertainment, oil and gas, power and utilities, private equity, real estate and hospitality, technology and telecommunications. EY lawyers work closely alongside professionals in Assurance, Consulting, Strategy and Transactions, and Tax. Working across borders, the sector-focused, multidisciplinary approach means EY member firms offer highly integrated and broad pertinent advice across the globe.

Kind regards,

Stephen d'Errico
EY Global Corporate Law Leader
stephen.derrico@lu.ey.com
+352 42 124 7188

In this issue



The Corporate and Commercial Law global update highlights a range of international corporate law matters and covers recent law developments in specific jurisdictions.

Argentina

Acceptance for remote meetings is growing among private entities

Before the global pandemic, local Public Registries of Commerce (PRCs), looked down on remote meetings and they were not likely to be held by private entities.

Due to restrictions set by the national Government, the PRC position regarding remote meetings has changed significantly.

The Public Registry of Commerce of the City of Buenos Aires (IGJ), the Public Registry of Commerce of Buenos Aires Province (DPPJ) and the Argentine Securities Exchange Commission (ASEC) allow meetings of the administrative or governing body of private entities to be held remotely by computer or digital media platforms if they comply with the precautions stated by each public registry.

Remote meetings can be held even when the bylaws have not foreseen them while the period of isolation lasts.

Common precautions

The ASEC, DPPJ and IGJ regulations are intended to protect the transparency of the meetings and the right of all participants to attend, be heard and vote. Precautions include:

- The meetings will be digitally recorded, and the communication means must be through the transmission of audio and video.
- The summoning of the meeting must fulfill some requirements and establish how the participants can attend.
- The meeting should be physically recorded on the corresponding books, including specifying how it was held and who participated.

The PRCs of most provinces allow private entities to hold remote meetings with similar regulations.

For any further questions or assistance on the above matters, please reach out to:

Jorge Garnier
jorge.garnier@ar.ey.com

Australia

Use of electronic communication extended in some jurisdictions

In Australia, the Commonwealth Government has proposed legislation to extend COVID-19 relief measures to allow companies to use technology to meet regulatory requirements such as holding virtual meetings for annual general meetings, distributing meeting-related materials and validly executing documents from 21 March 2021 to 15 September 2021. After 15 September 2021, companies will revert to pre-COVID-19 requirements.

The State of New South Wales has also proposed legislation to extend the COVID-19 provisions to allow the witnessing of certain documents by video conference to 26 September 2021. This does not apply to all jurisdictions in Australia; in some States, no relief from physically present witnesses was granted, and advice should be sought on which State or Territory law governs the witnessing of client documents.

Major reform of Australia's foreign investment regime to take effect from 1 January 2021

On 10 December 2020, two significant changes to Australia's foreign investment regime received Royal Assent – the Foreign Investment Reform (Protecting Australia's National Security) Act 2020 (Cth) and the Foreign Acquisitions and Takeovers Fees Imposition Amendment Act 2020 (Cth). The new legislation commenced on 1 January 2021; its purpose is to ensure that Australia's foreign investment framework keeps pace with emerging risks and global developments.

The key provisions of the major reform include:

- A reinstatement of monetary thresholds for transactions that occur after 1 January 2021
- An extension of an Australian Dollar (AUD) monetary threshold to certain categories of assets and transactions
- A new "user pays" fee regime linked to asset and transaction value
- An extension of the definition of a "national security business"
- Extensive new powers for the Treasurer for reviewing transactions

For any further questions or assistance on the above matters, please reach out to:

Alex Worner
alex.worner@au.ey.com

Amber Cerny
amber.cerny@au.ey.com

Belgium

Abolition of share capital in private limited companies

It has been a year since the provisions of the Belgian Code on Companies and Associations entered into force for existing companies. Most key changes happened on the level of private limited companies, the most important being the abolition of share capital.

In the former Companies Code the Belgian legislator had treated the corporate regime of private limited companies more strictly than was required by the European company directives. However, share capital is not a mandatory feature for this company type, according to the European directives on company law.

Private limited companies are now proper light vehicles — no share capital and no fixed (minimum) amount of equity. Other provisions have been redesigned specifically for this corporate regime:

- Although there is no fixed amount of equity, a reasonable amount of starting funds (equity, optionally complemented with subordinated loans) must be determined in function of the company's business activities at the time of incorporation.
- The amount of equity, the number of shares issued as remuneration for contributions and the voting rights attached to the shares can be determined freely in the articles of association.
- To safeguard the company's funds, all profit and equity distributions to shareholders must satisfy two tests (double distribution test, i.e., a net asset test and liquidation test).
- As of 1 January 2020, the former share capital of existing private limited companies has automatically been converted into unavailable equity. To distribute this type of equity, it should be made available first by means of a notarial shareholders' decision.

The Belgian private limited company has become a type of company allowing the greatest degree of corporate flexibility, less encumbered by stringent rules on share capital. Existing private limited companies have until 31 December 2023 to update their articles of association to reflect the abolition of the share capital.

For any further questions or assistance on the above matters, please reach out to:

Sepp Brant
sepp.brant@be.ey.com

Mainland China

China adopts new Foreign Investment Security Review Measures

On 19 December 2020, the Ministry of Commerce of the People's Republic of China (the MOC) and the National Development and Reform Commission of the People's Republic of China (the NDRC) promulgated the Measures for Security Review of Foreign Investment, effective 18 January 2021.

The measures map out the regimes for the scope of review, declaration procedure, review procedure, review decision, supervision on the review and legal liabilities for violation. As a crucial part of the framework of the Foreign Investment Law that came into force on 1 January 2020, the measures usher in a new era for China's state security review mechanism.

According to the measures, the Chinese government will establish a Working Mechanism Office (WMO) responsible for organizing, coordinating and guiding the state security review process with respect to foreign investments, set up under NDRC and jointly led by NDRC and MOC.

Any foreign investment that has or possibly has an impact on state security will be subject to security review.

The WMO will notify the applicant as to whether the investment is subject to the security review within 15 working days after receipt of application documents.

If the investment is subject to review, the review will be completed within 30 working days. If upon a general review, the investment is deemed to have no impact on state security, the WMO will complete the security review; if it is deemed to have or possibly have any impact on state security, the WMO will initiate a special review.

The special review will be completed within 60 working days.

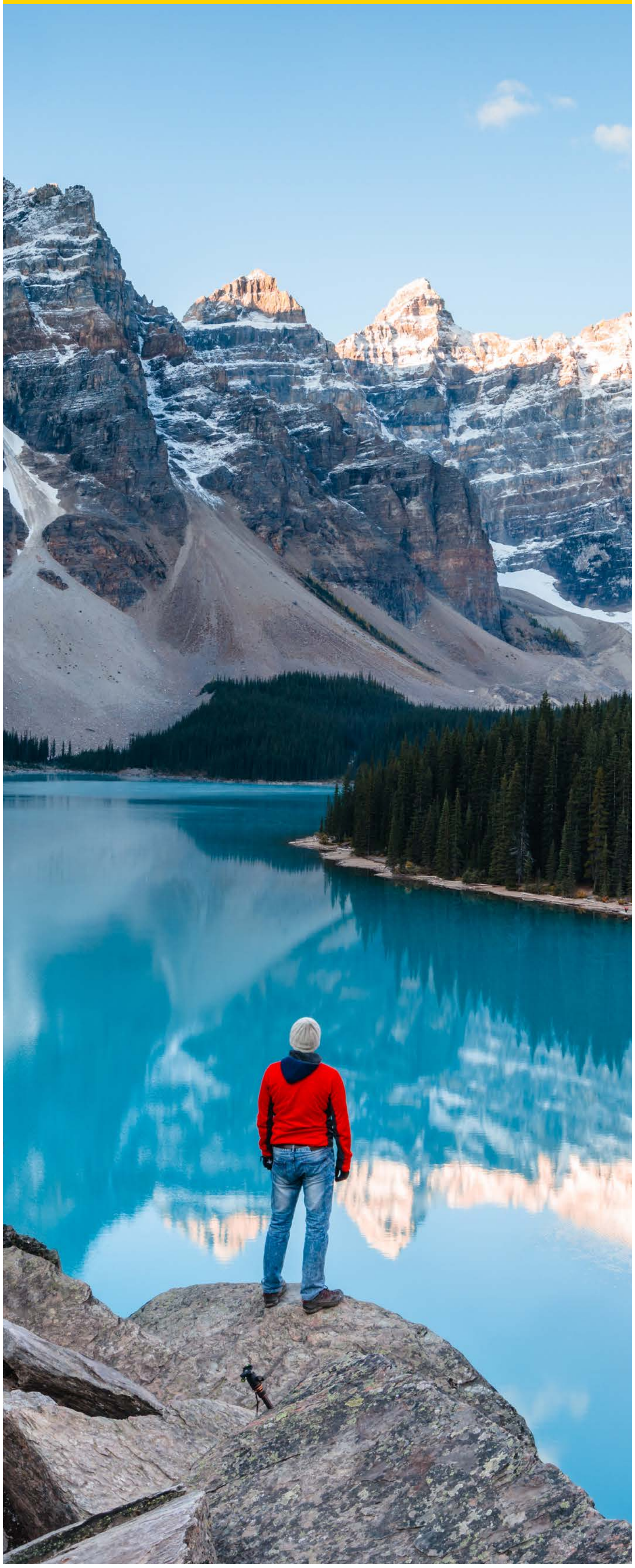
Foreign investors should consider China's newly launched state security review requirement as an important factor.

For any further questions or assistance on the above matters, please reach out to:

Xing Li
lixing@chenandco.com

William Zhang
weiliang.zhang@chenandco.com

Canada



Removal of Ontario corporation director residency requirement

When incorporating in Canada, one may choose any of Canada's 14 jurisdictions (13 provinces/territories or federally), regardless of where the corporation is carrying on business. While there are a number of considerations when determining the preferred jurisdiction of incorporation (including reducing administrative costs by incorporating where the corporation intends to conduct business, corporate name protection, etc.), one of the most important factors is often the director residency requirement.

An Ontario corporation is required to have at least 25% of its directors ordinarily resident in Canada. This has caused many who could not internally satisfy this requirement to incorporate in other jurisdictions (commonly British Columbia and Nova Scotia as these jurisdictions do not have such director residency requirement) despite planning to conduct business in Ontario.

However, on 8 December 2020, Bill 213 the Better for People, Smarter Business Act, 2020 received royal assent, changing a number of statues including the Business Corporations Act (Ontario) (OBCA). One of the most notable amendments is the elimination of the 25% director residency requirement in the OBCA.

This amendment makes Ontario, Canada's most populous province, more attractive to those who want to incorporate in Ontario for business reasons but were previously disinclined due to the director residency requirement. This is expected to lead to an increase in Ontario incorporations, and perhaps continuations from other jurisdictions into Ontario where the primary reason for incorporating in that other jurisdiction was to avoid the director residency requirement.

Although the bill has received royal assent, the amendments to the OBCA in the bill are not in force and effect until they are proclaimed into force at a later date yet to be determined.

For any further questions or assistance on the above matters, please reach out to:

David Witkowski
david.witkowski@ca.ey.com

Colombia

Non-compliance with going concern assumption is a new cause for dissolution for Colombian companies and branches of foreign companies

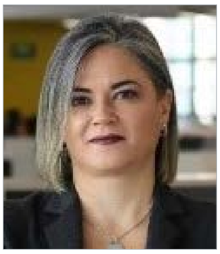
Law 2069, enacted on 31 December 2020, created a new cause for dissolution based on the non-compliance with going concern assumption at the end of a fiscal period. The new rule provides that the company administration is responsible for assessing whether there is any doubt on the company's ability to continue as a going concern, and in that case, the company enters into cause for dissolution.

Under such circumstances, administrators will refrain from undertaking any type of transaction that is not part of the ordinary course of business and will immediately summon the Shareholders Assembly. The shareholders will receive proper documentation and evidence to make an informed decision concerning the continuity or liquidation of the company. If the administrators fail to comply with these duties, they will be jointly and severely liable for any damages caused to the shareholders or third parties.

The law further requires that administrators immediately summon the Shareholders Assembly if based on the analysis of the financial statements and projections of the business, an equity deterioration or risk of insolvency is identified. Failure to comply will trigger the liability regime described above for the administrators of the company.

This new cause for dissolution supersedes the cause for dissolution due to the accumulation of losses that had applied historically whenever a subsidiary or branch generated losses that reduced the accounting equity below 50% of its capital, in which case the shareholders had 18 months to reinstate the equity and avoid company liquidation. Such rules were suspended for 24 months since 15 April 2020 by way of special legislation issued because of the COVID-19 pandemic.

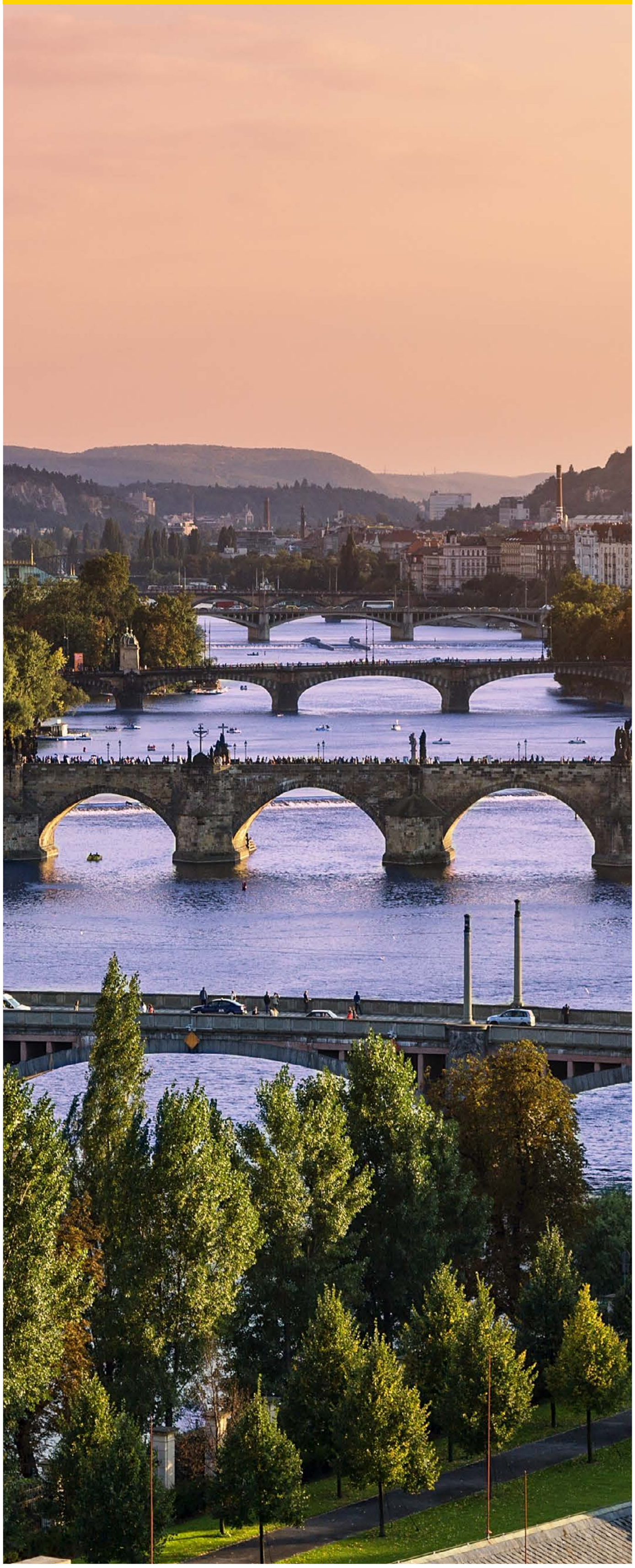
For any further questions or assistance on the above matters, please reach out to:



Ximena Zuluaga
ximena.zuluaga@co.ey.com

Camila González
camila.gonzalez@co.ey.com

Czech Republic



New rules governing the distribution of profits and funds from other own resources effective from 1 January 2021

An extensive amendment to the Act on Business Corporations entered into force on 1 January 2021.

The following major changes of distribution of profits and funds from other own resources will be introduced:

- Distribution of profits and funds from other own resources will only be possible on the basis of annual or extraordinary financial statements no later than by the end of the accounting period following the accounting period for which the financial statements were prepared.
- The amendment stipulates the obligation for capital companies to perform a balance sheet test, which must precede the distribution resolution.
- Joint-stock companies are still required to perform the equity test prior to adopting a distribution resolution; however, this obligation will also apply to limited liability companies.
- Upon failure to pass any of the tests, the distribution resolution will not produce legal effects.
- The right to a share in profit or other own resources that was not paid out by the end of the accounting period due to bankruptcy ceases to exist and the unpaid profit or other own resources will be transferred to retained earnings of previous years.

The amendment further changes the rules governing the refund of a profit share advance payment. It will have to be returned within three months from the date on which the financial statements were or should have been approved unless the amount of profit to be distributed resulting from the financial statements totals at least the aggregate of the profit share advance payments made in accordance with the law and the supreme body has approved the distribution of this amount.

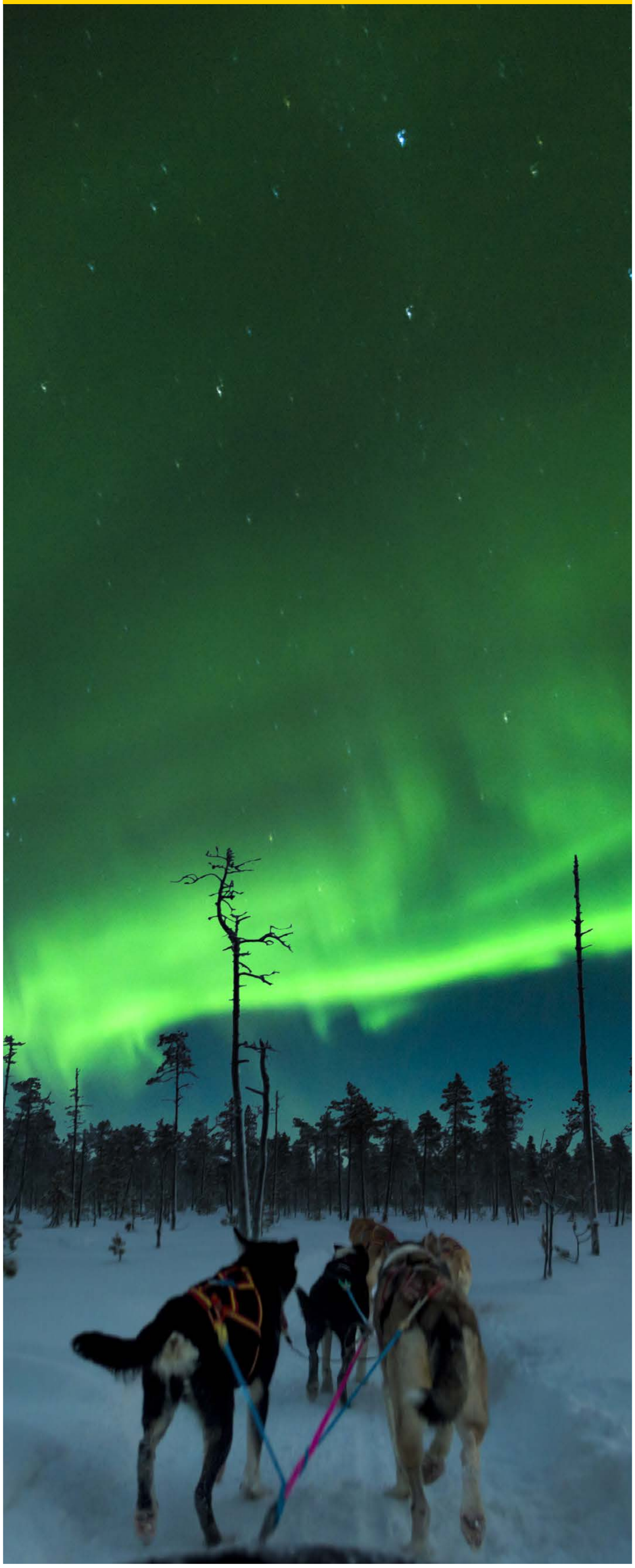
The new rules will increase the responsibility of the statutory bodies in adopting resolutions on the payment of profits and funds from other own resources and for assessing compliance of such distribution with the law.

For any further questions or assistance on the above matters, please reach out to:

Ondrej Havranek
ondrej.havranek@cz.eylaw.com

Dalibor Simecek
dalibor.simecek@cz.eylaw.com

Finland



Protection of consumers remains a guiding principle in changing commerce environment

Consumers' rights are typically well-protected in commerce with businesses. One key consumer right is the right of cancellation in distance selling. This right has undoubtedly grown in importance in recent years, since a major part of consumer sales is made online. In distance selling, the buyer cannot review the goods before the purchase decision, which makes the right of cancellation essential for consumers and their confidence in trading.

In Finland, based on European Union law, the consumer normally has the right to cancel a distance sale 14 days after the purchase. In January, at the request of the Consumer Ombudsman, the Finnish Market Court prohibited a company from using a procedure by which it withdrew the consumer's right to cancel a purchase. The company, which manages an online store, had denied the right of cancellation, claiming that the sale was an auction.

The right of cancellation may be refused in public auctions involving, among other elements, a third party such as a separate auctioneer. In some transactions in the online store, the company was not the auctioneer or an intermediary, but the seller. Though the selling price of the goods was determined by raised offers made on top of a starting price, the Market Court held that these online auctions were not governed by the exemption. In the Market Court's view, the transactions concluded in the online store were distance-selling contracts referred to in the Finnish Consumer Protection Act. Consumer rights were given top priority, and the decision shows the importance of taking them into account while innovating new concepts of service and implementing them.

The decision is not yet final.

For any further questions or assistance on the above matters, please reach out to:

Ilari Lamminmaki
Ilari.Lamminmaki@fi.ey.com

France

Foreign direct investment regulation in France

Recent opposition from the French Minister of the Economy to the contemplated acquisition of Carrefour (French supermarkets) by Couche-Tard (Canadian convenient stores) and recent evolutions toward tighter foreign direct investments regulations at the French and European levels call for a need to clarify the scope of the transactions falling under the applicable foreign direct investment (FDI) regulation. The transaction can also hit the merger control regime with resulting interaction between the two sets of regulation.

European Union regulation:

European regulation establishes a framework for the screening of foreign direct investments in the EU.

French regulation:

Foreign investments carried out in France remain free as a matter of principle; however, prior authorization is needed if these three cumulative criteria are met:

- "Investment" made by a "foreign" European Union (EU)/ European Economic Area (EEA) national including a French legal entity controlled by one or several foreign individuals or legal entities. All individuals and entities in a "chain of control" are deemed to be investors.
- Investment being:
  - The acquisition of "control" of a French entity
  - The acquisition, in whole or in part, of a French branch of business
  - The crossing of the threshold of 25% of ownership of the voting rights in a French entity (only applicable to non-EU or EEA investor)
  - The threshold is lowered to 10% for listed companies until 31 December 2021
- The target must be active in a "sensitive sector" such as:
  - Military activities relating to weapons, munitions, explosives, cryptology or depositary of defense secrets
  - Activities relating to specific facilities and infrastructure, goods or services of an essential nature for the preservation of national interests in economic sectors
  - Research and development relating to "critical" technologies

Prior authorization is granted or rejected between 30 and 75 business days from receipt of the application.

For any further questions or assistance on the above matters, please reach out to:

Roland Montfort
roland.montfort@ey-avocats.com

Alexandre Gelblat
Alexandre.Gelblat@ey-avocats.com

Georgia

A new insolvency law in Georgia

Since 2007, insolvency proceedings of legal entities in Georgia have been regulated by the Law of Georgia on Insolvency Proceedings. The law was criticized by many legal professionals as it was thought to be non-compliant with the respective international standards.

Therefore, the need for more detailed and modern regulations that would reflect international standards and best practices became evident. As the result, the new law on insolvency — the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors — was adopted on 18 September 2020. It will enter in full force from 1 April 2021.

The new law offers different regulations and approaches for various issues of insolvency and proceedings. The updates include the following:

- The existing law determines that National Bureau of Enforcement (NBE) acts as a trustee in the insolvency proceedings. Instead of direct involvement of the NBE, the new law introduces the profession of the "insolvency practitioner," which will be authorized by the NBE.
- The new law introduces the concept of the regulated agreement, the "beyond the court process." It is an alternate procedure that gives the debtor an opportunity to reach an agreement with creditors without the material involvement of the court.
- The new law introduces different ranking of creditors.
- After the completion of the bankruptcy proceeding, remaining assets of the company will be distributed among its partners. The existing law envisages that such remaining assets are received by the state.

Adopting the new law on insolvency will help the legal entities to keep their economic stability, which is even more important during the pandemic.

For any further questions or assistance on the above matters, please reach out to:

George Svanadze
george.svanadze@ge.ey.com

Davit Galdava
davit.galdava@ge.ey.com

Germany

German company law in crisis mode

The German legislature has temporarily adopted special rules for general meetings, shareholders' rights to information and capital increases.

The COVID-19 Mitigation Act of 2020 contains simplifications under company law for the conduct of general meetings at stock corporations, partnerships limited by shares and European Companies as well as at general meetings of cooperatives and associations to ensure the quorum of these corporations. The regulations were initially limited to the year 2020 but have been extended by statutory order until 31 December 2021.

According to the previous company law, the general meeting of shareholders is an attendance meeting, a problem in times of a pandemic. Online participation or the exercise of voting rights by postal vote was previously only permissible with corresponding provisions in the articles of association. Similarly, a provision in the articles of association was required for a broadcast of the supervisory board members or for the permissibility of a video and audio transmission of the general meeting. Now, the board of directors may order these facilitations of implementation even without provisions in the articles of association.

The shareholders' fundamental right to information at the general meeting has been modified so that questions may be asked by electronic communication. The executive board decides on the admission and answering of questions according at its discretion. The law expressly provides for preferential answers to questions from institutional investors with significant voting rights or from shareholders' associations. To avoid delays in the distribution of dividends — which generally requires a resolution by the general meeting on the appropriation of profits — the COVID-19 Mitigation Act allows down payments on the balance sheet profit even without a corresponding provision in the articles of association.

For any further questions or assistance on the above matters, please reach out to:

Dr. Thorsten Ehrhard
thorsten.ehrhard@de.ey.com

Hong Kong

Limited Partnership Fund Ordinance of Hong Kong

The Limited Partnership Fund Ordinance of Hong Kong came into operation on 31 August 2020, providing a legal regime for private equity and venture capital funds and fostering Hong Kong's position as an international asset management center. Popular offshore jurisdictions for fund establishment (e.g., the Cayman Islands) are increasing economic substance requirements to deal with cross-border tax avoidance and base erosion profit shifting issues resulting from pressure from the European Union. The ordinance gives Hong Kong-based managers an incentive to bring their funds back to Hong Kong.

A limited partnership fund registered under the ordinance must consist of a general partner who has unlimited liability with respect to the fund debts and liabilities, and at least one limited partner with limited liability. The partners have freedom to contract on matters including admission and withdrawal of partners, transfer of interests in the fund, investment scope and strategy, decision-making procedures, partners' powers and obligations, capital contribution and withdrawal, term of the fund, and dissolution procedures.

The general partner must appoint an investment manager (the general partner or another person) to carry out the investment management functions, and an auditor for the fund. A responsible person must be appointed to carry out anti-money-laundering measures; such a role may be taken by professionals.

Limited partners must not have day-to-day management rights or control over the fund assets. But the ordinance lists certain activities that are not regarded as taking part in the fund management (e.g., acting as agent of the fund, serving on the board or committee of the fund, of the general partner or of any investee company).

The Limited Partnership Fund Ordinance facilitates the channeling of capital into corporations, including those in the new economies and in the Greater Bay Area of China.

For any further questions or assistance on the above matters, please reach out to:

Rossana Chu
rossana.chu@eylaw.com.hk

Luxembourg

New laws introduced on company meetings in light of social distancing measures

In response to the COVID-19 pandemic, the Grand Duchy of Luxembourg has adopted a package of corporate measures to support the seamless functioning of the legal entities.

The package was included in various pieces of law, all with a rather short applicability term, namely a few months. The first was the Grand-Ducal regulation of 20 March 2020, followed by the law of 20 June 2020 and law of 23 September 2020.

Presently, the law of 25 November 2020, which came into effect on 1 October 2020, provides that Luxembourg-based companies and other legal entities may hold, notwithstanding any provisions to the contrary in the articles of association, general meetings or other meetings (e.g., board/other bodies meetings) without physical presence:

- By remote vote in writing or by electronic vote for any general meeting, provided that the full text of the resolutions is previously published or communicated
- Through the intermediary of a proxyholder for any general meeting
- By the adoption of circular/written resolutions
- By phone or video conference or other means of communication

The measures provided by the law of 25 November 2020 are applicable until 30 June 2021. It's unclear if the corporate measures will be extended again by the Luxembourg legislature or if others will be adopted.

For any further questions or assistance on the above matters, please reach out to:

Stephen d'Errico
stephen.derrico@lu.ey.com

Raluca Silaghi
raluca.silaghi@lu.ey.com

Netherlands

New Franchise Act enters into force in Netherlands

On 1 January 2021, a new Franchise Act entered into force in the Netherlands. The purpose of the Franchise Act is to orderly manage the cooperation between the franchisor and the franchisee to provide a more level playing field between the parties to the franchise agreement.

The Franchise Act focuses on four areas:

- Information rights prior to conclusion of the franchise cooperation
- Implementation of changes to franchise agreements, with increasing consent rights for the franchise
- Termination of franchise agreements, including a possible goodwill compensation for the franchisee (see below) and limitations to the scope of non-competition clauses
- Mutual information rights during the franchise cooperation

In general, the Franchise Act requires the franchisor and the franchisee to behave as "good franchisor" and "good franchisee." This means that each party should sufficiently take the interests of their franchise partner into account when conducting the franchise business. The Franchise Act also provides for more specific obligations, such as specific (precontractual) information and consultation obligations, especially for the franchisor.

Based on the new Franchise Act, franchise agreements should contain provisions for the determination and reimbursement of built-up goodwill in case the franchise agreement is terminated. Points of attention include the extent to which the goodwill should be attributed to the franchisee and the relevant period that has to be taken into account when calculating the goodwill.

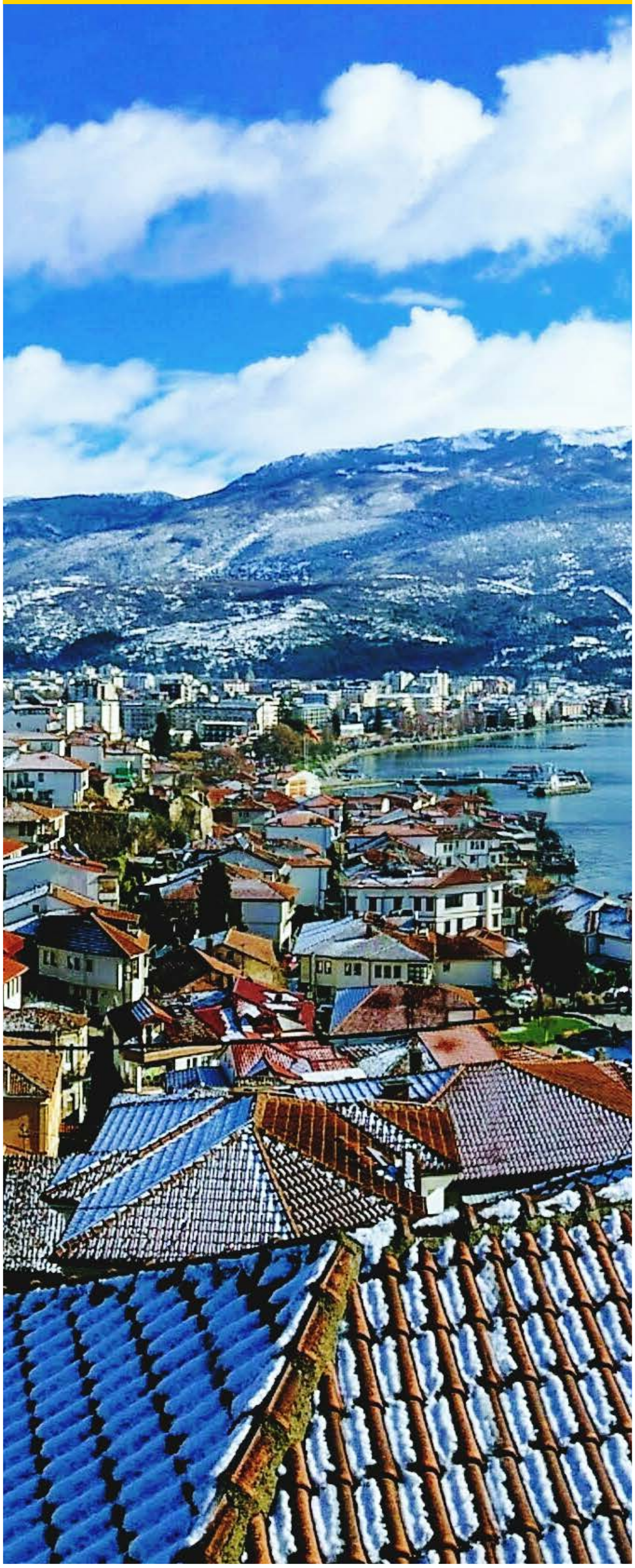
All existing franchise partnerships and contracts in the Netherlands will have to comply with the Franchise Act after a certain transition period. Franchise contracts that are executed after 1 January 2021 must be compliant from the start. The introduction of the Franchise Act can provide the right momentum for franchise organizations active in the Netherlands to rethink and reshape their relationships and contracts.

For any further questions or assistance on the above matters, please reach out to:

Dirk Engelen
dirk.engelen@hvglaw.nl

Luuk van Deutekom
luuk.van.deutekom@hvglaw.nl

North Macedonia



Macedonian UBO Register established as of January 2021

To align with the European Union Fourth Anti-Money Laundering Directive, North Macedonia adopted a new law on the prevention of money laundering and financing terrorism on 29 June 2018, introducing basic principles, goals and solutions in fighting against these financial crimes. One is establishing an ultimate beneficial owner register (UBO Register) within the Macedonian Central Register, specifically regulated with a Rulebook adopted on 8 October 2018. In accordance with the Rulebook, North Macedonia now is in the final stage of setting the electronic platform within the Macedonian Central Register and launched the UBO Register on 27 January 2021.

The main purpose of this register is to establish transparency over the ownership of legal entities in North Macedonia by imposing an obligation for representatives of locally based trade companies, subsidiaries and branch offices of foreign trade companies and other legal forms to record information in the UBO Register via an electronic platform maintained by the Macedonian Central Register.

The deadline to comply with this obligation is three months as of the day of establishment of the Register on 27 January 2021 for all registered legal entities in the Macedonian Central Register and eight days from the date of registration of new legal entity or change in ownership structure. Completing this obligation within the legal terms is free; charges apply depending on the days overdue and the size of the entity, varying from EUR35 to EUR2.6.

For any further questions or assistance on the above matters, please reach out to:

Ana Pavlovska
ana.pavlovska@mk.ey.com

Jana Nikodinovska
jana.nikodinovska@mk.ey.com

Poland

Paper shares are no longer part of trading

New provisions on dematerialization of shares that apply to limited joint-stock partnerships and joint-stock companies are intended to increase the safety of trading in the shares of non-public companies and reduce the risk of money laundering.

Expiration of physical certificates

Since the existing physical certificates expired 1 March 2021, a shareholder who has not deposited the physical share certificate will not be able to exercise the rights attached to it and will be unable to vote or receive a dividend. An entry in the shareholder register maintained by a brokerage firm or a bank or an entry in a securities account evidences being a shareholder.

Until 1 March 2026, the physical share certificate will retain its probative value only.

New obligations and fines

The entities were required to set up a website and disclose it at the National Court Register; appoint an entity maintaining the shareholder register; and call upon the shareholders (five times) to submit share certificates. Failure to call or to conclude a contract for maintaining the shareholder register may result in a fine of up to PLN20,000.

Share transfer procedure

The title to shares transfers when the entry is made in the shareholder register. Once the share transfer agreement has been concluded, a request must be submitted to the entity maintaining the shareholder register for it to modify the relevant entry. For small entities, the new amendment means that a single-day share transfer will be practically impossible.

Safety and transparency

Dematerialization of shares generates new risks for the transactional practice, as there will be a need to secure the transferee until the entry in the shareholder register has been made.

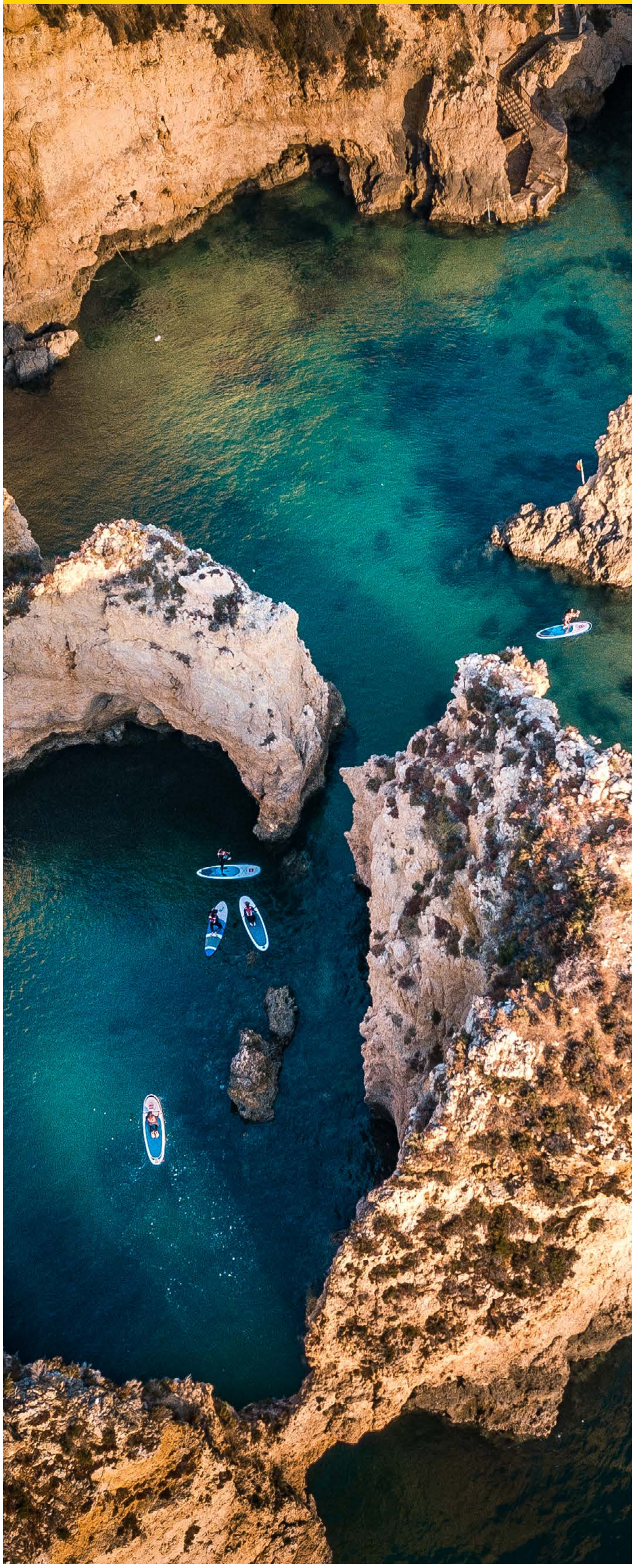
The shareholder register will be open to the shareholders and the entities.

For any further questions or assistance on the above matters, please reach out to:

Jakub Organ
jakub.organ@pl.ey.com

Zuzanna Zakrzewska
zuzanna.zakrzewska@pl.ey.com

Portugal



Transitional regime for United Kingdom (UK) financial entities operating in Portugal

On 23 December 2020, as UK's official exit from the European Union approached, the Portuguese Government approved Decree-Law no. 106/2020 (Decree-Law), establishing a transitional framework to financial services provided by entities based in the UK and acting in Portugal under the rights of establishment and freedom to provide services.

These are the main implications:

- Entities interested in continuing to provide investment services and asset management services must notify the Portuguese Securities Market Commission (CMVM) by 31 March 2021 of the intention to cancel their ongoing contracts or request authorization to continue operating. Opting for the second entails submitting a request to the competent authority by 30 June 2021.
- Entities authorized to provide investors' representation services in the UK may continue providing services as bondholders' representatives until the maturity of the issuance/issuance program, provided they were appointed prior to 31 December 2020 and the issuance has a fixed maturity.
- Insurance contracts addressed at covering risks situated in the Portuguese territory or in which Portugal is the relevant Member State and that were concluded before 31 December 2020 with UK insurance companies duly authorized to operate in Portugal remain valid until their termination date.
- Credit institutions, payment institutions and e-money institutions that intend to continue operating in Portugal must obtain authorization from the Bank of Portugal under the general terms established for third country entities.

Any aforementioned entity that remains operating in Portugal beyond the cut-off date will be subject to the Portuguese legislation.

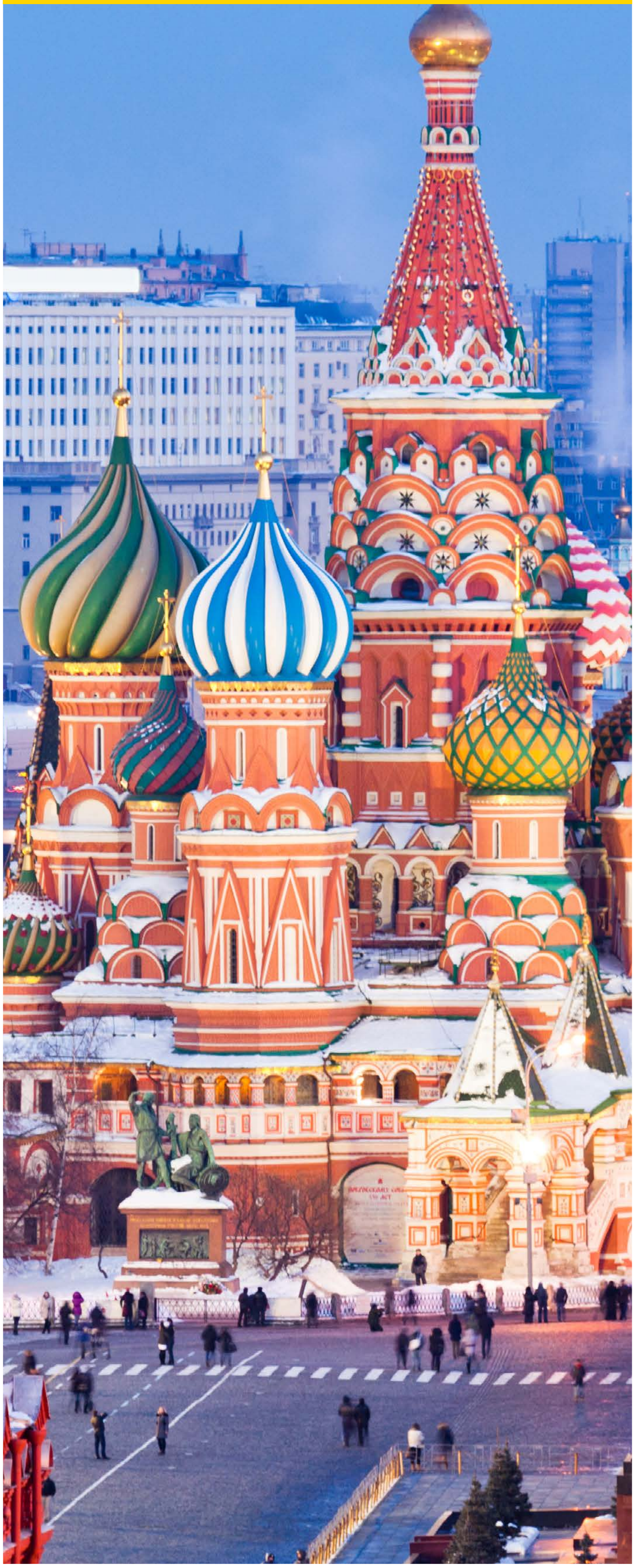
The Decree-Law does not include the framework for any breaches, but failure to notify the respective local regulator will mean that any UK entity in such a position would be operating in Portugal without the proper title, and subject to fines and other penalties.

For any further questions or assistance on the above matters, please reach out to:

Teresa Lamim
teresa.lamim@rrp.pt

Manuel Cordeiro Ferreira
manuel.ferreira@rrp.pt

Russia



Pre-installation of Russian software on electronic devices made mandatory

In December 2019, the Russian Government adopted a law that introduced a requirement that certain technically complex goods with pre-installed software must be equipped with Russian software at the time of their sale to end customers in Russia.

The law was supposed to come into force 1 July 2020; however, the effective date has been postponed several times. The new effective date is 1 April 2021.

The list of electronic devices to which the new requirement applies was approved by the Russian Government in November 2020 and includes smartphones, tablets, laptops, desktop computers and smart TVs.

The list of software for mandatory pre-installation has 16 categories and includes browsers, search engines, navigator systems, messengers, social networks and email services. Russian authorities have also approved the list of specific Russian software programs and applications recommended for pre-installation on devices.

Pre-installation can be carried out by the manufacturer, suppliers or sellers of the goods on the territory of Russia. The version should be free for the consumer, which does not deprive the copyright holder of the opportunity to distribute paid versions or paid advanced functionality during the servicing process. The consumer should be able to remove the pre-installed software.

New regulation in the digital sphere

Regulation in the digital sphere in Russia started in 2019 when the Russian parliament passed laws defining such terms as digital rights, utilitarian digital rights and smart contracts and establishing the legal framework for the operation of investment platforms aimed at crowdfunding.

In 2020, the Russian parliament continued to develop regulations to further digitalization in the financial sector. It regulated the operation of financial platforms, defined cryptocurrency and digital financial assets/tokens, and set the legal framework. Relevant law provisions came into force in January 2021.

For any further questions or assistance on the above matters, please reach out to:

Alexey Markov
alexey.markov@ru.ey.com

UAE

Amendments to UAE Companies Law

On 2 December 2020, significant amendments to the United Arab Emirates (UAE) Companies Law 2015 were announced. These amendments significantly change the landscape for foreign businesses operating in the UAE in a move by the UAE Government to promote foreign investment and IPO activity in the UAE, and to follow various other initiatives introduced earlier in the year.

The removal of the requirement for a limited liability company incorporated in mainland UAE (i.e., outside of the UAE's many free zones) to have 51% UAE ownership has naturally received the most attention; going forward, the general position will be that a limited liability company can be up to 100% foreign owned unless it is carrying on Activities of Strategic Effect, to be determined by a cross-emirate committee. Following that, each emirate will set its own UAE shareholding requirements in companies undertaking those activities in that emirate. The amendments will come into force on 1 April 2021.

The majority of the other amendments to the Companies Law 2015 relate to Joint Stock Companies. Most notably, the founders of a private joint-stock company may now sell up to 70% of their capital by way of public offering, up from 30%. This limit may be exceeded with the approval of the Securities and Commodities Authority. Other amendments have been enacted to bring the environment more in line with international practice.

In a year that could be categorized as a global game-changer, the UAE Government has been committed to its vision to create an attractive business environment to drive foreign investment and IPO activity.

For any further questions or assistance on the above matters, please reach out to:

Alison Hubbard
alison.hubbard@ae.ey.com

Franco Grilli
franco.grilli@ae.ey.com

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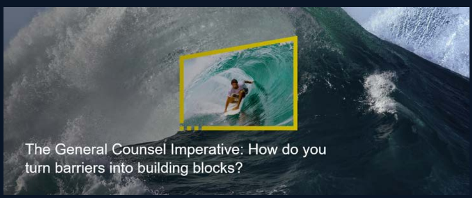

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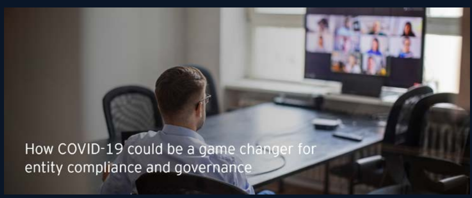

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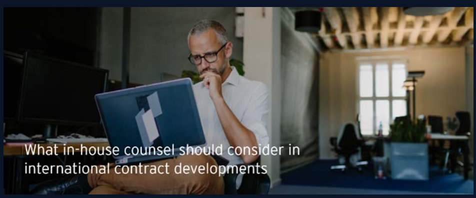

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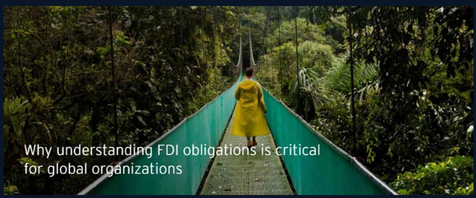

Why understanding FDI obligations is critical for global organizations

Contacts

Corporate and Commercial Law Services – Lead contacts

Albania
Soena Foto
+355 424 19575
soena.foto@al.ey.com

Algeria
Bruno Messerschmitt
+33 1 55 61 17 21
bruno.messerschmitt@ey-avocats.com

Argentina
Jorge Garnier
+54 11 4515 2634
jorge.garnier@ar.ey.com

Armenia
Levon Gevorgyan
+374 99883717
levon.gevorgyan@am.ey.com

Australia
Alex Worner
+61 2 9248 5070
alex.worner@au.ey.com

Austria
Helen Pelzmann
+43 1 26095 2145
helen.pelzmann@eylaw.at

Azerbaijan
Arzu Haijyeva
+994 12 4907020
arzu.hajiyeva@az.ey.com

Belarus
Vasily Babariko
+375 17 240 4242
vasily.babariko@by.ey.com

Belgium
Peter Suykens
+32 2 774 9834
peter.suykens@be.ey.com

Bosnia and Herzegovina
Adela Rizvic
+387 33 296 307
adela.rizvic@ba.ey.com

Brazil
Graziela Baffa
+55 11 25 73 3447
graziela.g.baffa@br.ey.com

Bulgaria
Svetlin Adrianov
+359 2 8177141
svetlin.adrianov@bg.ey.com

Canada
David Witkowski
+1 4169325841
david.witkowski@ca.ey.com

Chile
Pedro Lluch
+562 2676 1000
pedro.lluch@cl.ey.com

Mainland China
Xing Li
+86 21 2228 8355
xing-x.li@cn.ey.com

Colombia
Ximena Zuluaga
+571 484 7170
ximena.zuluaga@co.ey.com

Congo[1]
Crespin Simedo
+221 33 849 2222
crespin.simedo@cg.ey.com

Costa Rica
Alejandro Antillón Appel
+506 2208 9800
alejandro.antillon.appel@cr.ey.com

Croatia
Ivan Sefer
+36 30 231 9332
ivan.sefer@hu.ey.com

Cyprus
Charalambos Prountzos
+357 22669699
charalambos.prountzos@cylaw.ey.com

Czech Republic
Ondrej Havranek
+420 225 335 574/+420 703 891 387
ondrej.havranek@cz.eylaw.com

Denmark
Susanne Scott Levinsen
+45 2529 3599
susanne.s.levinsen@dk.ey.com

Dominican Republic
Thania Gomez
+1 80 9993 4359
thania.gomez@do.ey.com

Ecuador
Fernanda Checa
+59 3225 5555 3109
fernanda.checa@ec.ey.com

El Salvador
Monica Machuca
+503 2248 7001
monica.machuca@sv.ey.com

Equatorial Guinea
Rouguiata Diallo
+224 3041 2831
rouguiata.diallo@gn.ey.com

Estonia
Pekka Puolakka
+372 5650 3399
pekka.puolakka@ee.ey.com

Finland
Taina Pellonmaa
+358 50 542 2900
taina.pellonmaa@fi.ey.com

France
Frédérique Desprez
+33 1 55 61 19 73
frederique.desprez@ey-avocats.com

Roland Montfort
+33 1 55 61 16 03
roland.montfort@ey-avocats.com

Gabon[2]
Fatima Kassory Bangoura
+241 11 74 32 17
fatima-kassory.bangoura@ga.ey.com

Georgia
George Svanadze
+995 32 215 8811 Ext: 2110
george.svanadze@ge.ey.com

Germany
Thorsten Ehrhard
+49 621 4208 15379
thorsten.ehrhard@de.ey.com

Greece
Eirinikos Platis
+30 210 288 6512
eirinikos.platis@gr.ey.com

Guatemala
Ruby Asturias
+502 2386 2400
ruby.asturias@gt.ey.com

Hong Kong
Rossana Chu
+852 2629 1768
rossana.chu@eylaw.com.hk

Hungary
Ivan Sefer
+36 30 231 9332
ivan.sefer@hu.ey.com

Honduras
Andres Lacayo
+504 2232-9100
andres.lacayo.rodriguez@hn.ey.com

Iceland
Símon Þór Jónsson
+354 5952500
simon.jonsson@is.ey.com

India
Probal Bhaduri
+91 11 4363 3120
probal.bhaduri@pdslegal.com

Italy
Matteo Zapelli
+39 0285143852
matteo.zapelli@it.ey.com

Ivory Coast[3]
Eric Nguessan
+225 20 30 60 50
eric.nguessan@ci.ey.com

Japan
Paul Wong
+81 3 3509 1671
paul.wong@jp.ey.com

Kazakhstan
Dinara Tanasheva
+7 727 259 7207
dinara.s.tanasheva@kz.ey.com

Kenya
Christopher Kirathe
+254 202 715300
christopher.kirathe@ke.ey.com

Latvia
Liene Cakare
+371 67043606
liene.cakare@lv.ey.com

Lithuania
Vytautas Birmontas
+37052199884
vytautas.birmontas@lt.ey.com

Luxembourg
Stephen d'Errico
+352 42 124 7188
stephen.derrico@lu.ey.com

Macedonia
Jana Nikodinovska
+389 2 311 33 10
jana.nikodinovska@mk.ey.com

Mexico
Jimena Gonzalez De Cossio
+52 55 1101 7294
jimena.gonzalez@mx.ey.com

Mongolia
Chinguun Munkhbold
+976 7012 4032
chinguun.munkhbold@mn.ey.com

Morocco
Ghizlane Khachane
+212 5 22 95 79 92
ghizlane.khachane@ma.ey.com

Netherlands
Caspar van der Winden
+31 88 40 70229
caspar.van.der.winden@hvglaw.nl

New Zealand
Greg France
+64 22 3894244
greg.france@nz.ey.com

Nicaragua
Carlos Ayón Lacayo
+506 2208 9800
carlos.ayon.lacayo@cr.ey.com

Norway
Kjeld Arne Rogde Thomassen
+47 907 23 766
kjeld.arne.thomassen@no.ey.com

Panama
Luis E Ocando
+507 2080 144
luis.ocando@pa.ey.com

Paraguay
Gustavo Colman
+595 2166 4308
gustavo.colman@py.ey.com

Peru
Maria Sabogal
+51 1 411 4444
maria.sabogal@pe.ey.com

Poland
Zuzanna Zakrzewska
+48 22 557 7816
zuzanna.zakrzewska@pl.ey.com

Portugal
Rodrigo Nogueira
+351 217 653 860
rodrigo.nogueira@rrp.pt

Romania
Radu Diaconu
+40 721 292 758
radu.diaconu@ra-law.ro

Russian Federation
Alexey Markov
+7 495 641 2965
alexey.markov@ru.ey.com

Senegal[4]
Eric Nguessan
+225 20 30 60 50
eric.nguessan@ci.ey.com

Serbia
Veljko Cosovic
+381 11 2095 752
veljko.cosovic@rs.ey.com

Singapore
Evelyn Ang
+65 6718 1288
evelyn.ang@sg.ey.com

Slovakia
Robert Kovacik
+421 2 3333 9262
robert.kovacik@sk.ey.com

Slovenia
Matej Kovacic
+386 1 583 17 62
matej.kovacic@si.ey.com

Spain
Lourdes Centeno Huerta
+34915674729
lourdes.centeno.huerta@es.ey.com

Francisco Silvan Rodriguez
+34916578223
francisco.silvanrodriguez@es.ey.com

Sweden
Anna Byström
+46 8 52059484
anna.bystrom@law.se.ey.com

Switzerland
Aurelien Muller
+41 58 286 5735
aurelien.muller@ch.ey.com

Taiwan
Helen Fang
+886 2 2757 8888 Ext: 1771
helen.fang@tw.ey.com

Turkey
Mehmet Kucukkaya
+90 212 408 57 24
mehmet.kucukkaya@tr.ey.com

UAE
Alison Hubbard
+971 4 3324000
alison.hubbard@ae.ey.com

Ukraine
Albert Sych
+380 44 499 2011
albert.sych@ua.ey.com

United Kingdom
Sarah Holmes
+44 20 7197 9312
sholmes3@uk.ey.com

Craig Stevenson
+44 20 7197 1228
craig.stevenson@uk.ey.com

Uruguay
Martha Roca
+598 2902 3147
martha.roca@uy.ey.com

Venezuela
Saul Medina
+58 212 9056 716
saul.medina@ve.ey.com

Vietnam
Michael Beckman
+84 28 3629 7971
michael.beckman@vn.ey.com

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[1] Including the Democratic Republic of Congo.
[2] Including Cameroon, Central African Republic, Chad, Guinea Conakry.
[3] Including Benin, Burkina Faso and Niger.
[4] Including Mali.

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