

## DR reforms business organisation law

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**The Dominican Republic has reformed its 2008 law on business organisations and individual proprietorships with limited liability, which a local lawyer says will simplify business in the country.**

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The reform of the law, which itself was overhaul of a code of commerce dating back to 1884, was adopted in early February.

"This reform is geared towards simplifying and improving the framework... through the correction of certain deficiencies in the law and the elimination of excessive regulation that was deemed unnecessary," says [Headrick Rizik Alvarez & Fernández](#) partner Sarah de León Perelló.

De León, who is the coordinator of the National Association of Young Business People's legal committee in charge of reviewing the 2008 law, says that it had to be adapted to the way Dominicans did business; for example through the elimination of the provision that prohibited directors from sitting on the boards or management of more than five different business organisations at a time, and increased flexibility in the requirement of mandatory auditing of financial statements for small businesses.

In terms of deregulation, the conditions for the registering of foreign companies were also made more flexible, as were those surrounding the securities market.

The reform also introduced a simplified stock corporation or Sociedad Anónima Simplificada. "It differs from an ordinary corporation in that the corporation's mandatory rules with respect to management, statutory company fiscal auditor and issuance of securities are not applicable to the simplified stock corporations," explains de León.

With the addition of this structure Dominican law will permit five different types of business organisations, but some changes are still necessary, she says.

"Unfortunately, provisions that allowed for the incorporation of simplified stock corporations and limited liability companies with a sole shareholder and the elimination of minimum capitalisation requirements for the same did not make into the law," says de León.

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### Comments

There are currently no comments.