

PRESIDENCIA LA REPÚBLICA



PRESIDENCY OF THE REPUBLIC

DECREE No. 92.

THE PRESIDENT OF THE REPUBLIC OF EL SALVADOR,

WHEREAS:

- I. The Law of Legal Security for Investments was issued through Legislative Decree No. 905, dated December 18, 2014, and published in Official Gazette, No. 10, Volume 406, of January 16, 2015, with the object of attracting and fostering national and foreign investment through a legal framework that guarantees legal stability for investors, through the implementation of Legal Security Contracts; and,
- II. That to facilitate the proper execution of said Law, it is necessary to establish Regulations that develop the provisions thereof.

THEREFORE,

using its constitutional powers,

DECREES the following:

REGULATION FOR LEGAL SECURITY FOR INVESTMENT

Chapter I

Regarding the Object of the Regulation and the Procedure to
Process the Application and the Subscription of the Legal
Security Contract

Art. 1. The present Regulation aims at developing the Law for Legal Security for Investments, hereon after The Law, as well as at establishing the necessary procedures for process, subscription, amendment and termination of the Legal Security Contracts.

Art. 2. In the framework of the process and subscription of the Legal Security Contracts, the responsible entities will be the Organism for Promotion of Exports and Investments in El Salvador, hereon after PROESA, and the Ministry of Economy, hereon after MINEC; according to the attributions established under Articles 4 and 5 of the Law.

Art. 3. PROESA will provide an application for a Legal Security Contract, hereon after The Contract, to national or foreign investors that wish to avail themselves to the guarantees established under Article 6 of the Law. This application shall include the information detailed in Article 7 of the Law. Besides, PROESA may request other documents relevant to the evaluation of the application, such as copies certified by a Notary of the current company and establishment registration, and of the financial statements for the previous fiscal year, duly inscribed in the Registry of Commerce. PROESA, prior to the presentation of the application, may

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provide the investor with assistance regarding the requirements of form demanded by the Law and this Regulation.

Art. 4. Once the application for a Legal Security Contract has been received, the President of PROESA may appoint a Special Commission, which shall be made up of at least three members of said Organization, according to the nature of the contract being requested.

The special Commission will help with the compliance verification of the evaluation criteria established in Article 8 of the Law, and in drafting the report to serve as basis for the evaluation of the Board of Directors. If necessary, it will recommend that the President of PROESA request a report and an illustrated report, to advise the applicant of any observations through a reasoned resolution.

Art. 5. The President of PROESA will present the report to the members of the Board of Directors, so that based on the report the request will be approved or rejected within the maximum term stated in Article 9 of this Law.

Art. 6. If the resolution were to reject the application, the investor will present the revision appeal before the Board of Directors of PROESA; this must be submitted by the interested party within ten business days after the corresponding notification. The appeal will be resolved within ten business days after its presentation. Notwithstanding the above, said resolution will not admit an action to claim compensation.

Art. 7. Once the application is approved, PROESA will send the certification of the grounded resolution and the applicant's file to the MINEC, so that the public document of the Contract is granted within fifteen business days, at the latest.

Art. 8. The following must be included in the contract, besides the clauses listed in Article 13 of the Law:

- a) Object of the Contract;
- b) Term of the Contract;
- c) Location of the investor's facilities;
- d) Form and term to comply with Art. 13, item e) of the Law;
- e) MINEC's responsibilities;
- f) Addresses given by the parties to receive notifications;
- g) Manner of resolving controversies in the execution of the Contract; and,
- h) Specify a particular address

An original document of the signed Contract will be issued for each of the contracting parties.

Chapter II Regarding the Procedure to modify the Legal Security Contract

Art. 9. The investor that requests amendments to his contract, must do so before the MINEC, and must submit the application together with the relevant documents that prove the need for the amendment of the original Contract.

The MINEC may request documentation directly related to the requested amendment, in order to issue a resolution. For this purpose, it will grant the interested party five business days for their presentation, term that may be extended by applicant request.

The MINEC must resolve on the request through a grounded resolution within ten business days, at the latest, once the required documentation is complete.

Art. 10. The prevention established in Article 11 of the Law shall be applicable to the procedure for Contract amendment.

Art. 11. Contract amendment shall be subscribed through public deed, in which the original contract and the certification of the reasoned resolution approving the amendment must be included.

The amendment must be signed no later than fifteen business days after said resolution has been issued, for which the investor must present the current legal documents of the company and of its legal representative.

Art. 12. If the investor wants to make changes in the ownership of the investment resulting from the Contract, he must request the MINEC to qualify the new owner, so that he continues to enjoy the guarantees included in the Contract, through a written document, which must be accompanied by the legal and financial documents that back up the new owner, as well as those required in items a), d) and e) of Article 7 of the Law and in Article 3 of the present Regulation, as applicable.

Once the application and its attachments are received, the MINEC will send to PROESA within the following five business days all of the documents, so that it issues and sends its opinion within twenty business days, at the latest. If inter-institutional cooperation were requested as stated in Article 10 of the Law, the maximum term will be of twenty-five business days.

Once it receives the opinion, MINEC, will issue a resolution granting or rejecting the new owner the protection of the guarantees stipulated in the Contract, within the five subsequent business days with the rights and obligations corresponding to the amount of the initial investment.

Art. 13. Once the qualification of the new owner is approved, a public document must be signed and in a period no greater than fifteen business days, beginning with a favorable notification to the applicant that will state that the new owner enjoys the guarantees stipulated in the original contract and its amendments, if any, with the rights and obligations corresponding to the amount of the initial investment.

Chapter III Regarding Early Termination of the Legal Security Contract

Art. 14. The Contract may be terminated due to the causes stipulated in Article 17 of the Law. If it were because of the details in items b), c) and d) of that provision, the MINEC will notify the investor of the start of a penalty procedure of early termination of the contract, and he may present his allegations and evidence that he considers pertinent within ten business days after the notification.

Art. 15. Once this term has lapsed, whether the investor has made use of his right to an audience or not, the MINEC shall issue a grounded resolution within twenty-five business days, at the latest, which must be notified to the interested party. There will be no appeal against said resolution.

If non-compliance were proven, the Minister of Economy shall declare the early termination of the contract, which will result in loss of the guarantees granted upon said termination.

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Chapter IV

About the Administration, Verification and Oversight of the Contract Obligations and Conditions

Art. 16. The MINEC will be in charge of the administration, verification and oversight of the compliance with legal and contractual obligations and conditions.

Art. 17. The MINEC will manage the contracts in the following manner:

- a) It will safeguard the original title deed of the Contract;
- b) It will add a copy of said title deed to the investor's physical file;
- c) It will send a copy of the Contract to the Ministry of Finance and other institutions involved within fifteen business days after being signed, at the latest; and,
- d) It will keep a digital Record of the Contracts in its database, which will be public in nature, and that will include the following:
 1. Name and Legal name of the investor,
 2. Name of the legal representative,
 3. Investment to be executed,
 4. Investment sector,
 5. Amount of the investment;
 6. Term of the contract;
 7. Guarantees granted;
 8. Location of the investment;
 9. Registration number at the registry of the National Investment Office; and,
 10. Contract number.

The MINEC may include additional information in the digital database.

Art 18. The MINEC, in order to verify and oversee the compliance with the legal and contractual obligations and conditions, will have the following authority:

- a) Receive, review and make preventions, whenever necessary, to the required semester report based on item e) of Article 16 of the Law;
- b) Inspect the investor's facilities or projects, to verify that the information included in the reports is true;
- c) Request any other documentation deemed necessary.

Art. 19. The semester report referred to under4 item e) of Article 16 of the Law, must be accompanied by:

- 1) Solvency from the Salvadoran Institute of Social Security and the different Pension Fund Administrators;
- 2) Solvency from the Ministry of Finance and from the corresponding municipality;
- 3) Current operation permit or authorization, corresponding to the type of activity developed, if it had expired since the latest report was presented; and,
- 4) All other requirements established in the Contract.



If the MINEC has online access to verify the investor's solvency status as it relates to the requirements demanded by the Law, this Regulation or the Contract, the investor may omit the presentation of physical documents and mention it in the monthly written report that it is solvent.

Chapter V About Incorporation of New Sectors and Validity

Art. 20. For the introduction of new strategic sectors that are necessary for the country's economic growth, PROESA will submit the results of the technical analysis for approval by the Board of Directors.

The Board of Directors will consider the following parameters for the approval of new sectors: activities of tradable sector, potential for job generation, contribution to technology transfer, increase in added value and oriented to exports.

Art. 21 The present Decree will enter into effect eight days after its publication in the Official Gazette.

GIVEN AT THE PRESIDENTIAL PALACE: San Salvador, on the thirtieth day of the month of November of two thousand fifteen.

((stamp: Presidency of the Republic of El
Salvador
C.A.))

Salvador Sanchez Ceren
President of the Republic

((Stamp: Ministry of Economy
Minister))

Tharsis Salomon Lopez Guzman
Minister of Economy



EL SALVADOR
UNÁMONOS PARA CRECER

MINISTERIO DE GOBERNACIÓN
Y DESARROLLO TERRITORIAL
GOBIERNO DE



Certification No 3529

The undersigned Director of the National Press:

Certifies: that Executive Decree No. 92, which contains the Regulation for the Law of Legal Security for Investments, will be published in the Official Gazette, No. 220, Volume No. 409, corresponding to November 30 of this year, except in case of unforeseen circumstances or force majeure.

And at the request of the **Secretariat for Legislative and Juridical Affairs of the Presidency of the Republic**, it issues this Certification at the DIRECTORATE OF THE OFFICIAL GAZETTE; San Salvador, December four of two thousand fifteen.

((signature))

Engineer Edgar Antonio Mendoza Castro
Director

((stamp: Ministry of Governance
and Territorial Development
Director
National Press))

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