

From a corporate-legal perspective, it is worth highlighting the modification of the Consolidated Text of the Capital Companies Act, passed by Royal Legislative Decree 1/2010 of 2 July (the CCA). This modification introduces a number of novelties for the purpose of adapting the companies' regulations to the new provisions regarding accounting and auditing, of which the most relevant are:

- The new wording establishes that the calculation of fair value of quotas or shares in unlisted companies shall no longer be exclusively carried out by an auditor; eligibility to perform this valuation has now been broadened and may be carried out by an **independent expert** (as was the case with the calculation of fair value of non-monetary contributions made to a Joint Stock Company " *Sociedad Anónima* ").
- The same modification has been made with regard to the preparation of the technical report on the reasonableness of the data contained in the administrators' report and the bondholder to shareholder conversion ratio and in the reports on the removal of the right to preferential subscription.
- The obligation to prepare the **Statement of Changes in Net Equity** has been removed when the balance sheet can be present in abbreviated form.
- The possibility that the directors or any shareholder may request from the Court Secretary the **appointment of accounts auditors** when these have not been appointed by the General Shareholders Meeting has been eliminated. In such cases, the power to appoint the company auditor shall exclusively pertain to the mercantile registrar of the address of the company.

- As for the application to the year's profit, the new reform removes the obligation to fund a **restricted reserve equal to the goodwill** appearing in the balance sheet. Therefore, contrary to what has been done to date, setting aside a share of the profit of at least 5% of goodwill (or to use available reserves in the event of insufficient profit) is no longer necessary.
- Although article 529 *quaterdecies* of the CCA is relatively recent (it was added by Law 31/20145 of 3 December), this reform slightly modifies its wording, attributing requirements and powers to the **Audit Committee**. The new legal text establishes that the Audit Committee must be made up of a majority of independent directors (instead of at least two, as was previously set forth). In addition, the obligations and powers of the Audit Committee are increased, such as now having to report on the result of the audit explaining how it has contributed towards the integrity of the financial information and the role that the committee has played in the process or now having the power to make recommendations or proposals to the management body to safeguard auditor integrity and independence.

The coming into force of the new Law shall be on the 17 June 2016; nevertheless, the new reforms introduced in the CCA shall come into force as of **1 January 2016**.

Although this reform seeks to adapt our auditing regulations to the European legislation, the reforms introduced by the CCA may call for further modifications and updates of the regulatory framework of capital companies.