

**Administrative Ruling No. 054, which establishes the regulations for public offer of securities of Small and Medium Enterprise  
(Official Gazette No. 41913 of July 2, 2020)**

The National Superintendence of Securities (SUNAVAL) issued Administrative Ruling N° 054, published in the Official Gazette No. 41913 of July 2, 2020, which regulates the public offer of securities issued by Small and Medium Enterprise (SME).

The Ruling establishes the guidelines for the public offer of securities of SMEs to guarantee the adequate conditions of transparency and protection of their financing in the stock and securities market (article 1).

The Ruling to SMEs that wish to issue securities, to individuals and legal entities under the supervision of SUNAVAL, and to those involved in the process (article 3). These include, but are not limited to, public stockbrokers, brokerage firms, investment advisors, stock exchange, among others.

A Small Enterprise is any provider of goods and services that has an annual average payroll of up to fifty (50) employees or complies with the parameters established by the competent authorities to qualify enterprises as Small Enterprise (article 5).

A Medium Enterprise is any provider of goods and services that has an annual average payroll between fifty-one (51) and one hundred (100) employees or complies with the parameters established by the competent authorities to qualify enterprises as Medium Enterprise (article 5)

SMEs are authorized to issue participation certificates and promissory notes (article 6), and any other authorized by SUNAVAL (article 8).

SMEs that wish to issue values may do so individually or in association with a legal entity that allows them to publicly offer their securities. To do so, they must obtain previous authorization from SUNAVAL (article 8) and comply with the evaluation requirements established by the SUNAVAL (article 7).

To obtain the authorization to issue participation certificates and promissory notes, SMEs require:

- A Complete Financial Evaluation. The Evaluation must satisfy the international standards of economic and financial analysis and the best practices on the matter and must be issued by SUNAVAL – authorized entities (article 13).
- A Simplified Prospectus to issue the securities (article 15). This form is uploaded at SUNAVAL's website.
- Financial Statements of the last two years. The accounting firm that prepares the Financial Statements is not required to be registered in the National Securities Registry (Article 17).
- SMEs are exempt from presenting the Risk Assessment opinion (article 11).

The collateral that should be constituted depends on the type of security that is to be issued. In the case of participation certificates, general collaterals which, among others, include financial collaterals, bonds, letters of credit; cash flow; any other mechanism authorized by SUNAVAL (article 20). In the case of promissory notes, collaterals may be constituted by a person other than the SME, who is jointly liable for noncompliance. Additionally, the SUNAVAL may authorize any other mechanism (article 21).

If you have any questions about the public offer of securities of SMEs, do not hesitate to contact Ponte Andrade Casanova.

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