

# **LAW FOR THE PROMOTION AND PROTECTION OF INVESTMENTS**

## **TITLE I PROTECTION OF THE RIGHTS OF INVESTORS**

### **Chapter I Preliminary Statements**

Article 1. The attraction, promotion and protection of both foreign and domestic investment is considered a primary interest of the State and as such, it shall be granted all facilities and guarantees to promote its growth and development.

All those individuals or corporations, domestic or foreign that acquire assets in Honduras, whether tangible or intangible in order to make a profit by lawful means may benefit from this law, except in those cases in which, by its nature a provision could apply only to foreign investors.

Article 2. For purpose of this Law, the following terms shall be construed in accordance with the definitions set forth herein as follows:

1. **Asset:** Any tangible or intangible heritage which forms part of a natural or legal person that has been acquired with the sole purpose of generating a profit or gain to its owner. Understood within the concept of "asset" are capital contributions, financial instruments, shares, intellectual property, securities or anything else that involves a transfer of resources from one party to another in order to generate future profits.
2. **Arbitrator or Arbitral Tribunal:** one or more people whom without being judges are mandated by the parties to resolve a conflict or dispute by way of an arbitration process.
3. **Investment:** The legitimate acquisition by a natural or juridical person or persons of any asset that constitutes tangible or intangible property to an investor or that is controlled by it directly or indirectly, that has the characteristics of an investment, including features such as commitment capital or other resources, the expectation of gain or profit or the assumption of risk for the holder or holders. The form that an investment may take includes an enterprise, shares, capital and other forms of equity participation in a business, turnkey contracts, construction, management, production, concession, revenue sharing, Public-Private Partnership and the like, as well as other intellectual property tangible or intangible, movable or immovable property and rights such as leases, mortgages, liens and pledges.
4. **Investor:** The holder of an investment, whether natural or legal person, foreign or domestic, regardless of their legal domicile.

5. Foreign Investment: Any kind of transfer of capital into the country, from abroad, carried out by individuals or legal entities, for the production of goods or services or the creation of a legitimate use for those who made the transfer.
6. Research and Development: Company Activity aimed at the discovery and subsequent development of new technologies or new applications for existing technologies for marketing purposes.
7. Expropriation: Any unilateral act by the State, which by act or omission, undermines the value of an investment or makes its return impossible. Can be direct, when an investment is nationalized or otherwise directly expropriated through formal transfer of title or ownership rights, or indirectly when an act or series of acts of the state has an effect equivalent to direct expropriation without formal transfer of title or ownership rights. The specific conditions under which determine whether or not there was an indirect expropriation will be determined in the regulations;
8. Currency of Free Usage: Freely usable currency means a currency that: i) is used widely, in fact, to make payments for international transactions, and ii) Is widely traded in the principal exchange markets.
9. Technology Transfer: Systematic transfer of knowledge developed by a natural or legal person (supplier) for another or others use (receiver) for the development of a product, the implementation of a process or providing a service.

Article 3. The following sectors are excluded from this law:

1. The activities related to the treatment of toxic, dangerous or radioactive waste.
2. Activities that affect public health
3. Industry and commerce on a small scale in accordance with the provisions of Article 337 of the Constitution of the Republic.
4. Manufacture, importation, distribution and sale of weapons, ammunition and similar pieces in accordance with the provisions of Article 292 of the Constitution of the Republic.

Article 4. In addition to the guarantees established in the Constitution and laws, the following is guaranteed to foreign investors:

1. The principle of national treatment with the limitations established in this law;

2. The non-application of limitations to market access for natural or legal persons that establish investments in Honduras;
3. The right to make international currency or capital transfers, at their choice, product of utilities, capital gains, dividends, royalties and compensations for the use and transfer of their own technology or, the total of their investment;
4. The right to access credit from the National Financial systems on the same conditions of those national natural or legal persons;
5. The free participation of foreign investment in the equity structure of societies, except the requirements established in the Law for the Promotion of Public - Private partnerships and;
6. The right to establish without restrictions, subsidiaries, branches, representative offices or joint ventures.

## **Chapter II** **Obligations and Benefits**

Article 5. Investors may contract without restrictions insurance to cover their investments against commercial and noncommercial risks in and outside the country.

They may also contract risk insurance with domestic or foreign companies without restrictions in the following categories:

1. Shipping
2. Commercial Aviation
3. On goods being transported to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability that arises from these
4. Goods in transit; and
5. Reinsurance and retrocession

Article 6. Additional protections to investors in real estate are recognized:

1. Insurance or guarantee on the title;

2. Conflict prevention regime
3. Guarantee regime of recovery on investments on improvements and of continuity of an ongoing project on a real estate dispute.

Article 7. Natural or legal persons intending to invest or who have invested in acquiring real rights on real estate can buy insurance or guarantees to protect them from potential risks arising from their property title.

The title insurance or guarantee must be issued by corporations, domestic or foreign, professionally engaged in this activity.

The acquisition of this insurance or guarantee for the title precludes the right to reparation in case of eviction and is enforceable by the terms or conditions to be stipulated in the contract.

### **Chapter III**

#### **The Procedure for the Conflict Prevention Regime**

Article 8. Natural or legal persons interested in developing projects on real estate, or developing investment activities on real estate, may benefit from this regime to prevent future conflicts over property by extinguishing any rights of ownership of persons who are not in possession of the property.

There is no minimum order to accommodate for the scheme.

The beneficiary may have up to two (2) years to initiate the investment, passed that term the benefit is canceled.

Article 9. This regime shall benefit only those who:

1. Are in still, peaceful, public and uninterrupted possession of property for themselves or on behalf of a third party, by taking positive actions amongst of those for which only the domain shall entitle them, such as cutting wood, construction of buildings, lifting fences, planting crops and others of equal significance executed without the consent of third parties who may have claims of ownership of that property;
2. Those that can demonstrate a intent of ownership by crediting the payment of property taxes, carrying out acts of strict ownership or similar ones, and
3. Hold a property title registered with the Registry of Property

Article 10. The application for joining the scheme must be submitted to the Technical Secretariat of the National Investment Council.

The submission of the application must be advertised through the use of notifications in mass media and outdoor advertising on sites to be protected by the term of (30) thirty days. The publications should indicate that the end of this procedure is to prevent conflicts over estate extinguishing any rights of third parties do not possess property may have on that property.

Article 11. If within the period specified in the previous article no opposition is filed, all possible property rights that non possessing third parties may have on that property shall be deemed extinguished.

After this term and within five (5) years after the expiration date, third parties not in possession may only demand the redress of the economic value of the property, without the improvements made by the investor. After this term, any right of any nature on the property is extinguished.

Article 12. Upon termination of property rights that third parties may have on the property itself, no third party claiming to have property rights over that property may file actions claiming dominion over it or plead or acquire any real right over it.

Article 13. The Technical Secretariat of the National Investment Council must certify that compliance with this procedure was made and that there was no opposition to it. This certification must be registered in the Registry of Property.

Article 14. Registered the resolution issued by the Technical Secretariat of the National Investment Council, stating that there was no opposition to the Conflict Prevention Regime, no registrations of any act from third parties that may affect the property protected by this guarantee, may fit; except acts made voluntarily by the holder of the property and by injunctions.

Article 15. Being of primary interest of the State, the attraction, promotion and protection of domestic and foreign investment, in case of an opposition to this procedure, the dispute over the property where there is intention to develop an investment and that the value of the property exceeds the value of local currency equivalent to FIVE HUNDRED THOUSAND DOLLARS OF THE UNITED STATES OF AMERICA (US\$ 500,000.00), shall submit to these procedures in the following order:

- a. Direct settlement
- b. Conciliation; and,
- c. Arbitration according to the provisions of the Conciliation and Arbitration Law.

Whoever intends to apply for any precautionary measure must secure and guarantee the harm and damages that this may cause, paying a mortgage, banking or bond of at least one hundred per cent (100%) of market value of the property in dispute.

Article 16. The competent jurisdictional courts shall not process any action without the proved exhaustion the preliminary procedures established in the preceding article.

Before submitting to the jurisdictional courts, any of the parties at their own cost, may apply to The National Investment Commission (CNI), the establishment of a trust on the property in dispute.

#### **Chapter IV**

### **Completion Guarantee Regime of Real Estate Projects in Dispute**

Article 17. The conclusion of real estate projects developed on property in dispute is of the State's interest. To qualify for the scheme is necessary that the following circumstances arise:

1. That the developer has the permits and licenses required for their development;
2. The developer has the capital to finance it;
3. That the developer has started construction work of the same, and
4. That having begun the construction of the project a third party not in possession of the property initiates a judicial or administrative action to claim ownership of the property on which to develop it.

Article 18. Where there are such circumstances listed in the preceding article, any of the parties may request to the Technical Secretariat of the National Investment Council, the following:

1. Constitute a trust on its cost, on the project in order to guarantee:
  - a. The continuity of the project;
  - b. The recovery of the investments; and
  - c. The sale or rental of the units built or in process of being built.
2. That the judicial or administrative action filed by a the third party to settle its claim on the property be settled by arbitration before an arbitration center in any of the chambers of commerce of the country and under its rules and regulations. In case the third party that is disputing the ownership of the property being developed, loses its judicial or arbitral claim, it must compensate the developer for the damages it has caused.

**Chapter V**  
**Of the Special Guarantees and Dispute Resolution Mechanisms**

**Section I**  
**Of the Stability Agreements**

Article 19. Those who invest more than the sum of Two Million Dollars U.S. (\$ 2,000,000.00) may request the signing of stability contracts, under any of the following modalities:

1. Make capital contributions to an enterprise established or to be established formally in Honduras;
2. Acquire shares of direct or indirect ownership of the State over 50% of total shares, or,
3. Public Private Partnerships.

Article 20. The contracts of stability guarantee the investor that taxes will not be increased or new taxes imposed in the national and municipal taxation regime at the time of signing and for the duration of its validity.

Article 21. The maximum duration of the stability contracts will be applied according to the provisions of the Forestry, Protected Areas and Wild Life Law, except for investments under Public Private Partnership mode, whose terms may be included in the contract clauses.

**Section II**  
**Dispute Resolution Relating to Investment**

Article 22. Investors are guaranteed full recognition of international arbitration awards and those issued under the provisions of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention), the Inter-American Convention on International Commercial Arbitration (Panama Convention) and Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Agreement) and the treaties of reciprocal protection of investments ratified by the State of Honduras.

Article 23. Agreement to submit to foreign jurisdiction, in the contracts signed in Honduras between foreign and domestic investors or between the first and the State is declared legal.

Article 24. In what does not contravene that established in international treaties, disputes arising in connection with the implementation of this Law between natural or

legal persons, domestic or foreign investment holders and the State shall be settled as far as possible through negotiation, conciliation and mediation.

Article 25. If no agreement is reached by means of negotiation and conciliation, foreign investors of nationality of a State which has signed and ratified the Agreement Establishing the International Centre for Settlement of Investment Disputes (ICSID) or having acceded to it subsequently may use one of the following mechanisms of conflict resolution:

1. International arbitration before the International Centre for Settlement of Investment Disputes (ICSID) in accordance with its constitutive agreement and internal rules.
2. National or international arbitration before one of the National Conciliation and Arbitration Centers.
3. Ordinary Courts

Article 26. Investors from countries not party to the Agreement Establishing the International Centre for Settlement of Investment Disputes (ICSID), in those cases where no agreement has been reached through the means of negotiation and conciliation may use any of the following mechanisms of conflict resolution:

1. International Arbitration using the ICSID Additional Facility.
2. National or international arbitration before one of the National Conciliation and Arbitration Centers.
3. Ordinary Courts

Once the action filed by any of the options set in the previous paragraphs, the mechanism chosen may not be changed except by agreement between the investor and the State.

When arbitration is national, it will be understood that claims submitted to a specific centre obliges parties to abide by the centre's norms and rules.

Article 27. The national natural or legal persons holding an investment, that do not reach agreement by negotiation or conciliation may resolve their differences with the state related to the rights and obligations under this law, by national arbitration before any of the arbitration centers authorized in the country, or opt for the regular courts whenever they see fit. It is understood that those claims submitted to a specific centre obliges parties to abide by the centre's norms and rules.

Once the action is filed using any of the options set in the previous paragraph, the mechanism chosen may not be changed safe by agreement between the investor and the state.

Article 28. For disputes that arise between investors, they may agree a settlement by means of arbitration under the provisions of the Conciliation and Arbitration Law.



Article 29. In order to guarantee investors greater legal stability, the conflicts related to the following disputes, will be resolved via arbitration whether or not an arbitration agreement has been negotiated between the parties:

1. Disputes between shareholders.
2. Investor disputes among them.
3. Disputes over Intellectual Property.
4. Disputes relating to contracts of representation, agency or distribution.
5. Disputes relating to anti-competitive practices and / or unfair competition without prejudice of the provisions of the Defense and Promotion of Competence Law.
6. Disputes over Real Estate Properties

It will be understood in these cases that arbitration is the primordial way of solution; therefore, the celebration of an arbitration agreement will not be required to carry out the process in the cases mentioned above. Nevertheless, if the parties agree on it, they can give up this right and go to regular court.

Article 30. Unless otherwise agreed, the arbitrators in disputes related to investments, will be randomly selected from among the arbitrators accredited before the respective center.

When it has been freely agreed, on a different procedure of selecting arbitrators, both in investor-state arbitration, as in arbitration between investors, whether domestic or foreign, the parties may, if they wish, and bearing their own cost appoint foreigner arbitrators to solve their conflicts.

In the case of designating foreign arbitrators, they may only be admitted if they are persons of recognized integrity, academic capacity and experience that can be duly accredited with the respective Conciliation and Arbitration Centre and shall also be accredited as arbitrators before a center of alternative solution of disputes of international prestige. In any case, if the dispute requires interpretation of matters relating to Honduran law, at least one of the arbitrators must be Honduran.

Also, the parties may, by mutual agreement, determine freely the language in which the arbitration process will be carried out. In case there is no agreement regarding this matter, it will be understood that the language to be used will be Spanish.

Article 31. Unless otherwise agreed, it is understood that the arbitration process initiated before a conciliation and arbitration center is subject to its regulations and internal rules, as well as what the Conciliation and Arbitration Law of Honduras establishes.

Arbitral procedures related to investments will not be resolved in equity.

Those who give notice of appeal against awards issued in arbitration proceedings according to this chapter shall consolidate the results of the trial along with the formalization of the appeal. In case of refusal or abandonment of the appeal, the party who gave notice will be forced to pay the costs.

## **TITLE II TAX BENEFITS**

### **Chapter I Tax Benefits**

Article 32. Natural or Juridical persons carrying out new projects or activities where they develop their operations or in regions where they develop activities and which are declared a priority by the Executive Branch, through the Ministry of Planning and External Cooperation (SEPLAN), may enjoy the benefits specified in this chapter, according to the provisions of this Law.

It will correspond to the Executive Branch to declare of priority interests, the investment projects, activities and regions under consideration. Those companies planning to make investments destined to their operations may apply for the benefits of the declaration of priority interest, presenting them for this purpose before the Technical Secretariat of the National Investment Council.

Article 33. Pre-operating expenses, paid or incurred duly confirmed and granted to enterprises whose investment projects have been declared eligible, may be amortized over a period of up to five (5) years, pursuant to the Income Tax Law and its regulation such as:

1. The expenses incurred during research and development of marketable products and / or patents for commercial purposes on a national and international level.
2. The amounts issued consisting of donations to Universities, Educational Institutions in Honduras and Research Centers qualified by the Competitive and Innovation Office of Ministry of Planning and Cooperation (SEPLAN), with Investigation and product Development or specific technologies purposes.
3. Expenses incurred for registration of trademarks and patents in Honduras.
4. The costs incurred in research and opening of new markets on a national and international level, and the promotion of their products during the first five (5) years and that can be accredited.

Article 34. Investors will receive the benefits established in the law for the normal or accelerated depreciation.

Article 35. Option packages for the acquisition of shares and other benefits that grant employees participation in the company cannot be considered as part of the salary of the benefited personnel for the effects of calculating labor liabilities.

## **Chapter II Investment by Region**

Article 36. For purposes of the investment regime by regions, the companies whose new investment projects have been declared eligible under this Law shall enjoy specific tax benefits to stimulate investment and production.

From the entry into force of this Law, companies that invest in new projects or of expansion for amounts exceeding Two Million U.S. dollars (U.S. \$ 2, 000,000.00), may enjoy the benefit established above.

New investments made by developers or economic agents during the period in which they are enjoying the benefits provided for by this law, shall be evaluated as increases and may enjoy the same in the new investment.

Article 37. Companies, whose investment projects have been declared eligible under this chapter, will enjoy a partial exemption of the income tax.

The granting of the tax benefits on income tax may not exceed the following percentages of the actual amount invested in tangible and intangible assets, included in the promotional statement:

A. Fifty percent (50%) of the amount invested, in those projects declared of priority without considering the activities or regions as a restriction, it will only apply as the concept of increase of investment.

B. Sixty percent (60%) in the case of projects being developed in activities of priority interest or in regions of priority interest; and,

C. Seventy percent (70%) in the case of projects that meet the three basic requirements: being of priority interest and to be carried out concomitant in activities and regions of priority interest.

The deadline for the application of the exemptions referred to in this Article will be of fifteen (15) years. The term as well as the percentage of the exemptions will vary according to the score issued to each project. To this end, the period of the exemption for each project will result from applying the ratio of points obtained by the project in relation to the total score possible in the matrix of indicators used, to the maximum deadline of exemption.

The criteria for determining the term of application of the benefit and the matrix of indicators will be elaborated by the Ministry of Planning and Cooperation (SEPLAN) and raised to executive decree approved in the Council of Ministers, which shall be published in the Official Journal “La Gaceta” and, the National Council of Investments will qualify each investment project assigning the corresponding exemption percentage.

The term will be calculated from the exercise in which fiscal income is obtained, including the latter in the calculation, noting that four exercises have not elapsed from the statement of primary interest. In this case, the mentioned deadline will be increased to four years (4) and shall be computed from the exercise in which cited statement has been ordered.

Article 38. The benefits mentioned in the article above will be granted if the investor does not have to pay taxes in other countries over the income obtained from Honduran source.

Article 39. For the purposes of the implementation and operation of the system of indicators and scores, the institutions of the state of Honduras will be required to provide the necessary information requested by the Technical Secretariat. In all of the cases, the provision of information is guaranteed by current regulations that protect the confidentiality of it.

### **CHAPTER III ACCELERATED PROCEDURE FOR LARGE SCALE**

Article 40. The investments qualified by SEPLAN or COALIANZA as megaprojects of national interest that require a investment not than FIFTY MILLION DOLARS OF THE UNITED STATES OF AMERICA (US\$50,000.00), will request to the National Investment Council an accelerated procedure of investment.

Approved this request, it will be forwarded to the Executive Power so the President of the Republic in Council of Ministers, issues an Executive Decree containing a Certificate of Incorporation and Operation Feasibility that shall include all the required permits by Honduran law.

This procedure from its start, to its conclusion issuing the Executive Decree shall be done in a term of thirty (30) days.

Article 41. The Certificate of Operation fully credits the competent authorities the fulfillment of permits and requirements established in the laws of the Republic and therefore, these authorities will not demand any other requirement or legal accreditation.

In cases of emergency or national need, the President of the Republic in Council of Ministers may give a special qualification for these types of projects, even if they do not reach the amount established in the preceding article.

### **TITLE III INSTITUTIONS FOR INVESTMENT PROMOTION**

Article 42. The creation of the National Investment Council as a public law entity with juridical standing and patrimony, whose main aims are:

- a) The promotion and development of private investment.
- b) The establishment of offices for facilitation and assistance to investors.
- c) The formulation of public policy proposals aimed at creating a favorable climate for both national and foreign investment.

Article 43. The Board of the National Investment Council shall be composed as follows:

1. For the Public Sector by three (3) Secretaries of State appointed by the President of the Republic.
2. For the private sector, four (4) representatives appointed by the President of the Republic from a list of ten (10) candidates proposed by the Honduran National Business Council (COHEP).

In the case of the representative for the Public Sector, the Ministry of Industry and Commerce shall appoint one more representative on behalf of the Sub-Secretary of Microenterprises (MIPYMESs).

In the case of the Private Sector representation, one of the representatives must be from the Microenterprises (MIPYMESs) Sector.

Their appointment and rotation for more than one time will be determined by the Regulation of this Law.

Article 44. The functions of the National Investment Council are:

1. Propose to the President of the Republic that he approves in Council of Ministers, the Policy, Strategy and National Investment Plan based primarily on the territorial and statistical information collected to this effect by Ministry of Planning and Cooperation (SEPLAN); the Policy and National Investment plan must be revised and updated annually. To promote the policy and strategy of the Investment Plan this Council must necessarily listen to COALIANZA, the Special Regions of Development Regime and External Cooperation (SEPLAN).

2. Define and / or update annually in coordination with SEPLAN and the state entities by sector, a list of priority sectors of investment in Honduras and design strategies to promote them.
3. Develop, coordinate, stimulate and promote, through its Technical Secretariat the permanent program of the country's image as a major component of the efforts to maintain the competitive identity of Honduras abroad. State entities by sector must coordinate with the National Investment Council any international promotional effort they undertake in their respective fields.
4. Internationally promote Honduras as an investment destination and may delegate this function in other national or foreign entities in accordance with the provisions set forth in the regulation.
5. Continuously encourage the facilitation of the procedures required to open businesses, as well as for obtaining permits and licenses required for operation.
6. Work in coordination with the Ministry of Foreign Affairs and in close relationship and harmony with Honduran diplomatic representations around the world, to provide them with updated information relative to changes in legislation or government policy that may stimulate or affect investment, as well as potential attractive areas for investment.
7. Coordinate with the chambers of commerce or other entities deemed appropriate, the management, administration and operation of a single point of contact for the investors.
8. Authorize in coordination with the Secretary of State of Finance the granting of tax incentives provided for in this Law.
9. Approve the stability contracts and refer them to the Presidency of the Republic for its signing and approval in accordance with the provisions of this law.
10. Be the responsible entity for managing and maintaining the membership of the State of Honduras in The United Nations Commission on International Trade Law (UNCITRAL), International Institute for the Unification of Private Law (UNIDROIT), and other related international organizations dedicated to the study of commercial law, international investment and other related disciplines.
11. All others that may be assigned by this law or its regulation.

The National Investment Council is authorized when deemed necessary and within the limits of its budget to hire all or part of the services required to evaluate and optimize the quality performance of their duties.

Article 45. To carry out its activities, its services and its management, The National Investment Council will be supported by a Technical Secretariat headed by a Secretary who will be selected through contest.

The Technical Secretariat of the National Investment Council will have the necessary staff to perform their functions.

The functions of the Secretariat shall be established in the regulation of the present law.

Article 46. To ensure the permanence and expansion of existing investments, the National Investment Council must also provide the services required by investors to facilitate their development and expansion, for which it must maintain a database of investments and keep in permanent contact with directors of companies and government entities involved, in order to detect potential problems that may arise after the establishment of the investment and help solve them in the most efficient possible way.

In this sense, the Technical Secretariat is authorized to create a specialized unit or to contract the services of an existing entity to provide post-investment services.

#### **TITLE IV FINAL AND TRANSITIONAL PROVISIONS**

Article 47. Creation of Agribusiness Export Parks in order to boost agricultural production of high added value oriented to domestic and foreign markets, facilitating investment in infrastructure and the incorporation of technology to increase productivity and quality, and promoting the inclusion of national agriculture micro, small or medium enterprises (MIPYMEs), and domestic agricultural producers, individually or collectively, in the value chains of the exporting enterprises operating in the parks. The investors in this parks will enjoy the same benefits and guarantees established in the present law. The Ministry of Planning of Cooperation (SEPLAN) will elaborate a special regulation with the modalities, requirements and scope of this type of investment within the framework of the Country Vision and Nation Plan Law.

Article 48. No authority is empowered to demand the designation of representatives of Honduran nationality or residents in Honduras for the issuance of documents, permits and registrations necessary to enable the investment. Exceptions to this provision are the companies subject to a special regulatory regime such as entities in the financial sector, rating agencies, money remittance companies, cooperatives, land transportation companies, companies engaged in fishing, customs agencies and, foreign companies authorized to exercise commercially.

Article 49. In the cases determined in the regulation of the present law, the President of the Republic is empowered to declare an investment project of national interest through the mechanism of Public Private Partnerships, allowing in this case to limit the list of participants in the process of selection, to a closed list in which only companies of recognized prestige and experience shall be included to carry out the respective projects, and reducing the terms in a discretionary way in order for the Commission for the Promotion of the Public Private Partnership (COALIANZA) to carry out the process .

It also authorizes the President to subscribe cooperation agreements with other states to carry out Public Private Partnership Projects in which foreign state entities are involved. In these cases it is legal to subcontract the operators for this projects and no authorization from COALIANZA will be required. However, the entity will act as advisor in the process of negotiating such agreements.

The Commission for the Promotion of Public Private Partnerships (COALIANZA) may establish long term trusts with a trustee or trustees association for the study, development, financing and/or operation of Public Private Partnership Projects. This trust must ensure that investors with different economic capability have the option of participating in the financing of Public-Private Partnership. To this end, the trust is authorized to issue bonds and/or place them privately or in stocks and use any licit means that guarantees the financing of project and the continuity of its operation.

Article 50. The National Investment Council is authorized to charge 0.25% equivalent to the annual turnover from sales or services made to those investors who sign stability contracts with the State, as a management fee and maintenance thereof. The proceeds of that collection will become part of a trust, whose funds will be distributed annually in equal parts between the National Investment Council and Commission for the Promotion of Public-Private Partnerships (COALIANZA).

The authorized funds from the Trust by the National Investment Council and COALIANZA for the Executive Directorate of Revenue (DEI) must be used for the creation of a management and monitoring unit of stability contracts.

Those who have signed contracts of Public-Private Partnership with the State are exempt from this charge.

Article 51. The terms to exhaust the processes of negotiation, conciliation and mediation referred to in this law shall be established in the Regulation of it.

Article 52. The use electronic signatures for the realization of transactions in which individuals and the State intervene, or individuals between themselves, are authorized in accordance to security standards required by the National Banking and Insurance Commission (CNBS).



The contracts signed by electronic means shall be as valid as those that are subscribed by use paper and written signatures. The courts must presume, unless proven otherwise, the good faith of the parties that have subscribed them and give these the same validity of private contracts.

Article 53. Legal persons public or private, of national or foreign origin, and the chambers of commerce and the business associations may be certifying entities, with the previous authorization of the National Banking and Insurance Commission (CNBS) in accordance with the Regulation that is issued.

Article 54. The National Congress of the Republic in consultation with the Ministry of Finance shall approve the required budget for the initial operations of the National Investment Council for the current year.

The National Investment Council must prepare and submit for consideration its budget draft for the subsequent years.

Article 55. The companies established abroad may incorporate themselves in Honduras through the simple accreditation before the commercial registry of the corresponding jurisdiction, of its existence in its country of origin, which can be made through apostilled copy of the certificate of the registry and, in its case, of the statutes or articles of incorporation of the same. The commercial registry shall proceed immediately to its inscription without the need of authorization or resolution of any other entity of the State. These documents must be officially translated in Spanish.

If the statutes or articles of incorporation include dispositions that are contrary to any Honduran laws, the registry could make the exception that these dispositions should not be considered valid for the operation of the company in Honduras, issuing the registry regarding the rest of the dispositions. This exception shall be made through the corresponding notation.

Article 56. The Article 310 of the Commercial Code is amended which shall read as follows:

**“Article 310 .-** They are considered as companies incorporated under foreign laws those that do not have their legal domicile in Honduras.

Companies incorporated under foreign laws that wish to perform acts of Commerce in Honduras must register with the Public Registry of Commerce in compliance with the provisions of the Law for the Promotion and Protection of Investment.

The domicile of the corporations will be deemed in the place where the registration was made.”

Article 57. Amend Articles 55, 60 and 61 of the Industrial Property Law which shall read as follows:

**“ARTICLE 55.-** Once the requirements of Articles 35, 39, 45 and 54 of this Law, the Industrial Property Registry will proceed to publish notices which contain the overview of the invention, in a web portal that will keep the Intellectual Property Register or otherwise, and insofar as web portal is created, the web portal of the Property Registry for a period of ninety (90) days. After this term without opposition filed, it will proceed to issue the relevant resolution of the patent grant which shall be signed by the Secretary or the General Secretary, Director or Sub General Director of Intellectual Property or otherwise by Industrial Property Registrator or his legal substitute. The resolution also shall be published in the website of the Registry of intellectual Property, or otherwise, and insofar as web portal is created, the web portal of the Property Council. Such publication shall be made at no cost.”

**“ARTICLE 60. -** Once the requirements and conditions mentioned in Article 61 of this Law are fulfilled, the Intellectual Property Registry shall proceed to publish the notices on its website or otherwise and as the website is created, in the Property Registry website for a period of ninety (90) days. After this term without any opposition made, it shall proceed to issue the decision in the patent grant which shall be signed by the Secretary or Sub- -General Secretary or General Director of Industrial Property or otherwise by the Sub-General Director or his legal substitute. This resolution should also be posted on the website of the Intellectual Property Registry, or otherwise, and insofar as the website is created, in the website of the Property Registry. Such publication shall be made at no cost.

If requested by the applicant, at any time before the publication is made, the Registry of Industrial Property will delay the publication for the period stated in the order, which shall not exceed twelve (12) months from the date of filing.”

**“ARTICLE 61. -** Any interested person may file before the Registry of Industrial Property opposition or observations in relation to the requested record within the period of the publications. The opposition shall state the grounds on which it is based and be supported by any relevant evidence.

Once the period specified in the preceding paragraph expires, without any opposition been filed, and having complied with all requirements established by this Act the Register will register the industrial design, then proceed with the publication of a notice announcing the granting of the concession in the Intellectual Property Register web portal, or otherwise, and insofar as web portal is created, the web portal of the Secretariat of State for Trade and Industry and provide the applicant with the relevant registration certificate. Such publication shall be made at no cost.”

Article 58. Amend Article 21 of the Representatives, Distributors and Agents of National and Foreign Companies Law which shall read as follows:

**“Article 21 .-** Any disputes that arises between licensors and licensees will be solved, in the first place, by conciliation. Failing such agreement, or if it were partial, the controversy over the issue that cannot be resolved shall be referred to arbitration in accordance with the provisions of the Law for the Protection and Promotion of Investment.”

Article 59. A foreign investor participating in a Private-Public Partnership, and which is covered by the special benefits regime established in the present Law, may apply for a residence permit, as well as for his dependants and trusted employees, to the Technical Secretariat of National Investment, which will be issued automatically once the documents and requirements determined by the Secretariat are accredited, in the same way the application for renewal of the residence card on behalf of the residents included under the category established in the present Article. For granting these permits no other procedure will be required but the presentation of the application with all its requirements, therefore, no opinions or view of other State entities will be necessary, the resolution issuing the residence permit under the category of investors dependant or trusted employee shall be communicated to the Ministry of Interior and Population and to the Directorate of Migration for the respective control and monitoring.

The National Investment Council, once it issued the certificate and has ruled on the origin of the residence, will forward it to the Ministry of Interior and Population so they can issue the corresponding resolution in a maximum of thirty (30) days, extending the certification.

Article 60. The following Articles are hereby repealed articles 308 and 309 of the Commercial Code, Article 1565 of the Civil Code and Decree 80-92 of May 29, 1992 of the Investment Law.

Article 61. Investments established under Decree 80-92 of may 29, 1992 repealed in this article, will maintain their benefits during a period of five (5) years as from the date this law comes into effect. Upon expiration of this period, the investor will automatically become part of the protection regime established by this Law.

Article 62. In a period not exceeding twelve (12) months from the date this law comes into effect, any of the parties involved in one or more regular trials in matters relating to representation, distribution or agencies, including those related with the payment of compensations covered by the Representatives, Distributors and Agents of National and Foreign Companies Law and in which there is no open period for evacuation of evidence, may apply to the Court that knows the case, to be suspended with the purpose of being known by arbitration. In this case, petitioner party must inform the respective judge their intention of submitting the case to the decision of an arbitral tribunal indicating the center of arbitration in which the judgment will be submitted. The judge will proceed to notify the other party, of the presentation of such petition and will issue a term of five (5) working days to credit the respective presentation of the

arbitral petition. Once this has been accomplished the judge will order the suspension of the trial, except for those precautionary measures that have been declared in the same and will refer the proceedings to the respective center of arbitration for their knowledge. The Jurisdiction of this arbitral tribunal will be established under the provisions of this Law. The judicial process will resume once the arbitral award issued is final and is to be executed, which must take place before the same court hearing the trial.

In these cases, the party that did not apply for arbitration cannot reject the arbitral tribunal jurisdiction, they may however, apply for the costs that do not have anything to do with the evacuation of their own evidence, be payed for by the party the petitioned for the arbitration. Nevertheless, if this petition was made and the petitioner was convicted, the arbitral tribune must include in his conviction the respective costs.

Regarding the applicable rules for the arbitrations initiated under this authorization, they will be subject to the provisions of this Act.

Article 63. For purposes of Article 3, paragraph 2) of this Law, it will be understood that activities that affect public health, are all those considered illicit.

Article 64. The present Law recognizes guarantees and makes its own the principles established in international conventions in labor, environmental and social corporate responsibility matters.

Article 65. Those project in process of fulfilling the requirements established by the respective laws in which the proceedings have not met the deadlines established for the proceeding, attributable to the Public Administration and that are qualified in accordance with this Act as priority, whose amounts of investment are less than that established in Article 40 of this Law, may be authorized to be executed by Executive Agreement approved by the Council of Ministers, establishing a maximum of ninety (90) days to complement the requirements and to provide assurance of the compliance as long as it is requested by the interested parties before the Ministry of Planning and External Cooperation (SEPLAN).

Article 66. The regulations referred to by this law shall be approved no later than ninety (90) days after its publication.

Article 67. This Law shall come into effect as from the day of its publication in the Official Journal "La Gaceta"