

## ***“Puerto Rico Trade and Export Company Act”***

Act No. 323 of December 28, 2003, as amended

(Contains amendments incorporated by:  
Act No. 442 of September 22, 2004)

(Amendments non-incorporated:  
Act No. 61 of June 17 of 2010)

To create a public corporation to be known as the Puerto Rico Trade and Export Company attached to the Department of Economic Development and Commerce of the Commonwealth of Puerto Rico; establish its powers and duties; transfer the operations and assets of the Commercial Development Administration and of the Puerto Rico Export Promotion Corporation Act to this new Corporation; repeal Act No. 132 of July 19, 1960, as amended, known as the “Organic Act of the Commercial Development Administration”; repeal Act No. 1 of August 21, 1990, as amended, known as “Puerto Rico Export Promotion Corporation Act”; repeal Act No. 21 of April 11, 2001, which attaches the Puerto Rico Export Promotion Corporation to the Commercial Development Administration; and for other purposes.

### STATEMENT OF MOTIVES

Commerce is the exchange of goods and services in which all productive sectors of the Island participate in the local, as well as the international market. The degree of opening of the economy of Puerto Rico shows the magnitude of the dependence of the Island on foreign trade exchange. In Puerto Rico, the foreign trade exchange value exceeds the value of the domestic gross product by 127%, while this index is of approximately 13% in the United States. The geographic characteristics of our Island propitiate this opening due to the limits of the resources needed to sustain the population, as well as for the extent of the local market defined by the population that resides on the Island. On the other hand, the trend to open the markets through free trade agreements represents another element in local trade that forces Puerto Rico to take an active part in this process to promote competition and a favorable business environment for the economic development of our Island. This trend definitely represents a different competitive environment that implies a change in the way of doing business.

The driving force of commerce in Puerto Rico is the small and medium businessman, who contributes more than 22% of the Domestic Gross Product and 44 % of jobs in Puerto Rico. However, one of the main problems faced by the small and medium-size businessmen is that the offer of services between government agencies, federal agencies and the private sector is varied, and is offered by multiple entities, which generates confusion by

fragmenting the resources among different entities. To this, we must add the complexity of the approval of permits to establish a new business. A study commissioned by the Commercial Development Company (AFC, Spanish acronym) and the Promotion Exports Corporation (Promoexport) in consultation with our clients shows that, in general terms, entrepreneurs are not aware of the agencies that offer services. In addition to considering the commercial view, the new entity to be created by the present Act effectively harmonizes the different administrative models that are to be consolidated.

Thus, through Act No. 21 of April 11, 2001, the Legislature attached the Puerto Rico Promotion Exports Corporation (the “CDE,” Spanish acronym) to the Commercial Development Administration (the “Administration”). The Commercial Development Administration was specifically assigned the duty to promote and coordinate the promotion of exports in order to broaden the supply of services to small and medium-size businessmen seeking to expand their businesses, both at the local and the international level. Said Act No. 21 had the express purpose of avoiding the unnecessary duplication of functions. Thus, the objective sought was for the government to function more efficiently in commercial development and the creation of jobs.

Nevertheless, said Act No. 21 did not provide the necessary mechanisms to complement operating processes, in the areas of both administration and offer of services, therefore, at present there are two distinct legal frameworks, to wit, two separate entities, created by virtue of two different laws, which, furthermore, are from different time epochs.

The Administration was created in 1960 and the “CDE” in 1990, as subsequently amended. Likewise, each entity has different administrative procedures. The administrative framework of the “CDE” is subcontracted from the Economic Development Bank of Puerto Rico and the Commercial Development Administration is subject to the laws that govern the central government agencies. In practice, there are two groups of services provided by separate entities, which has made it difficult to expedite the development and implementation of better services to small and medium-size businesses.

The Puerto Rico Commerce and Exports Company intends to overcome the limitations encountered in the managing of two substantially different operating models, and it shall be the gateway for small and medium-size businessmen to access world class services, not only for the new business but also for expanding businesses. The offer of services shall connect the entrepreneur with updated information and with the resources of the government and the private sector. The Company shall professionalize and emphasize customer services.

Therefore, in order to promote greater efficiency in the services to the business sector, particularly the small and medium-size businesses, to achieve a greater presence in this sector, to present a coherent and integrated offer of services and to have an agile and dynamic structure, capable of easily adapting to the changes, challenges, and opportunities that are presented in the future, it is necessary to consolidate the functions of the Commercial Development Administration and the Export Promotion Corporation, (which shall be known in English as the Puerto Rico Trade and Export Company,) attached to the Department of Economic Development and Commerce. The creation of said Corporation is in harmony with the programs created to foster the protection and development of the small businessman, such as the millionaire investment in the urban centers; it is also in agreement with the initiatives

directed to boost the export of products manufactured in the Country by enterprises which operate on the Island.

Pursuant to the above, this Legislature, seeking to grant greater tools and improve conditions for our businessmen, and in order to create an ideal environment in the Country for the creation of more and better jobs for our people, through this measure, provides the repeal of Act No. 132 of July 19, 1960, as amended, known as the “Organic Act of the Commercial Development Administration” and to repeal Act No. 1 of August 21, 1990, as amended, known as “Puerto Rico Exports Promotion Corporation Act,” in order to transfer their powers, faculties and functions to a new public Corporation, which shall be known as the Puerto Rico Trade and Export Company.

*Be it enacted by the Legislature of Puerto Rico:*

**Section 1. — Title.** (7 L.P.R.A. § 1227 note)

This Act shall be known as the “Puerto Rico Trade and Export Company Act.”

CHAPTER I  
GENERAL PROVISIONS

**Section 2. — Public Policy.** (7 L.P.R.A. § 1227 note)

It is hereby established as the public policy of the Commonwealth of Puerto Rico the development of commerce, with emphasis on small and medium-size businesses, in which all productive sectors of the country participate to compete in the local as well as in the international market, with the purpose of strengthening the economy of the country and propitiating the creation and maintenance of jobs. This public policy shall be implemented through: (1) the creation of mechanisms to integrate local enterprises to the new global commercial trends; (2) the conceptualization of the functions of the Company as a services provider; (3) the development of Puerto Rican entrepreneurship; (4) recognition that our economic future, due to our geographical situation as an Island, is closely related to the commercial trade abroad of both imports and exports; (5) the infusing of the concept of innovation in new businesses and in expanding businesses; (6) acting as the link between local and international markets promoting the commercial trade of goods and services between Puerto Rico, the United States of America and the rest of the world; (7) the promotion of the creation of an operating network of services in Puerto Rico for small and medium-size businesses and the development of programs needed for the creation and maintenance of said network, in coordination with academia, the private sector, and other government, municipal, state, and federal entities; and (8) the provision of programs of information, consulting, promotion and direct services, for small and medium-size companies or individuals engaged in the various local and international business activities of Puerto Rico, among others.

**Section 3. — Definitions.** (7 L.P.R.A. § 1227)

The following words and terms, whenever used or referred to in this Act, shall have the meaning stated below, unless it is otherwise clearly understood from the context. The present tense shall include the future tense and the masculine gender shall include the feminine, except in those cases where such interpretation is absurd. The singular form shall include the plural and vice versa.

(a) *Administration.* — Shall mean the Commercial Development Administration created by virtue of Act No. 132 of July 19, 1960, as amended.

(b) *Bonds.* — Shall mean titles, notes, or other evidence of debt or obligations.

(c) *Trade.* — Shall mean the exchange of goods and services in the local and international markets in which all productive sectors of the country intervene, including the nonprofit organizations.

(d) *Company.* — Shall mean the Puerto Rico Trade and Export Company created by this Act.

(e) *CDE.* — Shall mean the Puerto Rico Exports Promotion Corporation created by Act No. 1 of August 21, 1990, as amended.

(f) *Department.* — Shall mean the Department of Economic Development and Commerce of the Commonwealth of Puerto Rico, created by virtue of Reorganization Plan No. 4 of June 22, 1994, App. X of Title 3.

(g) *Executive Director.* — Shall mean the person who shall manage the Company and shall be its nominating authority.

(h) *Board of Directors.* — Shall mean the body through which the powers of the Company shall be exercised and vested.

(i) *Programs.* — Shall mean the initiatives and offerings of the Administration and the CDE.

(j) *Secretary.* — Shall mean the Secretary of the Department of Economic Development and Commerce.

CHAPTER II  
SPECIAL PROVISIONS

**Section 4. — Creation of the Company.** (7 L.P.R.A. § 1227a)

A public corporation is hereby created attached to the Department of Economic Development and Commerce of the Commonwealth of Puerto Rico, which shall be known as the Puerto Rico Trade and Export Company, with legal capacity and personality separate from the Government of the Commonwealth of Puerto Rico, its agencies, instrumentalities and political subdivisions.

Its main mission shall be to foster the development of trade, with special emphasis on small and medium-size businesses, the export of products and services of Puerto Rico to other countries or regions outside of Puerto Rico’s frontiers. It shall develop and provide programs of information, advice, promotion, and direct services to companies or individuals engaged in the various local and international business activities in Puerto Rico.

**Section 5. — Faculties, Powers, and Responsibilities of the Company.** (7 L.P.R.A. § 1227b)

The Company may exercise all powers necessary or inherent to perform its corporative purposes, including, but without being limited to:

- (a) Act as a link between local and international markets promoting commercial trade of goods and services between Puerto Rico, the United States of America and the rest of the world; promote and market Puerto Rican goods and services in the United States and abroad.
- (b) Promote the creation of an operational services network in Puerto Rico for small and medium-size businesses, including the nonprofit organizations sector, and develop the necessary programs for the creation and maintenance of said network, in coordination with academia, the private sector and other municipal, state and federal government entities.
- (c) Seek financial and technical assistance, including advice on the various aspects of marketing and local and international commercial practices, which will help small and medium-size entrepreneurs prepare financing proposals that shall be referred to the Economic Development Bank for Puerto Rico and other financial institutions.
- (d) Have full control and intervention on each and every one of its properties and activities, including determining the nature and the need of all expenses, and the manner they shall be incurred, authorized and paid.
- (e) Adopt, alter and use the corporate seal, of which judicial notice shall be given.
- (f) Sue and be sued.
- (g) Enter into agreements and formalize all necessary and convenient instruments in the exercise of any of its powers.
- (h) Render services, offer technical assistance and provide for the use of its real and personal property, whether for compensation or not.
- (i) Determine, fix or alter rights, fees and other charges for the use of facilities, equipment or services rendered or provided by the Company, whether for public corporations, government agencies, and private enterprises.
- (j) Stimulate private enterprises to promote, initiate, and keep operating all kinds of commercial activities, developed by business in general, and the export of products and services locally originated or distributed.
- (k) Build any facility in Puerto Rico, the United States or any other country that would be necessary and convenient for the development of the Puerto Rican trade and to put into effect its powers, goals and purposes pursuant to this Act.
- (l) Exclusively control its properties and activities and establish its own accounting system for the adequate control and registry of all its operations.
- (m) Acquire through legal means any real or personal goods, tangibles or intangibles, or any right or interest on them. Hold, keep, use, and operate them, and sell or lease said property to achieve the objectives and purposes of this Act.
- (n) Borrow money and assume obligations, pursuant to the legal provisions applicable thereto for its corporative purposes under such terms and conditions that are determined by the Executive Director from time to time, and approved by the Board of Directors and by the authority of the Commonwealth of Puerto Rico granted herein.
- (o) Issue its own bonds, notes, mortgage bonds, and other obligations.

- (p) Accept funds, properties, or financial assistance of any nature, from any natural or juridical person, or entity of a private or government nature that operates or functions locally, internationally or in the United States of America, and agree on the use of said funds.
- (q) Create or participate as investor in one or more subsidiaries or affiliates which operate for profit or not, jointly with the public and private sector, selectively stimulating them to become fully private. To such end, it may issue grants, stating the safeguards that are imposed by regulations, to private entities with purposes similar to those of the Company for the development of commerce in the local as well as in the international sphere.
- (r) Establish alliances with public and private universities of Puerto Rico and with other public and private sectors to attain the objectives of this Act.
- (s) Sell, negotiate, hold, or dispose of the debt securities acquired through its operations.
- (t) Acquire all classes of effects in payment, or on account of credit balances or in exchange for investments made in the course of its business, when such acquisition is desirable or necessary to reduce or prevent a loss in connection with the same, and to retain such effects for the time deemed convenient by the Board of Directors by recommendation of the Executive Director, and to exercise property rights on them, and to dispose of the same.
- (u) Invest its funds with priority in banker's acceptances or certificates of deposit, endorsed or issued, as the case may be, by the Economic Development Bank for Puerto Rico or in fixed-term deposits in said Bank, in obligations of the Commonwealth of Puerto Rico, or secured in principal as well as interest by the Commonwealth of Puerto Rico; or in bonds of any agency, instrumentality, commission, authority, municipality or other political subdivisions of the United States of America; or in bonds of international banking institutions recognized by the United States of America, and to which the United States of America has invested capital; or carry out joint investment procedures, or in banks acceptances or certificates of deposit; endorsed or issued, as the case may be, by banks organized under the laws of the Commonwealth of Puerto Rico, the United States of America or of its states.
- (v) Establish offices and divisions in Puerto Rico and abroad for transactions of its business including a Free Trade Zone Division, and to provide services to Puerto Rican entrepreneurs abroad.
- (w) Acquire, hold, and dispose of stocks and rights of members, contracts, bonds or other interests in other companies, entities, or corporations, and exercise any and all the powers or legal rights related thereto, and obtain its organization pursuant to the law, and exercise partial or full control on companies, partnerships, or subsidiary corporations, with either profitable or nonprofitable interests, affiliates, or associated, provided that, in the judgment of Board of Directors, by recommendation of the Executive Director, such agreement is necessary, appropriate or convenient to carry out the purposes of the Company or the exercise of its powers, and to sell, lease, donate, or otherwise grant, any property of the Company or delegate, or convey any of its rights, powers, functions or duties, to any of said companies, entities, corporations that are subject to its control, except the right of prosecuting condemnation proceedings.
- (x) Adopt regulations to govern its activities and exercise the powers granted by this Act.
- (y) Carry out all those incidental acts necessary and convenient to enforce the powers conferred by this Act or by any other law of the Commonwealth of Puerto Rico in effect. The

activities of the Company shall not pledge the credit of the Commonwealth of Puerto Rico nor of any of its public corporations or political subdivisions.

(z) The Company shall be exempted from the payment of the rights and duties required by the Property Registry, the Notarial Act, or [any] other public body of the Commonwealth of Puerto Rico.

**Section 6. — Transfer of Functions and Powers.** (7 L.P.R.A. § 1227c)

All functions and powers of the Administration, including, but without being limited to, those functions regarding the investigation and promotion of commerce, are hereby transferred to the Company.

All functions and powers of the Puerto Rico Exports Promotion Corporation, including without being limited to, those functions regarding the promotion of products and services of Puerto Rico abroad, and the maintenance of commercial installations and facilities for lease to the public and private sector, including agreements related to the Free Trade Zone or sub-zones, are hereby transferred to the Company.

**Section 7. — Management.** (7 L.P.R.A. § 1227d)

The powers of the Company shall be exercised, and its public policy, as well as its management shall be determined by a Board of Directors, hereinafter “the Board”, composed of nine (9) members. This body shall be composed of the Secretary of the Department, who shall be its Chairperson; the Executive Director of the Industrial Development Company; the Chairperson of the Economic Development Bank for Puerto Rico; the Executive Director of the Ports Authority; the Secretary of the Department of Agriculture. The Secretary of the Department may designate a representative, who shall have the competence, knowledge, and decision-making authority to represent the executive officer he/she substitutes effectively. The representative designated by the Secretary shall answer directly to him/her, who, in turn shall be responsible for the determinations reached by the Board. The Board shall also be composed of three (3) representatives of the private sector, to wit, one (1) of whom shall represent the small and medium-size entrepreneurs in the local market, one (1) shall represent small and medium-size entrepreneurs in the international market, and one (1) shall represent a public or private university duly-accredited by the pertinent institutions of the Commonwealth of Puerto Rico, to be appointed by the Governor of Puerto Rico with the advice and consent of the Senate, all of whom shall hold office for a term of four (4) years counted from the time of their appointment.

A majority of the directors shall constitute quorum of the Board of Directors for all purposes, and its agreements shall be made by the majority of the members present. The Board shall establish, through regulations, the sum for reimbursement of the expenses of the members of the private sector for each day they attend the meetings of the Board, as certified by its Secretary. The members of the Board who are officials of the Commonwealth of Puerto Rico shall receive no compensation for their services. The other members of the Board who are not public officials are entitled to receive per diems for each Board meeting they attend, as certified by the Secretary, fixed by the Board from time to time, taking as a base the per diems paid by similar entities.

**Section 8. — Officials of the Company.** (7 L.P.R.A. § 1227e)

The Executive Director of the Company shall be appointed by the Governor with the advice and consent of the Senate. The Executive Director shall discharge his/her functions at the will of the Board and his/her compensation shall be determined by the Board. The Executive Director shall be in charge of the activities of the Company and shall have the power and the authority to exercise the functions listed below, provided, that more specific powers may be imposed on him/her through its By-laws in harmony with those enumerated and stated in this Act, and with the purposes thereof:

- (a) Perform studies and investigations related to the problems and impediments of the local and foreign trade in Puerto Rico, and to take or recommend that those measures needed for its solution and elimination be taken, including, but without being limited to the establishing of alliances with educational or private institutions.
- (b) Compile, interpret and publish statistics related to the local and foreign trade.
- (c) Require the necessary, pertinent, and specialized information to exercise his/her functions.
- (d) Issue summons requiring the appearance of witnesses and the presentation of documents, data, or any other pertinent information, to carry out the purposes of this Act.
- (e) The Executive Director may also, either by him/herself or through his/her duly authorized representative, take oaths and receive testimonies, data or information.

If a summon or requirement of documents, data, or information is not complied with, the Executive Director may appear before the Court of First Instance to request an order for compliance of said subpoena or summons under penalty of contempt of court. All written or oral information obtained by the Company under its orders, shall be kept in strict confidence. The compelling interest of the Government to keep the confidentiality of said information is based on the fact that the information furnished by any company or persons that may be deemed as a trade secret or that may injure any right of the third party who furnishes the information, or by any other assumption that the confidentiality of the information furnished to the Company may be validly claimed. The information shall only be used for purposes of studies, surveys, polls, and research or to comply with this Act. It shall be illegal without the prior written authorization of the person furnishing the information, to disclose or divulge any data on a business or businesses that was obtained with the purpose of carrying out a survey, poll or investigation under this provisions and any violation of this provision shall constitute an offense which shall be punish by a fine of not less than ten thousand (10,000) dollars or imprisonment for not less than one year; if the convict is an official or employee of the Commonwealth of Puerto Rico he/she shall also be discharged from his/her office.

- (f) Perform all those incidental acts that are necessary or convenient to enforce the powers conferred on the Company by this Act or any other Act of the Commonwealth of Puerto Rico in effect.
- (g) Render an annual report to the Board on the operations of the Company, which shall include the following:
  - 1. An audited financial statement prepared pursuant to generally-accepted accounting principles which shall include the income

and disbursements of the Company during the fiscal year in question, a balance sheet of the Company at the close of said fiscal year, a complete report of the business of the Company during the preceding fiscal year, and

2. a complete report on the status and progress of all its programs and activities from the creation of the Company or from the date of the last of these reports. The report may include any other information deemed pertinent and necessary by the Executive Director.

(h) Make the administrative decisions that are necessary to comply with the functions of the Company.

**Section 9. — Officers and employees.** (7 L.P.R.A. § 1227f)

The Executive Director shall have the power to appoint and contract the services of all his/her employees, officials and agents, and confer to them the powers, faculties, responsibilities and authority he/she deems proper. Appointments, removals, promotions, transferences, dismissals, reinstatements, suspensions, leaves, and changes of category, remuneration or title of the officials and employees of the Company, shall be made and allowed as provided by the standards and regulations proposed by the Executive Director and approved by the Board, which although they are not subject to the “Public Service Personnel Act,” Act No. 5 of October 14, 1975, as amended, shall include and be in harmony with the areas essential to the merit principle found in the aforementioned Act No. 5.

None of the provisions set forth in this Act shall affect the right to collective bargaining that has been enjoyed by the employees of the Puerto Rico Exports Development Corporation Act, nor their vested rights by virtue of the collective bargaining agreements, negotiated pursuant to Act No. 130 of May 8, 1945, as amended, known as the “Puerto Rico Public Service Labor Relations Act.” The Company shall recognize the vested rights of the employees through the Collective Bargaining Agreement approved July 2, 2002, under said Act No. 130, *supra*.

Furthermore, the personnel of the Administration and of the Puerto Rico Exports Development Corporation shall retain all the rights, obligations, benefits, conditions and perquisites, including seniority within the Administration or Corporation, they held at the moment of the approval of this Act, and according to those laws and regulations in effect at the time of the approval of this Act in the respective entity in which they worked, with respect to employment or employment in Government service. Likewise, if the employee is a beneficiary of any pension, retirement, savings and loan fund system or systems, he/she shall retain the rights, privileges, obligations and status of the pension, retirement, savings and loan fund, regarding those prescribed by law for the personnel of the Administration, or the Puerto Rico Exports Development Corporation.

No person having a substantial, direct or indirect financial interest in any private enterprise for which the Company has provided the capital shall hold an executive position in the Company. Nothing provided herein shall be construed to contravene to the “Ethics in Government Act,” Act No. 12 of July 24, 1985, as amended.

Nothing set forth in this Act shall be construed as a limitation for the Company to have its own Classification and Remuneration Plan, as established by the Executive Director and approved by the Board.

**Section 10. — Dispensation for Additional Payment or Extraordinary Compensation.** (7 L.P.R.A. § 1227g)

No official or employee of the Company shall receive additional pay or extraordinary compensation of any sort unless they have a dispensation with the express consent of the Executive Director. The additional pay or extraordinary compensation authorized by the dispensation shall not present any conflict with the performance of the work with the Company, nor impair the quality of the tasks rendered to the Company. This Section shall in no way be construed that any person has the right to receive wages for more than one Government position or employment.

**Section 11 — Regulations.** (7 L.P.R.A. § 1227h)

The regulations of the Company shall provide for the internal operations thereof and the duties and responsibilities of its officials. The regulations shall be recommended by the Executive Director and approved by the Board. Amendments to the regulations shall be proposed by the Executive Director and approved by the Board. No regulation or amendment thereof shall take effect until same has been duly registered in the official minute book of the Company, after having been approved by means of a Resolution of the Board. No regulation shall contravene the provisions of this Act, or the provisions of Act No. 170 of August 12, 1988, as amended, known as the “Uniform Administrative Procedures Act.”

**Section 12. — Company Bonds.** (7 L.P.R.A. § 1227i)

(a) The Company may issue, from time to time, and sell its own bonds and have them in circulation.

(b) Company bonds are legal investments whose investment or deposit is under the authority or control of the Commonwealth of Puerto Rico or any official or officials thereof and may be accepted as security for every trust, special or public fund.

(c) The bonds may be authorized by resolution or resolutions of the Board approved by any of the following two (2) officials: the President of the Government Development Bank for Puerto Rico or the Secretary of the Department of the Treasury; they may be of a series, bear the date or dates, mature in an installment or in installments, earn interest at a rate or at rates that shall not exceed the maximum allowed by law; may be of denomination or denominations, and as coupon or registered bonds; may have registration or conversion privileges; may be granted in the form, be payable by payment means and in the location or at locations, may be subject to redemption terms, with or without premium; may be declared mature, or mature on the date prior to their maturity; may provide for the reimbursement of mutilated, stolen or lost bonds; may be authenticated once the conditions are met; and may contain the other terms and stipulations provided by said resolution or resolutions.

(d) The bonds may be sold publicly or privately. Convertible bonds may be exchanged for Company bonds that are in circulation according to the terms that the Board deems beneficial to the best interest of the Company. Notwithstanding their form and text, and the lack of an express statement on the bonds to the fact that same are no negotiable, all Company bonds shall be understood to be negotiable for all purposes and at all times.

(e) The Company bonds that bear the signatures of the officials of the Company in the performance of their office on the date of the signature thereof, are valid and constitute unavoidable obligations, even when prior to the delivery and payment of said bonds any or all of the Company officials whose signatures or facsimiles thereof that appear on the same are no longer Company officials. Any resolution authorizing bonds may provide that said bonds shall contain a statement that they are issued pursuant to this Act, and any bond containing said statement, authorized by any such resolution, shall be conclusively deemed valid and issued pursuant to the provisions of this Act.

(f) Provisional or interim, bonds, receipts or certificates, may be issued until the final bonds are granted and delivered in the form and with the provisions stated in the resolution or resolutions.

(g) Any resolution or resolutions authorizing any bond issue or trust agreement securing said bonds may include, as part of the contract with the bondholders, provisions such as:

(1) regarding the provision of the total of the gross or net revenues and the current or future income of the Company, including committing all or any part thereof to secure the payment of the bonds, and mortgage or pignorate any part of the revenues or properties that produce them, in behalf of the bondholders.

(2) regarding the fees or prices to be charged for goods or services sold, or loans made by the Company, and the application, use and disposal of the incoming amounts from the collection of such fees and from other incomes of the Company.

(3) regarding the separation of reserves for amortization funds and the regulation and disposal thereof.

(4) regarding the limitations of the right of the Company to restrict and regulate the use of any enterprise or property or part thereof.

(5) regarding the limitations of the purposes for which the proceeds of the sale of any bond issue made at that time or in the future may be applied.

(6) regarding the limitations to the issuing of additional bonds.

(7) regarding the procedure through which the terms of any resolution authorizing bonds or of any other contract with the bondholders may be amended; and regarding the amount of the bonds to which the holders must give consent, as well as the way such consent shall be given.

(8) regarding the class and amount of insurance that the Company must hold on its enterprises and the use and handling of the insurance money.

(9) binding itself not to pledge, in whole or in part, the income, rents or property of the Company to which it may be entitled at that time or which may arise in the future.

(10) regarding cases of non-compliance and the terms and conditions for which any or all bonds should mature or may be declared matured prior to their maturity, and with regard to the terms and conditions for which said statement and its consequences may be waived;

(11) with regard to the rights, responsibilities, powers and duties to be exercised in the case of violations by the Company of any of its commitments, conditions or obligations; and with

regard to the appointment of a trustee in the case of non-compliance by the Company;

(12) with regard to vesting one or more trustees with the right to exact compliance of any of the agreed stipulations to insure pay, or with regard to the bonds; regarding the powers

and duties of each trustee, or trustees and the limitation of their liability, and with regard to the terms and conditions for the holders of bonds or of any proportion or percentage thereof, may compel or comply with any agreement made pursuant to this Act, or the duties imposed thereby;

(13) With regard to the manner in which the fees, rights, rents, interest, or any other charges for services, facilities, loans, or items of the enterprises or the Company are collected;

(14) with regard to other actions and matters that are not in conflict with the sections of this Act that may be necessary or convenient to secure bonds, or that tend to make the bonds more negotiable.

(h) Neither the members of the Board, nor any person who grants the bonds are personally liable for same. The Company is hereby empowered to purchase, with any funds available to such effects, any outstanding bonds issued or assumed by it, at a price that does not exceed the total amount of the principal or the redemption price thereof, plus the accrued interest.

**Section 13. — Bonds Tax Exemption.** (7 L.P.R.A. § 1227j)

To expedite the procurement of funds for the Company that will allow it to achieve its corporate purposes, the bonds issued by the Company and the revenues from same, shall be tax exempt.

**Section 14. — Bonds—Agreement with the Government.** (7 L.P.R.A. § 1227k)

The Commonwealth Government binds itself by this Act and agrees with any legal person who subscribes or acquires bonds or other obligations of the Company, not to burden, limit nor restrict the assets, income, revenues, rights or powers that are hereby conferred to the Company, until said bonds or other obligations, regardless of their date, together with the interest on same, are completely paid up and withdrawn.

**Section 15. — Liability of the Commonwealth of Puerto Rico.** (7 L.P.R.A. § 1227l)

The bonds and other obligations issued by the Company shall not constitute a debt of the Commonwealth of Puerto Rico, nor of any of its municipalities or other political subdivisions. Neither the Commonwealth of Puerto Rico, nor any of its municipalities or other political subdivisions are liable with regard thereto, nor shall the bonds or other obligations be payable from funds other than those of the Company.

**Section 16. — Injunctions.** (7 L.P.R.A. § 1227m)

No injunction shall be issued to prevent the application of Sections 12 through 14 of this Act, or any part thereof.

**Section 17. — Provisions in Conflict.** (7 L.P.R.A. § 1227n)

In cases in which the provisions of Sections 12 through 14 are in conflict with the provisions of any other law, the provisions of Sections 1 through 16 shall prevail, and no other law, approved before or after, regulating of the administration of the Commonwealth Government or of any parts, offices, bureaus, departments, commissions, agencies, municipalities, branches, agents, officials, or employees thereof shall be construed as applicable to the Company, unless it is thus expressly provided.

**Section 18. — Funds and Guarantees. Budget.** (7 L.P.R.A. § 1227o)

To allow the Company to perform its functions, powers and, duties conferred by this Act, the existing balances of the budget of the Administration that are still in the custody of the Department of the Treasury and the Corporation for the Development of Exports for the current fiscal year, and other funds available pursuant to other laws and special funds are hereby transferred. The transfer of said special funds shall serve to maintain the incentive and training programs, among others, existing at the time of the approval of this Act.

The debts, obligations, properties and any other type of assets and liabilities attributed to the transferred funds shall not be the responsibility of the Department nor of other agencies, public corporations, political subdivisions or other government entities of the Commonwealth of Puerto Rico. Those debts, obligations, properties or other types of assets or liabilities shall be charged exclusively against the transferred funds.

A transition term of six (6) years for the Company to become self-sustaining is provided expressly. During this period, the Company shall submit its petition to the Management and Budget Office for the Legislature to approve the funds for the operation, incentives and services of the Company. For subsequent fiscal years, the Legislature of Puerto Rico, in the exercise of its powers, may assign additional funds to maintain the incentives and services programs offered to the entrepreneurs and merchants. With regard to this item assigned by the Legislature, the Company shall submit to the Management and Budget Office or to the Department of the Treasury any reports required by them with regard to the use of the funds appropriated by virtue of this Act, or any other funds received through other legislative appropriations. The Company shall also submit to the Legislature and the Governor of the Commonwealth of Puerto Rico, on any other occasion that it is so required, official reports on all activities defrayed with the funds authorized pursuant to this Section.

The Company shall keep a separate accounting for all obligations to be defrayed chargeable to the budget item appropriated in compliance with what is provided herein.

**Section 19. — Funds and Guarantees—Transfer of Reports, Materials and Equipment.** (7 L.P.R.A. § 1227p)

All reports, materials, equipment and other properties used by the Administration and by the Puerto Rico Exports Development Corporation, up to the day before this Act takes effect are hereby transferred to the Company to be used with regard to the functions transferred by the provisions of this Act. This transfer includes the contracts in effect and all unspent

balances of the appropriations, items, and other available funds, or that will be available to be used to perform said functions.

**Section 20. — Transfer of Personnel.** [7 L.P.R.A. § 1227q(a)]

All personnel employed at the moment this Act becomes effective in the Commercial Development Company and the Puerto Rico Exports Development Corporation, and their functions are hereby transferred to the Company pursuant to the provisions of this Act.

**Section 21. — Transfer of Property to the Company—Transfer.** [7 L.P.R.A. § 1227q(b)]

(a) All assets of every type, including copyrights, agreements, liabilities, licenses and permits belonging to the Administration, in custody of the Department of the Treasury and the EDC by virtue of this Act, are hereby transferred to the Company, without need to execute contracts, deeds, transfer documents nor endorsements or any kind of additional transfers, to become the property of, and shall be deemed as conveyed and transferred to the Commerce and Exports Corporation, which may freely dispose of them without any limitation.

(b) Free Trade Zone Number 61 of San Juan and the license under which it operates are hereby transferred to the Company to be managed by it.

**Section 22. — Transfer of Property to the Company by Other Government Entities.** [7 L.P.R.A. § 1227q(c)]

The Commonwealth of Puerto Rico, its agencies and political subdivisions, including municipalities, are hereby authorized to cede and transfer to the Company, upon its request and under reasonable terms and conditions, without needing to hold a public auction or other legal formalities other than the granting of the corresponding deed, any property or interest in the same (including goods already devoted to public use), that the Company deems necessary or convenient to achieve its goals.

Pursuant to the provisions of this Section, the deed to any property of the Commonwealth of Puerto Rico, including the title to any property to be acquired subsequently, may be transferred to the Company by the official in charge of said property or that has it under his/her jurisdiction.

The Secretary of the Department of Transportation and Public Works may transfer to the Company, free of any cost, the land belonging to the Commonwealth of Puerto Rico that, in the judgment of the Governor of Puerto Rico is needed by the Company to accomplish its ends and purposes.

The Secretary of the Department of Transportation and Public Works shall annually submit to the Legislature a list of the properties ceded and transferred to the Company by virtue of the authorization contained herein, and the appraisal of each property.

These provisions shall not be construed in the context of authorizing the ceding or transfer of property intended for other purposes by legislative provision.

**Section 23. — Tax Exemption.** (7 L.P.R.A. § 1227r)

It is hereby resolved and declared that the purposes for which the Company and the different subsidiary corporations organized by it are public purposes for the general benefit of the people of the Commonwealth of Puerto Rico. The exercise of the powers and rights conferred under this Act constitute the performance of essential government functions. Therefore, the Company and any subsidiary organized by it, shall not be required to pay taxes, state, or municipal imposts on any of the properties acquired by it or by any of them, or on their activities in the operation or conservation of any of its enterprises and properties that have not been sold, leased or otherwise transferred to third parties.

The revenues, interest or income produced by the bonds or any of the obligations issued by the Company or its subsidiaries, shall likewise be exempted from any type of taxes, or state or municipal imposts.

For all the preceding effects, it shall be understood as subsidiary, every commercial, industrial, mining or cooperative entity or organization, whose paid up capital, if a Company, or whose assets, if a non-corporate entity, are wholly owned by the Company.

**Section 24. — Liquidation and Revocation.** (7 L.P.R.A. § 1227 note)

The Commercial Development Administration, created by virtue of Act No. 132 of July 19, 1960, as amended, known as the “Organic Act of the Commercial Development Administration,” and the Puerto Rico Exports Development Corporation Act, created by virtue of Act No. 1 of August 21, 1990, as amended, known as the “Puerto Rico Exports Development Corporation Act,” except up to where it is necessary for the transfer of its assets are hereby dissolved and repealed without need of any other, procedure, nor the granting of any deed, transfer document or endorsement, or transfer of any kind. All assets of any kind belonging to the two dissolved entities shall belong to the Company, and shall be understood as transferred and conveyed to the Puerto Rico Exports Development Corporation, which shall dispose of them pursuant to the Law and the public policy.

**Section 25. — Transfers.** (7 L.P.R.A. § 1227 note)

The movable and real property, files, contracts (except for employment contracts), collective bargaining agreements, liabilities, assets, licenses and permits of the Administration and the EDC are hereby formally transferred to the Company, to be used for the ends and purposes of this Act, and which shall be formally transferred to the ownership of the Company.

CHAPTER III  
FINAL PROVISIONS

**Section 26. — Severability Clause.** (7 L.P.R.A. § 1227 note)

The provisions set forth in this Act are severable, and if any word or phrase, sentence, subsection, section or part of this Act were, for any reason, impugned before a Court and

declared unconstitutional or null, said judgment shall not affect the remaining provisions thereof.

**Section 27. — Repealing Clause.** (7 L.P.R.A. § 1227 note)

Any Act or part thereof which is in conflict with the provisions set forth herein is hereby repealed. Act No. 132 of July 19, 1960, as amended, known as the “Organic Act of the Commercial Development Administration,” is hereby repealed; Act No. 1 of August 21, 1990, as amended, known as the “Puerto Rico Exports Development Corporation Act,” is hereby repealed; Act No. 21 of April 11, 2001, which attaches the Puerto Rico Exports Development Corporation to the Commercial Development Administration, is hereby repealed.

**Section 28. — Amending Clause.** (7 L.P.R.A. § 1227 note)

Any Act which mentions or refers to the Puerto Rico Exports Development Corporation, its Executive Director, the Commercial Development Administration, its Administrator, or the Department of Commerce shall be understood to be amended for purposes of being replaced by the Puerto Rico Exports Development Corporation or the Executive Director of the Puerto Rico Exports Development Corporation, as the case may be.

**Section 29. — Effectiveness.**

This Act shall take effect ninety (90) days after its approval

**Note.** This compilation was prepared by the Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.