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**Report of Working Group I (MSMEs) on the work of its  
twenty-sixth session (New York, 4-8 April 2016)**

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## I. Introduction

1. At its forty-sixth session, in 2013, the Commission requested that a working group should commence work aimed at reducing the legal obstacles encountered by micro, small and medium-sized enterprises (MSMEs) throughout their life cycle.<sup>1</sup> At that same session, the Commission agreed that consideration of the issues pertaining to the creation of an enabling legal environment for MSMEs should begin with a focus on the legal questions surrounding the simplification of incorporation.<sup>2</sup>

2. At its twenty-second session (New York, 10 to 14 February 2014), Working Group I (MSMEs) commenced its work according to the mandate received from the Commission. The Working Group engaged in preliminary discussion in respect of a number of broad issues relating to the development of a legal text on simplified incorporation<sup>3</sup> as well as on what form that text might take,<sup>4</sup> and business registration was said to be of particular relevance in the future deliberations of the Working Group.<sup>5</sup>

3. At its forty-seventh session, in 2014, the Commission reaffirmed the mandate of Working Group I, as set out above in paragraph 1.<sup>6</sup>

4. At its twenty-third session (Vienna, 17 to 21 November 2014), Working Group I continued its work in accordance with the mandate received from the Commission. Following a discussion of the issues raised in working paper A/CN.9/WG.I/WP.85 in respect of best practices in business registration, the Working Group requested the Secretariat to prepare further materials based on parts IV and V of that working paper for discussion at a future session. In its discussion of the legal questions surrounding the simplification of incorporation, the Working Group considered the issues outlined in the framework set out in working paper A/CN.9/WG.I/WP.86, and agreed that it would resume its deliberations at its twenty-fourth session beginning with paragraph 34 of that document.

5. At its twenty-fourth session (New York, 13 to 17 April 2015), the Working Group continued its discussion of the legal questions surrounding the simplification of incorporation. After initial consideration of the issues as set out in Working Paper A/CN.9/WG.I/WP.86, the Working Group decided that it should continue its work by considering the first six articles of the draft model law and commentary thereon contained in Working Paper A/CN.9/WG.I/WP.89, without prejudice to the final form of the legislative text, which had not yet been decided. Further to a proposal from several delegations, the Working Group agreed to continue its discussion of the issues included in A/CN.9/WG.I/WP.89, bearing in mind the general principles outlined in the proposal, including the “think small first” approach, and to prioritize those aspects of the draft text in A/CN.9/WG.I/WP.89 that were the most relevant

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<sup>1</sup> *Official Records of the General Assembly, Sixty-eighth Session, Supplement No. 17* (A/68/17), para. 321.

<sup>2</sup> For a history of the evolution of this topic on the UNCITRAL agenda, see A/CN.9/WG.I/WP.95, paras. 5-18.

<sup>3</sup> A/CN.9/800, paras. 22-31, 39-46 and 51-64.

<sup>4</sup> *Ibid.*, paras. 32-38.

<sup>5</sup> *Ibid.*, paras. 47-50.

<sup>6</sup> *Official Records of the General Assembly, Sixty-ninth Session, Supplement No. 17* (A/69/17), para. 134.

for simplified business entities. The Working Group also agreed that it would discuss the alternative models introduced in A/CN.9/WG.I/WP.87 at a later stage.

6. At its forty-eighth session, in 2015, the Commission noted the progress made by the Working Group in the analysis of the legal issues surrounding the simplification of incorporation and to good practices in business registration, both of which aimed at reducing the legal obstacles encountered by MSMEs throughout their life cycle. After discussion, the Commission reaffirmed the mandate of the Working Group under the terms of reference established by the Commission at its forty-sixth session in 2013 and confirmed at its forty-seventh session in 2014.<sup>7</sup> In its discussion in respect of the future legislative activity, the Commission also agreed that document A/CN.9/WG.I/WP.83 should be included among the documents under consideration by Working Group I for the simplification of incorporation.<sup>8</sup>

7. At its twenty-fifth session (Vienna, 19 to 23 October 2015), the Working Group continued its preparation of legal standards aimed at the creation of an enabling legal environment for MSMEs, exploring the legal issues surrounding the simplification of incorporation and on good practices in business registration. In terms of the latter, following presentation by the Secretariat of documents A/CN.9/WG.I/WP.93, Add.1 and Add.2 on key principles of business registration and subsequent consideration by the Working Group of A/CN.9/WG.I/WP.93, it was decided that a document along the lines of a concise legislative guide on key principles in business registration should be prepared, without prejudice to the final form that the materials might take. To that end, the Secretariat was requested to prepare a set of draft recommendations to be considered by the Working Group when it resumed its consideration of Working Papers A/CN.9/WG.I/WP.93, Add.1 and Add.2 at its next session.<sup>9</sup> In respect of the legal issues surrounding the simplification of incorporation, the Working Group resumed its consideration of the draft model law on a simplified business entity as contained in working paper A/CN.9/WG.I/WP.89, starting with Chapter VI on organization of the simplified business entity, and continuing on with Chapter VIII on dissolution and winding up, Chapter VII on restructuring, and draft article 35 on financial statements (contained in Chapter IX on miscellaneous matters).<sup>10</sup> The Working Group agreed to continue discussion of the draft text in Working Paper A/CN.9/WG.I/WP.89 at its twenty-sixth session, commencing with Chapter III on shares and capital, and continuing with Chapter V on shareholders' meetings.

## II. Organization of the session

8. Working Group I, which was composed of all States members of the Commission, held its twenty-sixth session in New York from 4 to 8 April 2016. The session was attended by representatives of the following States Members of the Working Group: Armenia, Canada, China, Colombia, Croatia, Czech Republic,

<sup>7</sup> *Official Records of the General Assembly, Seventieth Session, Supplement No. 17 (A/70/17)*, paras. 220 and 225; *Sixty-ninth Session, Supplement No. 17 (A/69/17)*, para. 134; and *Sixty-eighth Session, Supplement No. 17 (A/68/17)*, para. 321.

<sup>8</sup> *Ibid.*, *Seventieth session, Supplement No. 17 (A/70/17)*, para. 340.

<sup>9</sup> See Report of Working Group I (MSMEs) on the work of its twenty-fifth session, A/CN.9/860, para. 73.

<sup>10</sup> *Ibid.*, paras. 76 to 96.

Ecuador, El Salvador, France, Germany, Hungary, India, Indonesia, Israel, Italy, Japan, Mexico, Namibia, Panama, Philippines, Poland, Republic of Korea, Russian Federation, Switzerland, Thailand, Turkey, Uganda, and United States of America.

9. The session was attended by observers from the following States: Iraq, Jamaica, Latvia, Libya, Mozambique, Netherlands, Romania, Sudan and Syrian Arab Republic.

10. The session was attended by the following non-member States having received a standing invitation to participate as observer in the sessions and the work of the General Assembly: Holy See.

11. The session was also attended by observers from the European Union.

12. The session was also attended by observers from the following international organizations:

(a) *Organizations of the United Nations system*: United Nations Conference on Trade and Development (UNCTAD); World Bank (WB);

(b) *Invited intergovernmental organizations*: Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA);

(c) *Invited international non-governmental organizations*: American Bar Association (ABA); American Society of International Law (ASIL); Commercial Finance Association (CFA); Conseil des Notariats de l'Union Européenne (CNUE); European Commerce Registers' Forum (ECRF); European Law Students' Association (ELSA); Fondation pour le droit continental (FDC); and the National Law Center for Inter-American Free Trade (NATLAW).

13. The Working Group elected the following officers:

*Chair*: Ms. Maria Chiara Malaguti (Italy)

*Rapporteur*: Mr. Jerry T. Clavesillas (Philippines)

14. In addition to documents presented at its previous sessions (Reducing the legal obstacles faced by micro, small and medium-sized enterprises (MSMEs), A/CN.9/WG.I/WP.92; Key principles of business registration, A/CN.9/WG.I/WP.93, Add.1 and Add.2; and Observations by the Government of the French Republic, A/CN.9/WG.I/WP.94), the Working Group had before it the following documents:

(a) Annotated provisional agenda (A/CN.9/WG.I/WP.95); and

(b) Draft recommendations on key principles of business registration (A/CN.9/WG.I/WP.96 and Add.1).

15. The Working Group adopted the following agenda:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Preparation of legal standards in respect of micro, small and medium-sized enterprises.
5. Other business.
6. Adoption of the report.

### III. Deliberations and decisions

16. The Working Group engaged in discussions in respect of the preparation of legal standards aimed at the creation of an enabling legal environment for MSMEs, in particular on the legal issues surrounding the simplification of incorporation and on good practices in business registration on the basis of documents presented at its previous sessions and on Secretariat documents A/CN.9/WG.I/WP.96 and Add.1. The deliberations and decisions of the Working Group on these topics are reflected below.

### IV. Preparation of legal standards in respect of micro, small and medium-sized enterprises

17. The Working Group was reminded that it had had before it at its previous session Working Paper A/CN.9/WG.I/WP.92, which contained a general note by the Secretariat in respect of reducing the legal obstacles faced by MSMEs. It was further recalled that while that document had been introduced (paras. 15 and 16, A/CN.9/860), the Working Group had not had time at its previous session to consider its contents. With a view to keeping in mind the contents of Working Paper A/CN.9/WG.I/WP.92 in order to discuss it in greater detail at the end of the session, the Secretariat briefly explained that it had prepared the document to provide context for the overall work of Working Group I. It was noted that the document had been conceived to provide an overarching framework for all of UNCITRAL's current and possible future work on MSMEs by explaining the reasons for undertaking the MSME work, and indicating that the preparation of legal texts was only one aspect of an overall policy approach that States might wish to adopt to support and foster MSMEs. The legal texts that were being and might in future be prepared by UNCITRAL could then be described as legal pillars that provided support to the overarching MSME policy context. The Working Group was encouraged to consider that possible approach to the preparation of MSME texts for discussion later in the session (see below, paras. 86 to 88).

18. Reference was also made to the items listed in paragraph 66 of document A/CN.9/800.

19. The Working Group also recalled the decision at its previous session to commence the current session with a continuation of its consideration of the draft model law on a simplified business entity for the first two days of the session, and to continue for the next two days of the session by taking up the further exploration of key principles and good practices in business registration (para. 95, A/CN.9/860).

20. During its current session, the Working Group heard a presentation by the United Nations Environment Program (UNEP) on its work to promote sustainable development through international trade and investment regulation, and on the importance of providing capacity-building and policy advice for MSMEs in this regard. In addition, the Working Group was advised that a toolkit was being prepared to facilitate the incorporation of environmental and social sustainability factors in regional trade and investment agreements.

21. The Working Group heard presentations from several delegations on legislative reforms carried out by them to assist MSMEs. One delegation informed the Working Group of their recently reformed General Law of Commercial Corporations which adopted a simplified regime for incorporation and registration of MSMEs. Another delegation gave an introduction of their recently adopted legislation designed to protect MSMEs and facilitate their development, ultimately aiming to stimulate migration of MSMEs from the informal to the formal economy. This legislation had, among others, introduced a simplified procedure for business registration and technical assistance to MSMEs.

## **A. Draft model law on a simplified business entity**

### **1. Previous consideration of the draft model law (A/CN.9/WG.I/WP.89)**

22. The Working Group recalled the decision at its twenty-fifth session to resume its consideration of the draft model law on a simplified business entity contained in document A/CN.9/WG.I/WP.89. It was further recalled that at previous sessions, the Working Group had considered Chapters I (General provisions) and II (Formation and proof of existence) of the draft model law (paras. 36 to 75 of A/CN.9/831), as well as additional provisions thought to be of central importance to the draft text in Chapters VI (Organization of the simplified business entity), VII (Restructuring) and VIII (Dissolution and winding-up), and draft article 35 (Financial statements) (paras. 80 to 95 of A/CN.9/860). In keeping with its earlier decision to examine issues in the draft model law in the order of their importance to the final text, the Working Group decided to commence its discussion on Chapter III of the draft model law on shares and capital and Chapter V on shareholders' meetings.

### **2. Chapter III — Shares and capital (A/CN.9/WG.I/WP.89)**

#### **General discussion on terminology and approach used in the draft model law**

23. The Working Group was reminded that the draft model law had been prepared on the basis of certain principles, as set out in paragraph 2 of A/CN.9/WG.I/WP.89. It was further recalled that although discussion was continuing on the basis of the draft model law, the Working Group had not yet made a decision in terms of the form that the final text should take (for that decision, see below, paras. 48 to 50).

24. The view was expressed that since States and regional groups had established criteria to determine which enterprise should be considered micro, small or medium-sized in their particular economic context, the draft model law might usefully separate its treatment of different sizes of enterprise by referring to considerations such as the amount of revenue of the business. However, it was observed that the Working Group had considered this approach at previous sessions, and had decided that it was unnecessary in the draft model law to seek to harmonize such criteria, since States would simply apply the model law to the different sizes of business as established in their particular context. Instead, it had been agreed that the main concern had been to ensure that an individual business person was included in the model law, and that the text should accommodate the growth of an enterprise from a small and simple business to a more complex and multi-member enterprise (paras. 23 to 24 of A/CN.9/800, and para. 68 of A/CN.9/825).

25. Concerns were raised in respect of the use of specific terminology in the draft model law. Although the Working Group had previously decided to refer to “members” rather than to “shareholders” (para. 48 of A/CN.9/831), the view was expressed that the draft text should use the terminology “share” and “shareholders”, as those terms were said to be used broadly in the existing company law regimes of various States. However, there was support for the alternative view expressed that the term “share” was unclear in some languages since it generally referred to an ownership document, but did not necessarily include in it the concept of membership in the enterprise, and that several jurisdictions used terms other than “share”, such as “quota”, “part” or “interest”. In light of that concern, it was suggested that in order to achieve a common understanding, the next draft of the text should include an explanation of what was intended by the word “share”, along with suggestions for possible alternative and more neutral terms which could be considered by the Working Group at a future session. That suggestion received broad support in the Working Group.

26. In general reference to Chapter III, a proposal was made that the entire chapter should be greatly simplified, with its primary focus on distributions and limitations thereon, while simply permitting a simplified business entity to create shares, but leaving any detailed mention of them to the operating agreement. In pursuit of that general suggestion, it was proposed that draft articles 7, 8, 10 and 13 could be deleted in favour of appropriate references being made in the operating agreement, while article 9 could simply refer to what the default position on distributions should be unless otherwise agreed, and discussion of the content of draft article 12 could proceed. No conclusions were reached on that proposal, but its content was kept in mind as the Working Group proceeded with its review of the chapter.

#### **Article 7. Shares**

27. The Working Group commenced its consideration of Chapter III of the draft model law with a discussion of draft article 7. There was support for the view that draft article 7 was too complex and sophisticated to assist the simple enterprises for which the model law was intended. Support was expressed for the view that the model law should contain the broadest possible flexibility for members to decide on the structure of an entity, but that the draft provision was not suitable for a member wishing to start a simple business. A proposal was made that the provision could be redrafted to start with the simplest model, establishing the default rule to be one of equal voting rights and equal distributions unless otherwise agreed in the operating document, followed by rules permitting the establishment of more complex structures and clearly indicating that even simple businesses were permitted to issue shares. After discussion, the Working Group expressed its support for that proposal, noting that more detailed information on classes of shares could be included in the commentary.

28. It was also observed that draft article 7 referred to the publication of information on the classes of shares in the simplified business entity in the operating document, but that such information should be made available to third parties dealing with the entity. A proposal made to resolve that problem was that the model law could require the existence of any different classes of shares to be noted in the operating document. It was also suggested that reference in the text to par value shares should be deleted, as the modern trend was away from the issuance of

par value shares, which were said to be misleading for shareholders and failed to protect creditors. In that regard, it was observed that paragraph 22 of document A/CN.9/WG.I/WP.89 made reference to States that may have abolished the notion of par value, and there was support for the view that the matter should be left to the decision of implementing States.

#### **Article 8. Special rights**

29. The view was expressed that draft article 8 of the model law was also too complex for the MSME context and that it could be deleted given the broader agreement of the Working Group on a simple default rule of equal voting rights and equal distributions. However, it was observed that draft article 8 should be maintained for larger, more complex enterprises that might have more than a single class of shares and that would opt out of the default rule. The Working Group agreed that draft article 8 was a more specific rule for larger companies and that the concept should be reflected in the commentary.

#### **Article 9. Distributions**

30. In considering draft article 9, there was agreement in the Working Group that the article should be retained as being important to protect creditors, but that paragraphs 1 to 3 would require simplification. In particular, it was noted that paragraph 3 might be too onerous for micro and small businesses in setting out either an insolvency test in subparagraph (a) or a balance sheet test in subparagraph (b) as the standard for determining whether distributions could properly be made. Additional views were expressed that the purpose of the rules included in draft article 9 was also to protect members and future members of the business entity. It was suggested that a more viable approach for such businesses would be for the draft model law to set out more specifically what could be distributed to the shareholders, with specific reference to maintaining certain amounts due to creditors and other third parties in a reserve fund. An additional proposal was made to delete the test in subparagraph (a) of draft article 9(3) as being the more complex of the two. A concern was also raised that paragraphs 1 and 2 might overlap, and it was further noted that a definition of “distribution” should be considered but that it should not include payments of reasonable compensation for services rendered. In respect of the drafting of article 9, a proposal was made to simplify it along the lines of deleting in paragraph 1 the phrase “the board of management or shareholders or” and deleting in paragraph 2 the phrase “The board of management of every simplified business entity or shareholders or”, as well as deleting the latter part of paragraph 3 following the phrase “sum of its total liabilities”. It was also suggested that references to “classes of shares” in the text should be made consistent with drafting decisions made earlier in respect of article 7.

31. After discussion, it was agreed that the Secretariat would redraft article 9 on the basis of the suggestions made and that it would propose different variants for consideration by the Working Group.

#### **Article 10. Redemption**

32. The Working Group agreed that draft article 10 could be deleted.



### **Article 11. Liability for improper distributions**

33. Support was expressed in the Working Group for draft article 11 in its current form, but a concern was raised that the provision appeared to be silent on the liability of decision makers of the simplified business entity responsible for the improper distribution. In this vein, it was suggested that the title of the article could be adjusted to better reflect its content by deleting the phrase “Liability for”. The Working Group agreed to retain article 11 as drafted and to make reference in the commentary to the liability of the entity’s decision makers for improper distributions, noting other provisions of the model law that set limits on the decision maker’s authority to declare and pay dividends in draft article 9(2), and to the possibility of including fiduciary duties in the text (para. 38, A/CN.9/WG.I/WP.89). It was further agreed that article 11 should only refer to actual knowledge by the shareholder that a distribution had violated article 9 paragraph 3 and that the phrase “ought reasonably to have known” should be deleted.

### **Article 12. Consideration for shares**

34. The Working Group continued its consideration of Chapter III of the draft model law with a discussion of draft article 12. There was broad support for the view that in order to facilitate the establishment of a simplified business entity, the draft article should allow for maximum flexibility and leave it to members to decide how much and in what form they would contribute to the entity. It was further noted that such an approach would need to preserve the principle that in the case of simplified business entities with several shareholders, contributions should be in equal portions unless otherwise agreed by the shareholders. In addition, there was support for the view that members were in the best position to determine the value of their contributions and that they should be permitted to do so.

35. However, it was observed that provision of the contribution to the simplified business entity in the form of intangible benefits such as promissory notes and services to be performed could raise issues in some cases. In one State, for instance, shares needed to be paid in full in order to be issued, which precluded the issuance of shares for promissory notes or for the provision of future services to the enterprise. In another State, contributions to the business entity were associated with the type of company liability and in case of limited liability companies, contributions were required to be tangible and accounted for in order to protect third parties and creditors. In this regard, it was observed that provision of future services to the simplified business entity would not guarantee that protection. In other States, mainly civil law systems, domestic legislation would simply not permit the provision of services as a contribution to the establishment of a business entity. The view was expressed that such specific concerns should be addressed in the commentary as matters to be left for States to decide when adopting the model law.

36. In specific reference to paragraph 3 of draft article 12, there was some support for the view that the value of contributions to the establishment of a simplified business entity through the provision of services and/or labour, promissory notes and future assets should be audited to protect third parties and creditors, but only when such contributions comprised share capital and when it was required or permitted by the law of the enacting State or agreed by the members. It was, however, noted that such a practice would be burdensome for MSMEs and that it would be inconsistent with the purpose of the draft model law to simplify the legal

framework applicable to MSMEs. It was also observed that the burden of risk of financing a simplified business entity should rest on its voluntary creditors and that protection of third parties in case of bankruptcy of the business entity was usually ensured by imposing upon members the burden of proving that there had been sufficient consideration when the business entity was established. There was some support, however, for the view that liability should be imposed on members of the business entity for miscalculation of the value of consideration other than cash.

37. After discussion, it was agreed that the Secretariat should be requested to redraft paragraphs 1 to 3 of draft article 12 along the lines of allowing the business entity's members maximum flexibility to agree on the type and amount of contribution, making observations on the specific issues related to the different types of consideration in the commentary. It was also observed that while the provision did not deal squarely with the issue of liability for fraudulent or negligent miscalculation of the value of contributions, links could be provided in the commentary to protection available to third parties and to other members in such cases. It was further agreed that paragraph 4 could be deleted and that paragraph 5 should either be simplified as being too detailed for MSMEs or deleted.

#### **Article 13. Partly paid shares**

38. In keeping with the earlier suggestion to delete several articles of the draft model law in favour of appropriate references being made in the operating agreement (see paras. 26 to 28 above), the Working Group agreed to delete draft article 13.

### **3. Chapter V — Shareholders' meetings (A/CN.9/WG.I/WP.89)**

#### **General discussion**

39. In general reference to Chapter V, concern was raised in the Working Group that the provisions as drafted were too sophisticated and complex for micro and small enterprises. In this regard, the Working Group was urged to be mindful not to include requirements in the model law that placed unnecessary burdens on simple enterprises. Concern was also expressed that the detailed requirements for shareholders' meetings contained in Chapter V might interfere too much with the autonomy of the members of the enterprise. A proposal was made that Chapter V be deleted altogether, but that certain concepts be kept and reflected in other chapters of the model law. With regard to the structure of Chapter V, the Working Group agreed that the chapter should first contain a general rule reflecting the freedom of the members to decide how to organize their shareholders' meetings, before setting out the default rules containing the requirements applicable in the absence of any agreement between the members.

#### **Article 17. Meetings**

40. The Working Group commenced its consideration of the draft articles contained in Chapter V with a discussion of whether the requirement reflected in article 17 that shareholders' meetings must be held at least once a year should be kept. After discussion, there was support in the Working Group for the view that that requirement should be omitted as being potentially too burdensome for MSMEs. However, recalling that the Working Group had previously agreed that financial

statements and annual accounts must be submitted to the shareholder's meeting for approval (A/CN.9/860, para. 94), concern was raised in respect of maintaining consistency in the model law. After discussion on this issue, the Working Group supported the view that yearly meetings should only be required when necessary to adopt such annual financial statements, bearing in mind that meetings need not be held in person.

41. Support was also expressed in the Working Group that a provision be included in the model law to reflect that members have the right to demand that a shareholders' meeting be held at any time, but that this right should be subject to certain limitations. Several delegations expressed support for the view that the model law should require that a minimum amount of shares be held by a member in order to be eligible to call for a meeting, however that no restriction should be placed on the topics that may be addressed at such meetings. Further, one delegation expressed the view that it should be reflected in the model law that all members have the right to attend all shareholders' meetings.

42. In addition, it was suggested that, where applicable, the board of directors should also be permitted to designate the place of the shareholders' meeting. The Working Group agreed that the specific drafting of the provision should be left to the Secretariat for discussion at a future session.

#### **Article 18. Conduct of the shareholders' meeting**

43. After consideration, the Working Group agreed to delete article 18 of the draft model law as being unnecessary in that members should be left free to decide upon the conduct of their meetings.

#### **Article 19. Meetings by technological means or by written consent**

44. Although a view was expressed that the provision should clarify that meeting in person should have greater priority than voting by written consent, the Working Group was in general agreement with the first sentence of the draft article permitting the holding of shareholder meetings through any available technological means or by written consent. However, concerns were raised in respect of the remainder of the draft provision in respect of the keeping of minutes, with one suggestion being that such matters were best left to be agreed by the members. There was support in the Working Group for the view that it was important that minutes of meetings be recorded to increase legal certainty and to inform shareholders who had not attended the meeting of the outcome, but there were differing views on whether that information should be made public or simply recorded in the records of the business. It was further observed that MSMEs often operated quite informally, and that the establishment of mandatory rules such as keeping minutes was impractical, potentially burdensome (particularly if there were literacy issues) and likely to be ignored, and might be better reflected as a recommendation. The general view, however, was that there should be some sort of record prepared representing the minutes of shareholder meetings. In terms of whether there should be a time limit within which such minutes should be prepared, the Working Group was of the view that while it was better for such minutes to be prepared as soon as practicable, no time limit need be included in the draft provision, and discussion of the importance of the time frame could best be made in the commentary.

**Article 20. Notice of meeting**

45. There was agreement in the Working Group that draft article 20 could be simplified, and that in any event, the provision should not be expressed as a mandatory obligation. Although a view was expressed that section 20 of the annex to document A/CN.9/WG.I/WP.83 was a better approach, it was observed that that provision was actually more restrictive of members' freedom. Instead, it was agreed that members should be free to decide on how notice of meetings should be provided, and it was proposed that the default rule could be that notice should be in writing or in any other form, with an explanation in the commentary of what other forms that notice might take. The Working Group agreed that while it was difficult to conclude on what should be included in the text of a model law, if the text were along the lines of a legislative guide it should confirm that the members could decide for themselves how to convene their meetings, but that a legislative guide could recommend that notice for the meeting be provided in writing or any other form. In addition, it was observed that reference should be made (possibly in the commentary) to what information should be included in the notice, for example, whether a copy of financial statements or more detailed information on the content of the agenda should be included with the notice.

**Article 21. Waiver of notice**

46. The Working Group agreed that it should be possible for a member to waive the receipt of notice of a meeting, and that the substance of draft article 21 could be supported.

**Article 22. Quorum and majorities and Article 23. Cumulative voting**

47. The Working Group did not have sufficient time to consider draft articles 22 and 23, but requested the Secretariat to refer to the discussions in the Working Group on the draft model law in general and to prepare a revised version of the text for future consideration.

**4. Model law, legislative guide or another form**

48. In concluding its consideration of the draft model law on a simplified business entity at its current session, the Working Group recalled that it had at previous sessions considered what would be the best form for its legislative work on a simplified business entity (A/CN.9/800, paras. 34 to 38; and A/CN.9/831, paras. 28 and 33 to 35), but that it had decided to reserve its decision on the form that the text should take until after it had further considered the issues that would be included in the text, as well as what it should achieve (A/CN.9/800, para. 38). Having substantially completed its review of those issues through its consideration of documents A/CN.9/WG.I/WP.86 and A/CN.9/WG.I/WP.89, and taking into account the annex to document A/CN.9/WG.I/WP.83, the Working Group turned its focus once more to what form the legislative text on a simplified business entity should take.

49. Several delegations expressed support for the preparation of a model law, citing its perceived greater influence and easier utility for States seeking a solution for a simplified business form. In addition, it was observed that the Working Group had previously expressed its support for the preparation of standard

forms relating to the creation of simplified business entities but that such forms were likely to be more easily created in relation to a model law. Another possible form suggested for the text was a limited form of key recommendations or principles of ten main elements (see the list in A/CN.9/825, para. 66(b)(ii) and as reflected in A/CN.9/WG.I/WP.89, para. 2), which could be supplemented with an annex illustrating how those key elements had been reflected in the laws of various States. A third proposal, which received the greatest support in the Working Group, was for the preparation of a legislative guide, which was thought to be the approach most likely to be successful, to provide sufficient flexibility for States, and on which the Working Group could achieve consensus.

50. In light of its support for the preparation of a legislative guide on a simplified business entity, the Working Group requested the Secretariat to prepare a legislative guide, consisting of recommendations and commentary, that should reflect its policy discussions to date in respect of A/CN.9/WG.I/WP.86 and the draft model law in A/CN.9/WG.I/WP.89. The Working Group would begin its consideration of that draft legislative guide at a future session.

## **B. Key principles of business registration**

### **1. Presentation of Working Papers A/CN.9/WG.I/WP.96 and Add.1 and introductory observations**

51. The Working Group resumed the consideration commenced at its last session of the draft commentary contained in documents A/CN.9/WG.I/WP.93, Add.1 and Add.2, this time in conjunction with the draft recommendations on key principles of business registration contained in documents A/CN.9/WG.I/WP.96 and Add.1, which had been prepared in response to a request by the Working Group at its twenty-fifth session in October 2015.<sup>11</sup> The Secretariat highlighted certain aspects of Working Papers A/CN.9/WG.I/WP.96 and Add.1, which had been prepared in the form of draft recommendations of a legislative guide. In particular, the Working Group was advised that A/CN.9/WG.I/WP.96 and Add.1 did not follow the order of the draft commentary in A/CN.9/WG.I/WP.93, Add.1 and Add.2, but that the draft recommendations had been reordered in a manner thought to be more logical and more efficient, moving from the objectives of a business registry, to its functions and establishment, to its operation, and then to registration and post-registration matters. It was noted that following each draft recommendation, a paragraph had been inserted noting the relevant supporting paragraphs in the draft commentary (A/CN.9/WG.I/WP.93, Add.1 and Add.2), and highlighting any additional information that it was thought might be considered for inclusion in the commentary. The Working Group was advised that the two sets of documents (including any adjustments agreed by the Working Group) would be combined into a single draft legislative guide for the review of the Working Group at a future session, and that the draft commentary would be revised and consolidated from its current state in A/CN.9/WG.I/WP.93, Add.1 and Add.2.

52. It was further highlighted that throughout the draft recommendations, the term “the Regulation” had been used to indicate the body of rules adopted by the

<sup>11</sup> A/CN.9/860, para. 73.

enacting State with respect to the business registry, whether such rules were found in administrative guidelines or in the specific law governing business registration. The term “law of the enacting State”, on the other hand, had been used to denote those provisions of domestic law in the broader sense that were somehow relevant to and touched upon issues related to business registration.

53. The Working Group then proceeded with its consideration of the two sets of documents containing a draft commentary and draft recommendations. The Working Group may wish to note that the heading of each of the draft recommendations below also lists the relevant cross reference to the draft commentary contained in A/CN.9/WG.I/WP.93, Add.1 and Add.2.

54. It was suggested that the draft recommendations and commentary on key principles of business registration, applicable to all mandatory registries, contained a level of detail that could inhibit core principles from being communicated sufficiently clearly to developing States. In this regard, it was suggested that principles found by the Working Group to be the most essential to assist MSMEs could be set out at the beginning of the legislative guide. For example, it was suggested that the materials could focus on three key principles: setting out the reasons for registering a business; permitting registration through one integrated service (including one form, one set of information and one payment); and that information on those services should be widely communicated to all entrepreneurs.<sup>12</sup> It was further suggested that draft recommendation 12 on a single interface for business registration could be moved to the beginning of the legislative guide. The Working Group decided, however, to leave such specific drafting and structural considerations to be discussed at a later time.

55. With regard to the terminology and approach adopted in the draft recommendations, concern was raised that use of the terms “business registry” and “single interface for business registration” could be confusing, since a single interface should ideally be the sole portal through which an entrepreneur would access all necessary approvals to commence a business (for example, tax identification numbers, social services and the like) and was not limited to access to the business registry. Support was expressed that the meaning of these terms and the overall approach of providing a single interface for all businesses to enter the formal economy (which would nonetheless preserve the functions of the various regulatory agencies), should be clearly established in the introductory paragraphs of the legislative guide. In response to the suggestion that the draft text could reconsider the use of the term “Regulation”, it was observed that appropriate terminology could be arrived at through a consideration of the draft recommendations, with appropriate reference to additional sources.

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<sup>12</sup> These and other matters were outlined by the United Nations Conference on Trade and Development (UNCTAD) in its paper “Lessons learned on business registration” (see under “References” at [www.uncitad.org](http://www.uncitad.org)), to be submitted as an official document prior to the next session of the Working Group. See, also, the report of the previous session of the Working Group (A/CN.9/860, paras. 74-75).

## 2. Objectives of a Business Registry (A/CN.9/WG.I/WP.96, paras. 4 to 7)

### **Recommendation 1: Registration permitted for all businesses (A/CN.9/WG.I/WP.93, paras. 10 and 33)**

56. After discussion, the Working Group agreed that it should be left for the enacting State to decide which businesses should be required to register. However, support was expressed that the commentary should note that States typically require registration for more sophisticated business forms, particularly those that were granted limited liability. The Working Group also agreed that the recommendation should require that all businesses be permitted to register.

57. Two delegations informed the Working Group of new legislation establishing a single window approach for their MSME registration. One example, in particular, had taken the same approach to the registry reform as the draft legislative guide, i.e. the system permitted the registration of any business wishing to register, but did not require all businesses to be registered.

58. Concern was expressed that the wording in draft recommendation 1 “permits and facilitates” referred to two different concepts, and therefore should be separated into two different recommendations: one stating that registration should be permitted and a second that registration should be facilitated. However, after discussion, support was expressed for the suggestion that the word “facilitates” be deleted from recommendation one, and that the principle that registration should be facilitated could be reflected elsewhere. Support was expressed in the Working Group for the drafting suggestion that the phrase “legal forms” in recommendation 1 could be changed to terminology along the lines of “businesses”. A further drafting suggestion was that the title of draft recommendation 1 could be changed to better reflect the content of the recommendation. Concern was also expressed that the reference to businesses of “all sizes” could divert attention away from MSMEs, however, the Working Group was reminded that while the recommendations were aimed at streamlining business registry practices to assist MSMEs, such improvements would ultimately assist businesses of all sizes and levels of sophistication.

### **Recommendation 2: Purposes of the business registry (A/CN.9/WG.I/WP.93, para. 33)**

59. It was observed that draft recommendation 2 might not be expressed in clear enough terms as in, for example, the phrase “an identity recognised by the enacting State”. The Working Group agreed that the draft recommendation should be clarified.

### **Recommendation 3: Key features of a business registration system (A/CN.9/WG.I/WP.93, para. 10)**

60. A concern was expressed with respect to the use of the word “reliable” in paragraph (d) of the draft recommendation, and the possible perception that the recommendation could be suggesting that the registry was responsible for the accuracy of the registered information. That concern also suggested that use of the word “reliable” in the draft recommendation could be seen to be favouring the approval system of business registration, given the emphasis of that system on ex ante verification of information.

61. It was also observed that the word “reliable” in paragraph (d) might refer to either the reliability of the information or of the system itself. It was noted that if the term referred to the information, it was possible that the draft recommendations in respect of the effects of registration that appeared later in the text might deal appropriately with the issue (for example, whether the registrant should be held responsible for the accuracy of the information it submitted). It was also observed that draft recommendations appearing later in the text also considered certain aspects of the reliability of the system, including, for example, recommendations on access to services and preservation of records.

62. The Working Group recalled that the issue of the reliability of the information contained in the business registry and whether or not the use of the term “reliable” connoted a preference for the declaratory or approval systems had been extensively considered at its previous session (A/CN.9/860, paras. 31, 35 and 61). The conclusion of the Working Group at its previous session had been that there was broad agreement that the provision of reliable information was a core function of the business registry and that the use of the term “reliable” did not indicate acceptance of either the declaratory or approval system, and that its meaning could be understood in the context of the chosen system of each State (A/CN.9/860, para. 35). Moreover, it had been decided at the previous session that information in the business registry should be reliable, but that it would be left to the State to determine how best to ensure its reliability, regardless of the particular approach adopted in the business registry (A/CN.9/860, para. 61).

63. Support was reiterated for the position taken by the Working Group at its previous session in the terms outlined in the paragraph above. However, one delegation expressed its view that the term “reliable” was defined as “able to be trusted” and insisted that the information contained in business registries in its jurisdiction was not reliable or trustworthy, and that the term “reliable” should thus not be used. Other delegations did not support the use of the term “reliable”.

64. A proposal was made to address the matter by revising the chapeau of the draft recommendation to read “The Regulation should ensure the following key features:”. Another proposal was to split the draft recommendation into two recommendations, with one dealing with the reliability of the system, and the other dealing with the reliability of the information. Those suggestions did not receive broad support, nor did the suggestion to solve the apparent impasse by deleting the word “reliable” in paragraph (d).

65. Another question was raised concerning the use of the term “current” in draft recommendation 3. The Working Group agreed to place paragraph (d) in square brackets for inclusion in a future iteration of the text, along with additional information in the commentary referring to the consideration of the issues as outlined in paragraphs 60 to 64 above. The Working Group again agreed that the text in this regard should be very clear to avoid appearing to favour either the declaratory system or the approval system of business registration.

**Recommendation 4: Minimum regulatory burden on micro, small and medium-sized enterprises (A/CN.9/WG.I/WP.93/Add.1, paras. 5, 13, 22 and 28)**

66. The Working Group agreed that the principles expressed in the draft recommendation, i.e. that MSMEs should be subject to the minimum obligations



necessary for entry into the formal economy, should be retained in the commentary or in an introductory section, and should appropriately be emphasized. Further, the Working Group agreed that draft recommendation 4 should be deleted (see, however, paras. 71 and 74 below).

**3. Establishment and functions of the business registry (A/CN.9/WG.I/WP.96, paras. 8 to 13)**

**Recommendation 5: Responsible authority (A/CN.9/WG.I/WP.93, paras. 23, 24 and 44)**

67. The view was expressed that there was no need to establish the authority of the State over the operation of the registry nor its ownership of the registry record, since those were matters under the State's responsibility and each State should choose how best to legislate on those aspects in light of its domestic legal framework. After discussion, the Working Group agreed that the introductory sentence of the draft recommendation ("The Regulation should establish that the organization and operation of the business registry is a function of the enacting State") should be retained as a draft recommendation, while paragraphs (a) and (b) should be deleted and their contents appropriately reflected in the commentary to the recommendation.

**Recommendation 6: Appointment of the registrar (A/CN.9/WG.I/WP.93, para. 34)**

68. Concern was expressed that draft recommendation 6 might not include the practice of those States that did not designate an authority to appoint a registrar, and it was suggested that the principle expressed in the draft recommendation could be moved to the commentary. It was further suggested that if the draft recommendation were to be retained, its text should be clarified in order to indicate that the primary or secondary legislation should set out rather than "determine" the registrar's duties.

69. The view was also expressed that draft recommendations 5 and 6 appeared to be linked, and might possibly be merged. The Working Group requested the Secretariat to consider merging the two draft recommendations.

**Recommendation 7: Simple and predictable legislative framework (A/CN.9/WG.I/WP.93/Add.2, paras. 24 to 25)**

70. It was suggested that, since draft recommendation 7 appeared to deal with what was said to be a general principle of legislative drafting rather than a legal principle applicable to business registration, the concept expressed could be moved to the commentary or to the introduction to the draft legislative guide. It was also observed that the concepts expressed in the second part of the recommendation, which made reference to the "unnecessary use of exceptions and discretionary power" were not sufficiently clear and could be misunderstood since, if the law was silent on a matter, it would be desirable for the registrar to have a certain amount of discretion. There was some support for the view that draft recommendation 7 should be deleted.

71. The Working Group also heard a view that the principles included in draft recommendation 4, which the Working Group had agreed to delete (see para. 66 above), could be combined with those contained in draft recommendation 7 to

possibly be included in a new draft recommendation. That recommendation would set out more general principles, including that the legislative framework applicable to business registration should be simple and predictable and that the business registration system should provide for simplified registration and post-registration procedures for MSMEs. There was support in the Working Group for the view that the principles expressed in draft recommendations 4 and 7 were crucial for establishing a system promoting registration of MSMEs and that, as such, they should be properly reflected in the recommendations themselves.

72. It was suggested that lessons learned from a technical assistance programme for business registration reforms (see footnote 12 above) indicated that the general principles of transparency and simplicity were key to success. In this respect, transparency was said to entail making known the necessary documents and other requirements for entering the formal economy, while simplicity was requiring the minimum steps possible from potential entrepreneurs. It was observed that these principles were similarly found in the draft recommendations and the draft commentary under consideration by the Working Group (e.g. draft recommendations 4, 7, 8, 17 and 40). Further, there was support for concern expressed that the Working Group should not too hastily delete large swaths of the draft recommendations during its initial review of the materials, but that it should take a measured approach so as not to lose any of the important concepts arrived at from a distillation of principles from earlier Working Papers (e.g. A/CN.9/WG.I/WP.85, and A/CN.9/WG.I/WP.93, Add.1 and Add.2).

73. A discussion ensued in the Working Group on the form that the recommendations in the legislative guide should take and whether they should be drafted as a checklist referring to broad principles, or whether they should be more detailed and based on legal standards supported by commentary, which could provide States with more detailed guidance in order to properly assist them in the legislative reform of their system of business registration. It was observed that UNCITRAL's legislative function meant that it prepared legal standards, and that it was not in the business of preparing checklists, although its specific legislative recommendations could be used functionally by States to track whether they were meeting the necessary requirements. After discussion, it was agreed that the Working Group would continue its consideration of the materials in A/CN.9/WG.I/WP.96 and A/CN.9/WG.I/WP.96/Add.1 in the form of draft recommendations for a legislative guide, which would be clearly drafted, and which States could use to implement and monitor the progress of their reform process.

74. The Working Group agreed to request the Secretariat to draft a new recommendation 1 that would include the principles expressed in draft recommendations 4 and 7, which also reflected the general principle of the need for transparent and simplified methods of registration.

**Recommendation 8: Transparency and accountability**  
**(A/CN.9/WG.I/WP.93/Add.2, paras. 62 to 64)**

75. The view was expressed in the Working Group that the meaning of the term "accountability" and its applicability to the business registry rather than to a person might be unclear. After discussion, it was agreed that "accountability" could be deleted from recommendation 8, but that the concept might be retained, possibly in the draft commentary, particularly if the emphasis of that term was on issues related

to corruption. However, if the concept were retained, the Working Group was of the view that the meaning of the term should be established clearly either in a recommendation or in the commentary.

76. It was drawn to the attention of the Working Group that the concept of capacity-building was addressed in the commentary related to recommendation 8 (A/CN.9/WG.I/WP.93/Add.2, paras. 81 to 83), but that it had not been reflected in a recommendation itself. There was support in the Working Group for the proposal that a new draft recommendation could be added to reflect this concept, despite the reservations expressed by one delegation that the issue of capacity-building might not be appropriate for a recommendation on a legal standard. After discussion, the Working Group agreed to ask the Secretariat to draft a separate recommendation reflecting the concepts currently contained in A/CN.9/WG.I/WP.93/Add.2, paragraphs 81 to 83, bearing in mind UNCITRAL's focus on the preparation of legal standards, for it to be discussed by the Working Group at a future session.

77. In addition, there was support in the Working Group to request the Secretariat to draft a recommendation reflecting the considerations contained in A/CN.9/WG.I/WP.93/Add.2, paragraph 64 on the use of standard registration forms.

78. As indicated through an initial discussion earlier in the session (see para. 72 above), there was broad agreement in the Working Group that transparency was an important feature of an effective business registration system. A view was expressed that the issue of transparency might be dealt with in more general legislation requiring transparency and that specific mention of it in the draft recommendation might not be necessary. Another view was that the concept of transparency could be clarified either in the recommendation itself or in the commentary, possibly through reflecting in more specific terms what measures should be undertaken to ensure transparency.

79. The Working Group entered into a discussion regarding whether recommendations 8 and 17 reflected the same rule, and consequently should be merged. There was some support for the suggestion that the two draft recommendations should be combined. However, after discussion, it was agreed that the scope of the recommendations should be clarified to establish whether they reflected different concepts before a final decision on the matter could be made by the Working Group. In a similar vein, after a brief discussion on whether draft recommendation 8 should be expanded to include the requirement that information in respect of the business registry should be made available online, and having observed that draft recommendations later in the text might deal with this concern in greater detail, the Working Group agreed to leave the issue for consideration at a future session.

80. Following from this discussion, the Working Group entered into a more general discussion on the relation between the general principles set out in the beginning of the legislative guide and the more specific application of those general principles throughout the legislative guide. The Working Group recalled that the draft legislative guide set out general principles at the outset, and then reflected the specific application of those principles throughout the more detailed recommendations in the remainder of the guide. The suggestion that cross references between the general principles and the related recommendations could be included in the commentary was widely supported in the Working Group.

**Recommendation 9: Functions of the business registry (A/CN.9/WG.I/WP.93, paras. 12, 35, 45 and 46)**

81. The Working Group was reminded that the draft commentary underlying draft recommendation 9 had been considered at its previous session (A/CN.9/860, paras. 34-36, 63, and 65-66), and that the Working Group had at that time requested a few clarifications and made some drafting suggestions. In respect of the chapeau, it was suggested that it might read “the Regulation could” rather than “the Regulation should”, in order to indicate the non-mandatory nature of some of its paragraphs. However, there was support in the Working Group for the alternative proposal that some of the paragraphs should be mandatory as they set out the most fundamental functions of a business registry, while others might be of a less mandatory nature, and that the draft recommendation should differentiate between the two.

82. There was support for the proposal that the Working Group should set aside its review of draft recommendation 9 until it had reviewed the rest of the draft recommendations and had a better sense of the entire draft. That approach was taken up by the Working Group, on the understanding that a decision to separate the paragraphs in draft recommendation 9 into a list of those functions that should be established and those of a less fundamental nature that could be established could be made after that review had taken place.

**Recommendation 10: Storage of and access to information contained in the registry (A/CN.9/WG.I/WP.93, paras. 25 to 26)**

83. It was noted that the term “registry’s users” in the draft recommendation might be broader than intended and it was suggested that it be replaced with a narrower reference, such as “registrants and registry staff”.

84. Concern was expressed that reference to “a centralized registration system” in the first sentence of the recommendation, would not be accurate enough as it did not consider States where local and/or regional registration offices were reciprocally interconnected. There was some support for the suggestion that the recommendation could include reference to such an approach (so that the first sentence would read: “the Regulation should establish a centralized or interconnected registration system ...”). The view was expressed that interconnected registries might not be mutually consistent so that stored information might not be accessible from throughout the system, and that the recommendation should emphasize the need for such consistency. In addition, it was observed that regardless of the architecture of the system, information on registered businesses should be stored and made accessible in digital format through a single national database that would allow exchange of information.

85. The Working Group agreed that the Secretariat would accommodate the comments above in the draft recommendation and the commentary, as appropriate.

**C. Document A/CN.9/WG.I/WP.92 and the structure of MSME work**

86. The Working Group recalled that Working Paper A/CN.9/WG.I/WP.92 had been prepared by the Secretariat to provide context for the overall work of Working

Group I on MSMEs (see para. 17 above). The Working Group was also reminded that potential future topics relating to MSMEs had been mentioned at a previous session (see para. 18 above and A/CN.9/800, para. 66, which stated “that the Working Group acknowledged and welcomed the Commission’s mandate relative to the establishment of an enabling legal environment to facilitate the life cycle of MSMEs”); however, the Commission had not yet given a mandate to a Working Group to consider those topics. In that light, it was thought that the consideration of how to structure the MSME legislative texts should encompass the two topics currently being considered in Working Group I, in addition to Working Group V’s anticipated discussion of simplified insolvency provisions for MSMEs, as well as possible future but as yet undecided MSME projects that might be considered in Working Group I or in other relevant Working Groups. Reference was also made to recent legislative efforts on MSMEs in relation to insolvency, in respect of which, it was noted, a State had recently adopted a framework specifically for MSMEs.

87. With the considerations outlined in paragraph 86 above in mind, there was broad support in the Working Group for the proposal that its MSME work be accompanied by an introductory document along the lines of A/CN.9/WG.I/WP.92, which, once specifically considered and adopted by the Working Group, would form a part of the final texts and would provide an overarching framework for current and future work on MSMEs. Attached to and underpinning that contextual framework as legal pillars would be the current two legislative texts on MSMEs being discussed by Working Group I, as well as any future MSME texts. Importantly, the framework could be expanded with any additional legislative texts as they were adopted by the Commission.

88. The Working Group made the following drafting suggestions in respect of A/CN.9/WG.I/WP.92, bearing in mind that it (or a revised version of it) would be considered in detail by the Working Group at a future session:

(a) It was suggested that for greater clarity, paragraph 41 setting out a non-exhaustive list of possible incentives for MSMEs to join the formal economy could be separated into pre-formalization (e.g. subparas. (a) to (c)) and post-formalization (e.g. subparas. (g) to (s)) incentives;

(b) It was suggested that “organized access to and support with health insurance” could be added to paragraph 41;

(c) It was suggested that information could be added to the text on the potential cross-border activities of MSMEs, as well as reference to how electronic commerce and the Internet have improved those possibilities;

(d) It was suggested that a footnote to the main text in A/CN.9/WG.I/WP.92 could include reference to the history of Working Group I and to possible future work on MSMEs;

(e) It was suggested that a footnote to the main text in A/CN.9/WG.I/WP.92 could include reference to other UNCITRAL texts that could have a positive impact on MSMEs; and

(f) Additional aspects of the document “Lessons learned” referred to above in footnote 12 could be considered for addition, as appropriate, to the text in A/CN.9/WG.I/WP.92.

**D. Other matters**

89. The Working Group recalled that its twenty-seventh session was scheduled to be held in Vienna from 3 to 7 October 2016. If an additional week of conference time in Vienna were to become available (due to the completion of the work in another Working Group), possibly the week of 5 to 9 September 2016, the Working Group considered whether it wished to avail itself of that additional week so as to spend one full week considering a legislative guide on key principles of business registration and a separate full week considering a legislative guide on a simplified business entity. Some delegations expressed concern that they might have budgetary problems in attending two full sessions of Working Group I in Vienna in the latter part of 2016, and, in any event, it was noted that the Commission would make the decision on the allocation of conference time to Working Groups at its session in June-July 2016.

90. The Working Group next considered whether it should continue to discuss both legislative projects for two days each at its upcoming sessions. In order to make more progress, the Working Group decided that it would spend the entire week of its twenty-seventh session considering a draft legislative guide on a simplified business entity, and that it would spend the entire week of its twenty-eighth session considering the draft legislative guide on key principles of business registration. The Working Group also agreed to consider A/CN.9/WG.I/WP.94 at its next session.

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