



New Rules for Joint Stock Companies

from 1 July 2023

COBALT reminds that on 1 July 2023, amendments to the Commercial Law will enter into force, aiming to:

- 1) improve the procedure for registration and accounting of shares, as well as improve the availability of information on the shareholders;
- 2) modernise the procedure for convening and holding General meetings, as well as improve the availability of documents of shareholders' meetings.

Obligation to review the allocation of shares

The amendments provide that all shares shall be divided into **registered** and **dematerialised shares**. Information on holders of registered shares shall be filed for registration with the Commercial Register, while information on holders of dematerialised shares shall be registered with the Central Securities depository.

Conversion of dematerialised shares into registered shares and vice versa shall be determined by the General meeting, by applying for registration of particular amendments to the Articles of Association of the company.

Obligation to register information on composition of the stockholders

By analogy with the regulation on limited liability companies (SIA), joint stock companies with registered shares will be obliged to file with the Commercial Register a shareholders' register folio

containing up-to-date data on the stockholders. Moreover, in order to effect a change of the stockholders, the transferor and the transferee of shares shall submit to the Management Board a joint notice of transfer of shares or the original or a certified copy of the share purchase agreement. Upon receipt of this notification, the parties of the transaction shall sign, jointly with the Management Board, the shareholders' register folio in the presence of a notary public or by means of a secure electronic signature.

Joint stock companies which would choose to issue only dematerialised shares will not be obliged to submit information on changes on the stockholders with the Commercial Register. However, such joint stock companies shall inform the Commercial Register on the Central Securities depository where the dematerialised shares are registered and shall submit a certificate from the depository stating that the dematerialised shares have been registered. Holders of dematerialised shares who have acquired more than 5% of the shares must inform the company's Management Board in writing of the number of shares and voting rights they hold. The company's Management Board will further forward this information to the Commercial Register. This obligation applies to a stockholder who increases or decreases their shareholding beyond each additional 5%. In case a stockholder fails to notify the Management Board of the above information, the stockholders will not be able to exercise the voting rights attached to the shares. This obligation does not apply to companies whose shares are admitted to trading on a regulated market.

Revised regulation for convening and holding General meetings

The amendments to the Commercial Law:

- reduce the minimum notice period for the General meeting to 21 days before the meeting;
- provide the possibility to determine in the Articles of Association provisions on sending notices on General meetings which differs from the Commercial Law regulation, e.g., by waiving the requirement to dispatch notice to the registered/declared addresses of the stockholders;
- clarify the procedure for notifying the holders of dematerialised shares of a General meeting;
- clarify the information that must be included in the notice on convening the General meeting;
- introduce an obligation for joint stock companies to ensure continuous free of charge electronic access to the documents to be examined at the General meeting (both before and after the meeting);
- introduce an obligation for the joint stock companies to publish the information and documents relating to the General meeting on the company's website (for holders of dematerialised shares);
- specify the terms for reconvening the General meeting;
- specify that the Chairman of the Management Board shall chair the General meeting, while the teller of votes and the taking of minutes are ensured by the Management Board unless the General meeting decides otherwise.

The amendments also provide for a number of other innovations relating to the procedure for the payment of share capital, both in the context of the establishment of a joint stock company and in the context of a share capital increase.

Joint stock companies are obligated to comply with the requirements of the law

We would like to draw your attention to the fact that amendments to the Commercial Law impose an obligation of joint stock companies to register with the Commercial Register the actual composition of stockholders and amendments to the Articles of Association, which will regulate the division between registered and dematerialised shares, by **1 July 2024**. If this obligation is not fulfilled by that date, **the Register of Enterprises will decide on the dissolution of a particular joint stock company and its removal from the Commercial Register.**

Although the legislator has granted sufficient time to joint stock companies to complete the above mentioned formalities, the necessary drafting of amendments to the Articles of Association, holding of the General meeting and compliance of the shareholders' register with the new requirements may cause some difficulties. If you have any questions or concerns, therefore we would advise not to leave the completion of these issues to the last minute. If you have any questions or concerns, please do not hesitate to contact our experts.

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