THE TRADE ENTERPRISE LAW

Part one

INTRODUCTORY PROVISIONS

Head one
TRADESMAN, INDIVIDUAL TRADESMAN, TRADE ENTERPRISE

Division one

Tradesman according to activity

Art.1

A tradesman according to this Law is every legal entity or a physical person independently performing any of the following activities :

1. purchase and sale of movables regardless of the fact whether they are sold unchanged, processed or or reprocessed;
2. trade with securities;
3. purchase of movables for their processing or reprocessing for other persons, provided that the work exceeds the scope of a “ smaller craft”;
4. banking activities;
5. insurance;
6. transportation of persons and goods;
7. commission work, forwarding, storing and leasing;
8. trade agency and mediation;
9. catering-tourist activity, information activity, marketing or performing other trade services;
10. production of motion pictures , video tapes, audovisual recordings, software as well as other similar activities;
11. publishing and printing activities and other connected with trade with books and art works ;
12. purchase, construction and arranging of immovables for sale.

Tradesman according to the nature and scope of activity

Art.2

1. A tradesman according to this Law is also every person conducting a business deal which according to the nature and the scope of activity has to be organized and conducted in a way in which trade activities are conducted although not mentioned in Art.1 of this Law,provided that the company has been entered in the trade register.
2. The provisions of this Article are applicable also in the field of agriculture and forestry only in respect to the business deals for processing or reprocessing of the own agricultural and forest products.

3. Persons dealing with free occupations (advocates,public notaries,doctors,patent engineers ,architects,artists ,accountants etc.) are considered tradesmen according to this Law if the regulations according to which they are performed stupilate for so.

Tradesman according to description

Art. 3

Should the company be entered in the trade register,it may not be claimed that the business deal conducted under the name of that company is not trade one.

Persons not considered tradesmen

Art.4

According to this Law,the following persons are not considered tradesmen :

1. physical persons dealing with agriculture (farmers)
2. craftsmen and persons rendering services or having free occupations,except for occupations which could be treated as business deal according to Art.2 point 1 of this Law ,and
3. persons rendering catering services by renting rooms in their own homes.

Application of provisions for the tradesman on persons performing trade activity

Art. 5

The provisions of this Law about the obligations of the tradesman are applicable also to persons performing trade activities regardless of the fact that they are not allowed to perform them ,according to the regulations for such activity,or do not comply with the conditions for performing of such activity.

Small -scale tradesman

Art. 6

1. The provisions of this Law about the company,business books and the management do not refer to persons not considered tradesmen according to this Law ,and are dealing with a small scope of trade activity.
2. Trade activities considered small - scale activities and the manner of conducting of thier business books are stipulated for by a regulation adopted by the ministry competent for economic matters in compliance with the ministry competent for finance matters ,in accordance to the scope of the business deal in the corresponding activity.
3. For carrying of a small-scale trade activity a public company or a limited partnership company can not be established.

Provisions for the small-scale tradesman are not applied to the companies

Art. 7

The provisions of this Law regulating the work of the small-scale tradesman are not applicable to the relations of the joint-stock company,the limited liability company and the limited partnership joint-stock company.

Division two

INDIVIDUAL TRADESMAN

Individual tradesman

Art. 8

1. The individual tradesman shall be the person performing any of the activities from Art.1 of this Law as an occupation.
2. Any business-capable person with permanent place of residence in the Republic of Macedonia may be registered as an individual tradesman.

Limitations

Art. 9

The following persons can not be registered as individual tradesmen:
1. the one over which liquidation procedure has been applied;
2. the one that has deliberately gone bankruptcy and the creditors can not settle their outstandings.

Entry into the the trade register

Art.10

1. The individual tradesman is entered into the trade register on the basis of an application containing :
· the name and surname,place of residence,address and main number;
· the trade name under which the activity shall be carried out;
· the seat and address where the activity shall be carried out;
· subject of work.
2. The application shall be accompanied by a form for the authorized signatory and a statement that the tradesman is not deprived of the right to performing any of the activities set forth in Art.1 of this Law.
3. A person may register only one trade name as an individual tradesman.

Trade name of the individual tradesman

Art.11

1. The trade name of the individual tradesman shall contain his personal name,his father’ s name and the surname.
2. The trade name of the individual tradesman must contain the designation “TE”.

Transfer of a trade name

Art.12

1. The trade name of the individual tradesman may be transferred to a third party together with its business deal.
2. The transfer of the trade name from point 1 of this article may be done by the individual tradesman upon his claimants consent.
3. The individual tradesman’ s successors undertaking the business deal may keep the trade name of the individual tradesman.
4. In cases from point 1 and 3 of this Article ,the name of the new owner is attached to the trade name.
5. The transfer of the trade name is entered into the trade register and is published in the “Official Gazette of the Republic of Macedonia”.

Joint and several liability with the former owner

Art.13

1. The person continuing the work under the former firm,with or without an addition pointing out the change of owner ,has a joint and several liability for the obligations with the former owner unless otherwise stipulated for with the creditors.
2. The outstandings are settled by the creditors from the former owner first.

Termination of the work of the individual tradesman

Art.15

1. The individual tradesman shall report the termination of the work to the competent organ for public incomes.
2. The individual tradesman latest three months prior to reporting of the termination to the organ from point 1 of this Article in a proper manner (in the daily press,business premises etc) shall announce the termination of work and shall cite the date of termination of work.
3. The provision from point 2 of this Article is applied also when the individual tradesman intends to sell the enterprise or to invest in a company.

Division three

The concept of a trade enterprise

1. The trade enterprise (hereinafter referred to as : the enterprise) is association of two or more physical persons and legal entities investing money,objects and rights into property which they make use of in the joint work and jointly share the profit or losses of the work.
2. Persons investing in the main capital assets are founders of the enterprise (hereinafter referred to as Founders) i.e. shareholders of the enterprise (hereinafter referred to as Shareholders).
3. The rights and liablities the founder aquires according to the deposit in the main capital assets are his share in the enterprise (hereinafter referred to as Share).

Forms of Trade Enterprises

Art.18

1. According to the form,regardless of the activity ,the enterprise may be :
· a public company;
· a limited partnership company

· a limited liability company;
· a joint-stock company
· a limited partnership joint-stock company

2. The enterprise may be founded only in form and manner prescribed by this Law.
3. For performing banking activities,trade with securities and insurance,only joint-stock companies may be founded.
4. As an exception in point 3 of this Article, for performing of banking activities through a savings-bank and exchange office and for activities of mutual insurance ,also limited liabilitiy companies may be established.

Agreement,i.e.Statute of the Enterprise

Art.19

1. The form ,the duration,trade name,seat,the subject of work,the amount of the main capital assets as well as the organization and management of the enterprise are set forth by the Agreement i.e. the Statute of the enterprise.
2. The Agreement is concluded in written form as well as the changes in it and its annexes.
3. The contents of the Agreement. i.e. the Statute of the enterprise is stipulated by the founders in compliance with the Law.
4. In order to the to make the preparations for founding of an enterprise ,the founders may agree on the activities that are to be carried out. Should the parties fail to fulfill the obligations undertaken by the Agreement,they are liable only for the damage caused .

Duration of the Enterprise

Art.20

Should the Agreement i.e. the Statute of the enterprise not stipulate the duration of the enterprise,it is considered to be established for an indefinite period of time.

The Enterprise as a Legal Entity

Art.21

1. The enterprise as a legal entity may aquire rights and undertake obligations , aquire ownership over other actual rights, sign contracts and other legal dealings, bring charges and be defendant.
2. The enterprise shall gain the status of a legal entity from the date of its entry into the trade register.

3. The founder, i.e. the person acting in the name of the enterprise prior to its gaining of the status of a legal entity, shall have a joint and several liability for the undertaken obligations with the other founders in case when the enterprise which is correctly constituted and entered into the trade register, does not accept the undertaken obligations. Should the enterprise accept the undertaken obligations, it is considered to have undertaken them from the day when they had arisen.
4. In case when during acting of the founder in the name of the enterprise in the founding procedure, the founders have aquired any rights, they are obliged to transfer them to the enterprise after the entry into the trade register, provided that the enterprise approves.

Kinds of liability for the obligations

Art. 22

1. For its obligations, the enterprise shall be liable with all is property.
2. The founders of the public company and the complementary partners in the limited partnership company shall have a personal, joint and several unlimited liability for the obligations of the company with all their property.
3. The founders in the limited liability company , the shareholders in the joint-stock company as well the dormant partners in the limited partnership company are not liable for the obligations of the company, unless stipulated for in this law.

Special liabilities of the founders

Art. 23

1. The founders of the enterprise are liable for the obligations of the enterprise also in the following cases:

- if thay had abused the enterprise as a legal entity for achieving aims which for them as individuals are forbidden;
- if they had abused the legal entity in order to do damage to their creditors;
- if contrary to the law they had disposed of the property of the legal entity as if with thier own property ;
- if in their favour or in favour of any other person they had reduced the property of the enterprise , and had been aware or had to be aware that the company is not able to fullfil all its obligations toward third parties.

2. Point 1 of this Article is appropriately applicable to the liability of

the secret founder.

Persons who may establish an enterprise

Art 24

1. An enterprise may be established by domestic and foreign physical persons and legal entities.
2. A foreign person ,in accordance with this Law ,shall be every legal entity having a trade name entered in a trade register abroad or entered in a trade register in his country and every physical person which is a foreign citizen,or a fugitive.
3. A citizen of the Republic of Macedonia bearing also another citizenship shall chose whether he would use the position as a citizen of the Republic of Macedonia or the one of a foreign person.
4. Each person of point 2 of this Article who aquires a share or shares in an enterperise or invests assets in it on an agreement basis ,has the status of a foreign person.

Right to participation in founding of an enterprise or being a founder in many enterprises

Art.25

1. Anyone may participate in founding of an enterprise or be a founder or shareholder in more enterprises unless forbidden by this Law.
2. An enterprise may be founded by at least two founders ,i.e. at least two founders are required for its existance.
3. A physical person may at the same time be a founder of unlimited liability in one enterprise only. A public company and a limited partnership company may not be a founder of unlimited liability in another enterprise of that type.

Conditions under which a foreign person may be a founder of an enterprise .i.e. a shareholder

Art.26
1. A founder,i,e, shareholder may be any foreign physical person or legal entity.
2. A foreign person may found an enterprise or to aquire shares in the manner and under conditions set forth for the citizens of the Republic of Macedonia and for the legal entities entered in the trade register on the territory of the Republic of Macedonia unless otherwise provided by law.
3. Participation of a foreign person in a newly founded and in an existing enterprise is not limited unless otherwise stipulated for by another law.

4. The enterprise with foreign participants has all the rights and liabilities as an enterprise without foreign participants ,except for the cases prescribed by law.

Approval for founding of an enterprise by foreign persons

Art.27

1. For founding of an enterprise which is fully owned by one or more foreign persons.i.e. in which they are in majority,for transformation of the enterprise into an enterprise of that type, or for aquiring majority of foreign persons in the enterprise an approval is required from the ministry competent for the issues on the foreign economic relations.If within 60 days from the day of submitting of the application approval is not received ,it is considered for the approval not to be given.
2. If the foreign participation does not reach the participation set forth in point 1 of this Article,for founding of an enterprise i.e. for aquiring participation in an existing enterprise, an approval is not required.The aquired participation in the newly founded enterprise .i.e. in the existing enterprise is entered in the foreign investments register kept in the ministry competent for foreign economic relations.

Rights of foreign persons

Art.28

1. The rights aquired by virtue of the invested assets in the enterprise ,may not be changed or reduced by a law or other regulation.
2. The share of the profit belonging to a foreign person ,i.e. the amount belonging to a foreign person in case of termination of the enterprise or partial or total abalienation of the share of a foreign person ,may,by order of the foreign person ,be freely ,without permission, transferred abroad in the currency of the investment provided that the company posesses money funds .
3. The discounts and special privileges for investments and operation by foreign persons are prescribed by law.

Statement for founding of the enterprise

Art.29

1. The founders and the first members of the managing bodies ,i.e.

supervising bodies shall submit a statement to the registration court citing the activities performed for founding of the enterprise and claiming that the enterprise has been founded in accordance with the law.
2. Should the person listed in point 1 of this Article fail to submit the abovementioned statement, the registration court shall reject entering of the founding into the trade register.

Statament in case of change of enactments of the enterprise

Art. 30

1. The provisions from point 29 of this Law are applicable also in case of change of the agreement i.e. the statute of the enterprise.
2. The statement is submitted by the managing bodies members i.e. the supervising bodies members performing this function at the time of change of the agreement i.e. the statute of the enterprise.

Joint and several liability for damage while founding of the enterprise

Art. 31

1. The founders of the enterprise as well as the first members of the managing and supervising bodies shall have a joint and several liability for the damage done due to the non - entering of any of the obligatory provisions stipulated by this law in the agreement i.e. in the statute of the enterprise, or due to missing or incorrect carrying out of the procedures prescribed by the law or due to non - enforcement of the other regulations on founding of an enterprise.
2. The point 2 of this Article is applicable also to change of the agreement i.e. the statute of the enterprise with regard to the members of the managing and supervising bodies performing this function at the time the change has taken place.

Impossibility for invoking invalidity of the agreement
or the statute of the enterprise

Art. 32

1. After the entry of the enterprise into the trade register noone of the founder may invoke invalidity of the agreement i.e. the statute of the

enterprise due to error, fraud or threat taken place at the time of conclusion of the agreement i.e. adoption of the statute of the enterprise.
2. The provision from point 1 of this Article is applicable also to the changes in the agreement i.e. the statuteof the enterprise.

When is an enterprise considered not founded

Art.33

1. The enterprise is considered not founded in case of breach of the law which could not be removed.
2. Each person having legal interest may require for the registration court to declare non founding of the enterprise.
3. The enterprise which is considered not to be founded shall be officialy deleted by the court from the trade register
4. For the undertaken obligations,the founders have a joint , several and unlimited liablity.

Obligations of the founders for investing in an enterprise

Art.34

1. At the time of founding,the founders place the property of the enterprise to the disposal of the enterprise.
2. The property of the enterprise at the time of founding shall consist of money and non-money deposits of the founders. The non-money deposit may consist of objects (movables and immovables) as well as of rights having value of property.
3. A founder of the enterprise entering a non-money deposit is liable toward the enterprise that the value of his deposit at the time of placing to disposal corresponds to the value stated in the agreement of the enterprise ,unless otherwise stipulated for by this Law.

Right to sharing the profit and the losses of the founders

Art.35

1. The founders shall share the profit belonging to them in the enterprise.
2. Unless otherwise agreed upon in the agreement or pescribed by the statute of the enterprise ,each founder shall participate in the sharing of profit and covering of losses proportionate to their share.

Decision making by the founders

Art.36

1. The decisions in the enterprise are reached upon all founders' consent unless otherwise prescribed by the agreement of the enterprise.
2. All founders in the enterprise have the right to managing of the enterprise ,unless the agreement i.e. the statute of the enterprise entrusts the managing of the enterprise to one or more founders or to third party i.e. parties.
3. Should the agreement i.e. the statute of the enterprise stipulate for the decisions to be reached by majority of votes ,the type of majority shall be determined. Should the type of majority not be determined ,the decisions shall be reached by majority of votes of the total votes representing the deposits ,proportionate to the share of thier deposits in the main capital assets.

Limitation for a founder to perform certain activities

Art.37

A founder must not perform activities on his account that would harm the objectives of the enterprise.

Mutual obligations of the founders for the expenses or the obligations undertaken

Art.38

1. Should a founder bear expenses which according to the circumstances are considered necessary or should he suffer damage due to activities that have been dangerous,the enterprise shall be obliged to cover the expenses to him.
2. The founder may require advanced payment for the expenses necessary for performing of certain activities.
3. The founder shall without delay deliver to the enterprise all benefits he has received from third parties for conducting of the work of the enterprise and has derived from managing of the enterprise.
4. Unless otherwise prescribed by this Law,the founder has a right to reward for his personal work in the enterprise.

The obligation to act with the attention of an accurate and conscientious

tradesman

Art.39

1. Every founder is obliged to act with the attention of an accurate and conscientious tradesman in the course of performing activities for the enterprise .

2. The founder is liable for the damage he has deliberately ,or out of negligence done to the enterprise.

3. The founder of the enterprise authorized for managing who receives compensation for his work is also liable as the representative.

The right of the founder to be informed

Art.40

1. Every founder of the enterprise ,even when does not participate in managing ,has the right to be personally informed about the work of the enterprise ,to have access to the business books and other enactments,as well as to review the financial situation for its personal use.

2. Any provision set forth by the agreement of the enterprise deviating from point 1 of this Article shall be considered null and void.

Legal regime of the property of the enterprise

Art.41

1. The money,object and rights transferred to the enterprise or aquired by the enterprise shall belong to the enterprise.

2. A creditor of a founder of the enterprise may not settle his outstandings from the property of the enterprise .

3. A creditor of the enterprise may not settle his outstandings from the property of a founder i.e. founders of the enterprise ,except for the cases prescribed by this Law.

Settling of disputes by mutual consent or in court

Art.42

1. Disputes between the founders of the enterprise concerning the agreement of the enterprise ,should be settled by the founders by mutual consent.

2. The founders of a public company and the complementary partners in a limited partnership company may settle disputes concerning the company agreement in court at the Economic Chamber of the Republic of Macedonia,if so

agreed upon by the parties in the company agreement.

Protection of the rights arising from the founders relations by the registration court

Art.43

Should the rights arising form the founders relations be violated by the bodies of the enterprise ,every founder may require protection of those rights from the court keeping the trade register (hereinafter referred to :registration court) according to the seat of the enterprise.

Application of the law according to the seat

Art.44

1. This Law is applied to enterprises with seats on the territory of the Republic of Macedonia.
2. Third parties may refer to the seat set forth in the agreement i.e. the statute of the enterprise ,unless otherwise stipulated by this Law.
3. In dealings with third parties,the enterprise may not refer to another seat should its seat be in some other place.

Control over the enactments of the enterprise

Art.45

1. The registration court shall have the agreement for founding of the enterprise controlled,as well as the agreement i.e. the statute of the enterprise and other enactments for the organization and work of the enterprise ,in compliance with the regulations applied to the organization and the work of the enterprise i.e. the provisions of the agreement for founding of the enterprise ,the agreement ,the statute and the other enactments of the enterprise.
2. The control from point 1 of this Article shall not comprise the issues which are decided upon in other court or in an administrative procedure.
3. Unless otherwise prescribed by this Law, the concept of court according to this Law refers to the local competent court according to the seat of the enterprise.

Announcement of data or reports

Art.46

When the law or an enactment of the enterprise prescribes an obligation for announcement of certain data or reports of the enterprise ,the announcement shall be made in the "Official Gazette of the Republic of Macedonia" unless otherwise stipulated for by this Law.

Entities to which the Law is not applied

Art.47

This Law is not applied to founding,organization,work and termination of public enterprises,public institutions and other institutions ,the cooperations,association of citizens and other forms of organizing not performing any of the activities determined by Article 1 of this Law.

Part two
TYPES OF TRADE ENTERPRISES

Head one
PUBLIC TRADE ENTERPRISE

Division one
THE CONCEPT OF A PUBLIC TRADE ENTERPRISE
AND FOUNDING

The concept of a public trade enterprise

Art 48

1. A public trade enterprise (hereinafter referred to as :public company) shall be an association of two or more legal entities which toward the creditors have a personal unlimited joint and several liability for the obligations of the enterprise with all their property.
2. A public company shall be founded with an agreement of the company concluded by the founders.

Trade name

Art.49

1. The trade name of the public company shall contain the surnames and the names ,i.e. the trade name or the abbreviated trade name of at least one founder of the company and the designation “and others” should the trade name not contain the surnames and the names of all founders.
2. The trade name shall also contain the words “public trade enterprise” or the abbreviation “pte”

Agreement of the company

Art.50

1. The agreement of the company shall be concluded in writing.
2. The signatures of the founders shall be verified by a public notary’s enactment.
3. The agreement of a public company shall contain provisions on:
· the surname and the name ,citizenship and place of residence ,as well as the address of the founders or the trade name and the seat of the founders should they be legal entities;
· the trade name and the seat of the public company;
· the subject of work of the public company;
· the type and amount of the deposit of each founder and its value stimate;
· the manner of personal participation of each founder in the company work
· the manner of distributing the profit and covering of losses;
· the manner of managing and representing the public company ,decision-,making and
· otther issues prescribed by this law.

Special conditions for performing of activities

Art.51

A public company may perform activities related to a certain occupation should among the founders there be a person with the corresponding qualification,unless the law provides for all founders or majority of them to have the prescribed qualification for activitiy related to a certain occupation.

Entry into the trade register

Art.52

The public shall be entered into the trade register.The obligation concerning the application of the founding of a public company for entry into the

register with the competent court shall burden all the founders of the public company authorized for representation.After the entry into the register,the founders must start performing the activities and employ workers.

Contents of the application for registration

Art.53

1. The application for entry of the public company into the trade register shall contain :
· the trade name and the seat of the company;
· subject of work of the company;
· personal name ,occupation and place of residence of each founder,citizenship,and the trade name and the seat for a legal entity;
· manner of managing and representation of the public company ,as well as decision making.
2. The application shall be accompanied by the agreement of the company.
3. The founders ,i.e. the persons who according to the law are authorized for representation shall deposit their signatures with the court.
4. Each change of facts form point 1 of this article ,as well as joining of a new founder shall be entered into the trade register.

Division two

LEGAL RELATIONS BETWEEN THE FOUNDERS OF THE PUBLIC COMPANY

General provision

Art.54

1. To the legal relation between the founders of the public company the provisions of this division shall be applied,unless otherwise provided by the company agreement.
2. Unless otherwise provided by this law, company the regulations dealing with obligation relations shall be applied to the public company.

Deposits in the company

Art.55

1. The founders do not have to enter equal deposits into the public company .
2. The founder may enter money,objects ,rights ,labour and services into the public company.
3. The value of the non-money deposit shall be determined in monetary value upon the founders' agreement.
4. The provisions of the company agreement regulating the interest or reward for the deposits shall be considered null and void.

Consequences form delay

Art.56
1. The founder who has failed to enter the money deposit on time or has failed to pay the money received for the public company in the cashier's office on time or has pilfered money of the public company for himeself,shall be obliged to pay interest to the public company form the day that he had had to enter the deposit or to deliver the money or had pilfered it. A claim for compensation of damages is possible.
2. Should in cases of point 1 of this article be other objects and not money,the public company may demand compensation of damages.

Increase,supplementing and withdrawal of the deposit

Art.57

1. A founder of a public company shall not be obliged to increase his deposit above the amount prescribed by the company agreement,nor in case of a loss is he obliged to supplement it,should he not be responsible for the loss.
2. Withdrawal of the deposit may be requested by a founder only in case of cease of the founders relations in the public company.

Compensation of expenses and damages

Art.58

1. Should a founder of a public company make expenses according to the circumstances considered to be justified or should directly form the operation of the public company or due to that operation damages be inevitably done, the public company shall be obliged to cover the expenses and the damages to him.For the expenses and the damage done the public company shall pay interest counting form the day the expenses i.e. the damage had been done.
2. The founder may ask for advanced payment for the expenses necessary for

performance of operations for the company.

Prohibiting of competition

Art.59

1. A founder of a public company must not ,without the other founders' explicit consent ,undertake deals within the frame of the activities of the public company ,nor be a founder with personal liability,be a member of an organ or be employed in an enterprise being a competitor or could be a competitor to the public company.
2. Working form point 1 of this article shall be considered allowed if at the time the founder joined the public company the founders had been aware of that ,and had not been agreed for the founder to leave the work or to resign.

Consequences of prohibited competiiton

Art.60

1. Should the founder violate the prohibition form article 59 point 1 of this law,the public company may demand compensation of damages form him. The company may,insted of compensation of damages,demand for the founder to admit the deals concluded for his own account as deals concluded for the public company,i.e. deliver to the company what he had acquired form the deals concluded for other entity' s account or to transfer to it his right to what he' s supposed to acquire.
2. On carrying out the rights of the company form point 1 of this article,other founders shall decide. The companies' claims shall expire in three months counting form the day the founders had acknowledged the violation of the rule form point 59 point 1 of this law. The claims shall expire in five years form the day the violation has been made regardless of the fact when the founders had acknowledged the violation.
3. Carrying out the rights form point 1 and 2 of this article shall not exclude the right of the other founders to demand termination of the company.

Transfer of a share

Art.61

1. A share in a public company may be transferred to third parties upon all founders' approval.
2. The transfer of a share shall be made with a written deed.
3. The transfer of a share shall take effect for the public company once the transfer deed has been submitted to the public company and confirmed in

writing by one of the persons authorized for managing of the public company.
4. The transfer of a share may be pointed out in fornt of third parties up to the date of its entry into the trade register.

Managing of a public company

Art.62

1. Every founder shall be authorized to manage the public company.
2. Should the founders agree for the managing of the public company to be entrusted to one or more founders,the rest of the founders shall be excluded form managing of the public company.

Realization of the entrusted managing

Art.63

1. The managers shall be authorized to act independently in the course of managing of the public company.Should a manager oppose an action before it has been carried out ,its performing shall be prevented until the founders reach a decision on it.
2. Should according to the company agreement all or some of the founders act jointly,then they shall reach thier decisions upon all managers' approval.Each of the founders may carry out the urgent measures independently provided that damages to the public company are prevented by that. For the measures undertaken the manager shall immediately inform the other managers of the public company.

Transfer of the right to managing

Art.64

1. The founders may transfer the atuhorization for managing of a public company to a third party ,upon other founders' consent ,in the manner prescribed by the company agreement.
2. The authorization for managing may not be transferred by the founder to a third party should the company agreement provide for so.
3. For the work of the manager form points 1 and 2 of this article ,the founder having transferred the managing shall be liable.

Scope of authorizations for managing

Art.65

1. An authorization for managing shall be made for issues form the framework

of the usual operation of the public company.
2. For issues out form the framework of the usual operation of the public company,it shall be necessary for the decision to be reached by all founders no matter whether the company agreement had entrusted the managing to one or more founders or other persons.
3. Decisions exceeding the recognized authorizations of the managers shall be unanimously reached by the founders,unless otherwise provided by the company agreement. Should the company agreement stipulate for the decisions to be reached by majority of votes ,then each founder of the public company shall bear one vote ,unless otherwise provided by the company agreement.
4. The company agreement may stipulate for the decisions form point 3 of this article to be reached by written consultation should none of the founders require for the founders to be convened as assembly of founders. In case of a written consultation,the results shall be stated form the minutes signed by the managers. The minutes shall be accompanied by the answers to the questions placed by each of the founders.

Resigning form entrusted managing

Art.66

1. The founder may resign form the entrusted managing of the public company should there be an important reason for that.As an important reason shall be considered when he is prevented by the other founders form performing the entrusted managing or when he is prevented form it because of health condition.
2. The founder may resign form the entrusted managing of the company only upon a notice of resignation submitted to the other founders which would enable them undertake the necessary measures for managing,unless there is a reason giving him the right to resign prior to the expiry of the period of notice.
3. The period of notice form point 2 shall be 2 months at minimum.

Recall of the managers

Art.67

1. Should all founders be managers or if one or more managers have been

appointed among the founders or appointed by the company agreement,the recalling shall be carried out upon an unanimous decision of the founders. The recalled founder may resign form the public company with a request for the rights arising form the founders relations in the public company to be paid to him.

2. Should one or more founders be founders and and have not been appointed by the company agreement,each fo them may be recalled under the conditions set forth in the company agreement or,should it not be the case,upon an unanimous decision of all the founders.

3. The manager not being a founder may be recalled under the condiitons set forth in the company agreement or,should it not be the case,upon a founders' decision reached by majority of votes.

4. Should the recall be carried out for no grounded reason,it may serve as a basis for demanding compensation of damages.

The right to information

Art.68

1. The founders not being managers shall have the right to receiving a report on the state of the business books and enactments of the public company and to place written questions about the managing of the public company , which shall be answered in writing.

2. By application of the provisions form point 1 of this article the founders of the public company not being managers shall have the right to get familiar with the business books and the enactments themselves,in the seat of the company ,also with the contracts,correspondence ,minutes and all other documents created or received in the public company.

3. The right form point 2 of this article shall include the right to obtaining copies of the enactments and other documents.

4. In the course of exercising of the right form points 1,2 and 3 of this article the founder may use the help of an expert chosen by him form the list set forth by the registration court.

Decision-making

Art.69

1. The decision in the company shall be reached upon the consent of all founders which the managing has been entrusted to.

2. Should the company agreement provide for the decisions to be reached by majority of votes,in case of doubt the majority shall be calculated according

to the number of founders.

The right to a reward

Art.70

The founder has the right to a reward for his personal participation in the work of the public company provided by the company agreement.

Participation in a profit and in losses

Art.71

The profit and the losses shall be distributed among the founders of the public company in proportion to the share of each founder in the company,unless otherwise provided by the company agreement.

Division three

THE RELATIONS OF THE PUBLIC COMPANY
WITH THIRD PARTIES

Agency

Art.72

1. Each founder shall be entitled to act as agents of the public company.
2. The founders may, by the company agreement ,authorize one or more founders for agency of the company. Should it be the case,the other founders shall be excluded form agency.
3. Should more founders be authorized to act as agents of the public company,each of the agents may represent the public company independently . The company agreement may also stipulate collective agency.
4. The agency of the public company depending on the fact whether their authorizations allow independent or collective agency shall sign documents for the company independently or collectively.

Resigning and depriving form agency

Art.73

1. The agent may resign form the agency authorization,within a period of at

least three months form the date of its written information to the rest of the founders.Excluding or limiting of this right is null and void.
2. The registration court may,to the other founders' complaint and for important reasons,deprive the founder form the agency authorization. Each violation of an obligation of the founderor his incapability to act as an agent of the company.
3. The cease of the agency authorization toward third parties shall take effect on the day it has been entered into the trade register.

Personal liability of the founders

Art.74

1. For the obligations of the public company each founder shall be directly liable to the creditors of the public company with all his property and jointly with all other founders.
2. A provision of the company agreement opposed to point 1 of this article toward third parties shall be null and void.
3. The creditors of the public company may demand payment of the debt of the public company form the founders after they had unsuccessfully reminded the public company in a non-trial procedure and put in in delay
4. A founder joining an already existing public company shall also be liable for the obligations of the public company that had been made prior to his joining the public company.

Expiry of the outstandings

Art.75

1. Outstandings claimed to the founder for the obligations of the public company shall expire in five years after the public company has been terminated,i.e. after the founder has left form the public company ,unless the outstandings claimed to the public company expire in a shorter term ,according to this law.
2. The expiry shall count form the date the termination of the public company or leaving of the founder has been entered into the trade register. Should the public company cease to exist due to application of a liquidation procedure,the expiry shall count form the date the application of a liquidation procedure has been entered into the trade register.
3. Should the outstandings be claimed after the entry into the trade register according point 2 of this article,the expiry shall count form the date the outstandings had been claimed.

4. The provisions of points 1 and 2 of this article shall not be applied to expiry of an outstanding arisen form relations between the founders or between the founders and the public company.

Cease of expiry of otstandings

Art.76

1. The cease of expiry of outstandings toward the terminated company shall be effective toward the founders belonging to the company at the time of the cease.
2. The cease of expiry of oustandings toward the public company not terminated yet shall not be effective to the founder that had left,and the cease of expiry effective to a particular founder shall not be valid for the other founders.

Division four

TERMINATION OF THE PUBLIC COMPANY
AND TERMINATION OF THE FOUNDERS RELATIONS

Reasons for termination

Art.78

1. The public company shall be terminated on the following cases:
· once the term it has been established for expires;
· upon a founders' decision;
· upon application of a bankruptcy procedure to the public company;
· in case of death of any of the founders,i.e. upon cease of a founder-legal entity,unless otherwise stipulated for by the company agreement;
· upon application of a liquidation procedure over any of the founders;
· resignation of any of the founders of the public company
· upon a valid court decision and
· in other cases prescribed by law and by the company agreement.

Resignation of a founder

Art.78

1. Should the company be established for an indefinite period of time,the founder may cancell the company agreement upon a period of notice of six months,counting form the end of the business year. The resignation must be submitted to each of the founders.The period of notice may be extended by the company agreement. Other excusiosn and limitations shall be considered null and void.

2. The provisions form point 1 of this article shall be applied also to the public company which according to the company agreement is valid for the lifetime of each of the founders or has been silently extended for the period after the validity term.

Termination upon court' s decision

Art.79

1. For significant reasons the court may, at the complaint of a founder of the public company ,decide on termination of the company prior to the expiry of the validity term,i.e. without a resignation,should the validity term not be determined.

2. As significant reason form point 1 of this article shall be the case when a founder violates an important obligation deliberately or out of negligence,should the fulfillment of such obligation or achieving of the aim become impossible or should the aim be achieved.

3. The provision of the company agreement excluding or limiting the founders' right to demanding termination of the public company according to points 1 and 2 of this article shall be null and void.

4. A complaint shall be submitted against other founders.

5. At a request of a founder,the court may,instead of deciding on termination of the company, expel the gulity founder.

Resignation for serious violation or inappropriate behaviour

Art.80

Each founder may resign form the founders relation in the public company without a period of notice should any of the founders of the public company seriously violate the company agreement or his behaviour endanger the further cooperation with him or achieving of the aim of the public company.

Protection of a founder' s creditor

Art.81

1. A founder’s creditor,which within six months fails to settle its outstandings within the procedure of forced effectuating of the movvable property of the founder,may demand seizure of the liquidation part of the founder-debtor and upon written information to all other founders within the following six months ,demand termination of the public company ,unless otherwise stipulated for by the company agreement.
2. The public company shall not cease to exist should the company or other founders settle the debt after the seizure order form point 1 of this article has been made.
3. Should the company or the other founders in the public company settle the debt ,the participation of the founder shall cease,unless otherwise decided upon by the founders.

Prolongation of validity of a company after cease of a founder

Art.82

1. The company agreement may stipulate for the public company to continue to exist after the founders relation of any of the founders ceases. In that case the other founders shall pay for the rights of the share of the founder which has left the public company,and in case of death of a founder in the public company,the successors shall acquire the status of founders should they wish so.The successors shall make the statement of acquiring the status of a founder in the public company within three months form the day they had been pronounced successors.
2. Should the successors refuse to become founders,as well as in case of termination of the founders relations,the public company shall pay for the rights of the successor’s share or of the share for which the founders relation has ceased.

Undertaking of a company without a liquidation

Art.83

1. If the public company consists of only two founders,and in one of them reasons for termination of the founders relations appear,the court may

authorize the second founder ,at his requiest,to undertake the public company without liquidation,with the assets and liabilities.
2. Should a bankruptcy procedure be applied to a founder,the other founder shall be entitled to undertake the public company without liquidation,with the assets and liabilities.

Entry of the termination into the trade register

Art.84

1. The founders shall aplly for entry of the termination into the trade register,unless the public company ceases due to application of bankruptcy procedures.
2. All founders shall apply for entry into the trade register also when the founders relation of a founder of the public company ceases.

Head two

LIMITED PARTNERSHIP COMPANY

Division one
GENERAL PROVISIONS

The concept of a limited partnership company

Art.85

1. A limited partnership company shall be a company in which two or more entities enter into partnership ,where one of the founders has a joint several and unlimited liability for the obligations of the company with its entire property (hereinafter : complementary partner) while at least one founder is liable for the obligations of the company up to the amount of the its assets entered into the company (hereinafter : dormant partner).
2. The dormant partners shall participate with at least one-fifth in the total amount of deposits.

Application of the provisions for the public company

Art.86

Unless otherwise provided by the provisions of this head,the provisions regulating the public company shall be applied to the limited partnership company.

Division two

FOUNDING AND ENTRY INTO THE TRADE REGISTER

Company agreement

Art.87

The limited partnership company shall be founded upon a company agreement. The company agreement shall be concluded in writing .The signatures shall be verified by a public notary.

Contents of the agreement

Art.88

The company agreement shall contain provisions on :
· limited partnership company trade name and seat ;
· subject of work of the limited partnership company;
· name and the place of residence ,i.e. the trade name and the seat,citizenship,as well as the founders' address;
· total amount of the founders' deposits;
· type and ratio of the deposits of each of the founders;
· manner and term of payment of deposits;
· distribution of profit and covering of losses;
· managing and agency of the limited partnership company ,decision-making;
· other provisions regulating the relations between the founders.

Trade name

Art.89

1. The trade name of the limited partnership company shall contain the surname and name ,i.e. the trade name or the abbreviated trade name of at least one of the complementary partners,and the designation "and others" should there be more of them, as well as the words "limited partnership company" or the abbreviation "lpc".
2.The surname and the name of the dormant partner shall not be entered into

the trade name.
3. The dormant partner shall be liable as a complementary partner should his surname and name be included into the limited partnership company trade name.

Entry into the trade register

Art.90

1. The application for entry of the limited partnership company into the trade register shall be submitted by the complementary partners.
2. The publishing of the entry of the limited partnership company into the trade register by the court,except for the prescribed deta,may comprise only the appointing of the number of complementary partners and the total amount of thier deposits.The name of the dormant partners may not be published without their approval.
3. The provisions form point 2 of this article shall be applied when the dormant partner joins an exisiting company,i.e. leaves the limited partnership company,also when the type of deposit is changed or the amount up to which the dortmant partner is liable.

Division three

LEGAL RELATIONS BETWEEN THE FOUNDERS

Rights and liabilities between the founders

Art.91

1. The rights and the liabilities shall be regulated by the company agreement.
2. Should the company agreement regulate particular issues,the provisions of this law for the public company shall be applied,unless otherwise stipulated for by this division.

The obligation of personal participation

Art.92

1. Only the complementary partner shall be obliged to personal participation in the company work.
2. The company agreement may provide for the dormant partner to be obliged to personal participation.
3. A reward for personal participation in the work of the limited partnership company shall belong also to the dormant partner form point 2 of this article.
Managing

Art.93

1. The complementary partners shall manage the limited partnership company.The dormant partners shall not have the right to managing the company.
2. A dormant partner may not oppose the decisions not the acts of the complementary partners,except for decisions and acts reached or undertaken out of the framework of the regular operation of the limited partnership company.

Application of the provisions on compensation of expenses and damages, and prohibition of competition of the complementary partner

Art.94

The provisions form articles 58 and 59 of this law shall be applied to the complementary partner,unless otherwise provided by the company agreement.

The right to information

Art.95

The dormant partner has the right to be informed about the contents of the business books of the limited partnership company and the documents,as well as to place questions in writing concerning the managing the limited partnership company ,which are to be answered in writing.

Transfer of deposits

Art.96

1. The deposits in the limited partnership company may be transferred to a third party upon all founders' consent.
2. The company agreement may stipulate for;
· the dormant partners' deposits to be freely transferred among the founders;
· the dormant partners' deposits to the renounced to third parties upon the approval of all complementary partners and the majority of dormant partners,in accordance with their number and the amount of thier deposit and
· the complementary partner to renounce part of its desposit to a

complementary partner or to a third party upon the approval of all complementary partners and majority of dormant partners,according to thier number and the amount of their deposit.

Change of seat

Art.97

1. The founders may change the seat of the limited partnership company upon an unanimous decision.
2. Other changes and ammendments to the company agreement shall be carried out upon the consent of all complementary partners and majority of dormant partners,according to the number and amount of their deposit.

Participation in distribution of profit
and covering of losses of a dormant partner

Art.98

1. The dormant partner shall participate in distribution of the profit of the limited partnership company in proportion to its deposit.
2. The dormant partner shall participate in covering of losses of the limited partnership company up to theamount of his deposit. The dormant partner shall not be obliged to pay back the received profit due to later loss of the limited partnership company.

Prevention of distribution of profit

Should the limited partnership company suffer constant losses in the course of its work which affect the paid deposit,up to establishing of the prescribed amount profit shall not be distributed.

Division four
LEGAL RELATIONS OF A LIMITED PARTNERSHIP
COMPANY WITH THIRD PARTIES

Agency

Art.100

1. A dormant partner may not act as an agent of a limited partnership company. Unless otherwise stipulated by the company agreement,such provision

shall be null and void.
2. A dormant partner may not act as an agent of the limited partnership company even with an authorization.
3. Should a dormant partner act in opposition of points 1 and 2 of this article,it shall have a joint and several liability for the obligations of the limited partnership company arisen form the forbidden activities. The scope of responsibility shall be determined according to the number and the effect of the forbidden activities.

Liability of the dormant partner

Art.101

1. The dormant partner shall not be liable for the obligations of the limited partnership company should he pay the entire deposit he has undertaken by the company agreement.Should the dormant partner fail to pay the entire deposit he has undertaken by the company agreement,he shall have joint several and direct liability with the other founders up to the amount of the agreed deposit reduced by the paid share.
2. Should the dormant partner according to the agreement with the other founders of the limited partnership company reduce the amount of his deposit,up to the entry of the new deposit into the trade register he shall be liable toward thisrd parties up to the initial amount of the deposit.
3. A party acquiring the status of a dormant partner,shall be liable also for the obligations of the company it has undertaken prior to his joining the company.

Division five
TERMINATION OF A LIMITED PARTNERSHIP COMPANY

Conditions for termination of the company

Art.102

A limited partnership company shall be terminated should:
· all complementary partners leave it;
· bankruptcy procedure be applied to a complementary partner;
· a complementary partner lose its working ability;
· a dead complementary partner that had been the only complementary partner with all successors being juvenile ones can not be substituted by a new complementary partner nor the limited partnership company can be transformed into a limited liability company;
· upon a court’ s decision;

· in other cases provided by law and the company agreement.

Death or cease of a dormant partner

Art.103

1. A limited partnership company does not cease to exist upon death of a dormant partner i.e.upon cease of a dormant partner not being a physical person.
2. Should due to leaving the limited partnership company by all dormant partners only the complementary partners remain,the limited partnership company shall proceed with its work as a public company.
3. The change form point 2 of this article shall be registered into the trade register within 30 days form the leave of the last dormant partner.
4. Should the limited partnership company fail to obey the term form point 3 of this article ,the company shall cease to exist.

Successor of a complementary partner
and transformation of the company

Art.104

1. Should the company agreement stipulate for the limited partnership company operation even in case of death of one of the complementary partners to continue its operation throuhg its successor being a juvenile one,he shall have the status of a dormant partner up to majority.
2. In case the dead complementary partner had been the only complementary partner and all its successors are juvenile ones ,the dead complementary partner may be substituted by a new complementary partner and the limited partnership company may be transformed into a limited liability company form the day of death of the complementary partner.

Bankruptcy procedure over a complementary partner

Art.105

1. Should a bankruptcy procedure be applied to a complementary partner or should he lose his business capability,the limited partnership company shall cease to exist.
2. As an exception form point 2 of this article the limited partnership company shall continue its operation with the complementary partners to which a bankruptcy procedure has not been applied i.e. which have not lost the business capability ,should the continuation be provided by the company agreement or upon an unanimous decision of the founders.

LIMITED LIABILITY COMPANY
Part one

FOUNDING

Art.106

1. A limited liability company shall be the company where each founder shall participate with a certain deposit (basic deposit) in the predetermined basic capital assets.
2. The basic deposits do not have to be equal.
3. For the obligatiions of the limited liability company ,the founders shall not be liable.

Number of founders in the Company

Art.107

1. A limited liability company may be founded by one person considered as a single founder.
2. The Company may have maximum 50 founders.

Obligations of the founders toward the Company

Art.108

The founders shall be obliged toward the Company by fulfilling other obligations stipulated by the Company Agreement.

Trade name of the Company

Art.109
1. The trade name of the Company shall contain a designation on the activity of the Company ,the names of all or some of the founders or the name of one founder ,after which the words “ limited liability company “ shall follow

,or the abbreviation “ltd”.
2. If the Company is established by one person ,the trade name shall contain the words “ sole founder limited liability company” or the abbreviation “sfltd”.

Company Agreement

Art.111

1. The limited liability company is established with a Company Agreement concluded by all the founders in written form.
2. If the company is founded by one person,the Company Agreement is replaced for a statement of the founder of the limited liability company verified by a notary public.
3. The founders conclude the Agreement from point 1 of this article personally or through an authorized person having an authorization verified by a notary. An authorization is not required if the representative of the founder is athorized by law to conclude the Company Agreement for the founder or to make a statement required for founding of the Company.
4. Successive founding of a limited liability company is not allowed.

Contents of the Agreement ,i.e.of the statement

Art.111

1. The Agreement,i.e.the statement shall stipulate the following in particular:

· the names,the place of residence,citizenship as well as the address of the founders,i.e.trade name and seat if the founder is a legal entity;
· line of business of the Company;
· the duration of the Company;
· the amount of the capital assets and the amount of each founder’ s basic deposit ,if the basic deposit consists in objects and rights ,they shall be described in details and their value shall be determined.
· method and term of payment of the money deposits entered in full;
· methods and criteria for distributing of the profit and covering of losses;
· managing of the Company
· rights and liabilities of the founders beside the obligation of payment of a basic deposit
· agency and representation of the Company.

2. Beside the issues listed in point 1 of this Article,the Company Agreement may regulate other issues and relations.

3. If the Company Agreement contains provisions contrary to this law,they are null and void.

Basic Capital Assets of the Company

Art.112

1. The basic capital assets fo the Company is a set of the basic deposits of the founders.
2. The capital assets is expressed in denars or in foreign currency in denar counter value ,according to the medium exchange rate of the National Bank of Macedonia announced on the day of signing of the Company Agreement.
3. The basic capital assets shall be at minimum 10.000,00 DEM in denar countervalue according to the medium exchange rate of the National Bank of Macedonia announced on the date of submitting of the registration documents for founding of the Company, i.e submitting of the documents for registration of the change of the capital assets amount in the trade register.The amount of the basic capital assets must be expressed with a whole number and be divisible by 100.

A decision on raise of a reduced basic capital assets amount

Art.113

1. Should the basic assets amount be reduced for any reason below the amount determined in Art.112 of this Law, it shall have to be raised up to the amount provided by this Law within one year ,unless the limited liability company has been transformed into a company of another type.
1. Should the basic capital assets not be raised up to the determined amount in point 1 of this Article within the stipulated term ,each person having legal interest may require termination of the limited liability company after he has warned his representatives to coordinate such situation with the law.If the situation stops from the day the court has reached a first-degree decision ,the procedure is stopped.

Amount of the basic deposits of the founders

Art.114

1. The amount of the founders' basic deposits may not be equal,but the amount of each separate basic deposit may not be less than 200,00 DEM in countervalue.The basic deposit is expressed in denars in a way provided in Art.112 point 3 of this Law and has to be expressed with a whole number

divisible by 100.
1. Each founder while establishing of the Company has a right to one basic deposit. One basic deposit may be owned by more persons.

Payment of the basic deposit with legal payment facilities

Art.115

The basic deposit which is not paid with legal payment facilities is allowed only if stipulated by the Company Agreement.

Basic deposits in objects

Art.116

1. Should the basic deposit consist of objects that are undertaken by the limited liability company,the Company Agreement shall specify the founder entering the objects ,as well as the objects to be undertaken,the value at which the Company undertakes them and privileges given to the founder entering the objects if the founders agree upon.
2. There shall be a report on the value of the objects made by an official appraiser which shall be attched to the Company Agreement.The appraiser shall be appointed by the future founders from the list of appraisers determined by the court.
3. The appraiser is entitled to a recompensation for the service and covering of the expenses.

Determining of the value of the basic deposits in objects

Art.117

1. Should the value of a deposit in objects and rights be below 50.000,00 DEM in denar countervalue and if the total value of the whole - objects and rights does not exceed the half of the basic capital amount,the future founders may unanimously decide not to appraise the value of the deposit in objects and rights. In that case the founders prior to submitting documents for registration make a report on the deposits in objects stating that the value of the deposit in objects or rights is not less than the amount of the

undertaken basic deposit.
2 If the value of the deposit in objects ,i.e. rights is not determined by an official appraiser or if in the Agreement the expressed value is not equal to the value determined by the appraiser ,the founders have joint and several liability to third parties within five years from the day of registration of the founding of the Company in the trade register,for the value of the deposit in objects and rights determined at the moment of establishing of the limited liability company.

Registration of the basic deposits

Art.118

1. Inviting founders by a public invitation and entering basic deposits in personal labour and rendering of services is contrary to this Law.
2...The basic deposits are registered as a whole.

Payment and entering of the basic deposits

Art.119

1. Each founder at the time of founding of the Company shall pay one third of the deposits he pays in money,so that the total value of all payments in money and the value of the entered objects and rights should not be below 5.000,00 DEM in denar countervalue.
2... The deposits in objects and rights shall be entered in full prior to submittting the documents for registration of foundation of the limited liability company in the trade register. If the value of the deposits in objects does not reach the value of the undertaken basic deposit , the founder shall make an extra payment of the balance in money.
3. Payment fo the basic deposit shall be made on a temporary account of the limited liability company at an istitution for payment operations.

4. The payments from point 1 of this Article as well as the full entering of the deposit in objects and rights shall be of the nature allowing the limited liability company a free and lasting disposal from the moment of their registration in the trade register.

Compensation and privileges for objects and rights the founder transferres to the Company

Art.120

If a founder of the Company is given compensation for the objects and rights he transferres to the Company and that value is added to his basic deposit or if any founder is given special privileges in the Company,in the Company Agreement such founder is cited ,as well as description of the objects and rights ,their value expressed in monetary value and the privileges that the founder aquires .

Settling of expenses for founding of the Company

Art.121

1. The founders provide assets for settling of the expenses for founding of the Company commensurate with the amount of their basic deposits.
2. The founders may decide for the expenses for founding of the limited liability company to be reimbursed to them or, reward for participation in founding of the Company to be paid to one or more founders.
3. The expenses and the rewards from point 2 of this Article may be paid from the profit only.The founders may decide for the payments for thar purpose to be made before payment of the dividend to the founders.

Conditions under which the basic deposits may be reimbursed to the founders

Art. 122

1. If the limited liablity company is not established within 6 months counting from the day of payment of the first basic deposit in a way set forth in the Company Agreement,a founder may require for the court to determine his right to reimbursement of his deposit.
2. If founders decide upon founding of the limited liability company after the decision of point 1 of this Article,a new procedure for entering of deposits is carried out.

Limitations for founding of a limited liability company by a physical person

Art.123

1. A physical person may not be a sole founder in more than one limited liability company.A single founder company may not be a sole founder in

another limited liability company.
2. In case of nonobservance of the provisions of point 1 of this Article,a person having legal interest may require termination of the limited liability company from the registering court . If the nonregularity arises from uniting into one person of all shares in a company with more founders, the demand for termination may be submitted only after expiry of one year from the day of undertaking of all shares by one person.
3. The court may determine a six month term for reconciliation of the situation according to the Law and will not make a decision on termination of the limited liability company if the situation has been reconciled on the day of deciding.

Liability of the first managing bodies

Art. 124

1. The first managing bodies of the limited liability company and the founders proven responsible for the annulment of the activities undertaken in the founding procedure have joint and several liability to third parties and the other founders for the damage caused by the annulment.
2. The claim is submitted within three years from the day when the decision on termination went into effect.

Application for registration of founding of a Company

Art.125

The application for registration of founding of a Company in the trade register is signed by the manager,i.e. all managers of the Company.

Enclosures to the Application for Registration

Art.126

1. To the application for registration of the limited liability company,the following documents shall be enclosed:

· the Company Agreement;
· the enactment for appointing of a manager or managers of the Company;
· a proof that each founder has paid at least one third of the basic deposit in money;

· a proof that at least one half of the basic capital assets has been paid.
2. If at the time of founding of the limited liability company the whole amount of the money deposit has not been paid,the rest of the amount shall be paid in a way set forth in the Company Agreement. The rest of the amount should be paid within one year.
3. The Company Agreement must not set forth provisions contrary to point 2 of this Article.
4. The court may reject the application for registration if the official appraiser of the value of the deposit in objects and rights establishes the fact ,or it is obvious ,that the report of the founders from point 1 of Article 117 of this Law is irregular or opposite to the law or if the appraiser states or the court establishes the fact that the value of the deposit in objects is lower at least for one third of the amount of the entered basic deposit.

Liability of the founders and managers for damage

Art.127

1. The founders and the managers have joint and several liability to the limited liabilitiy company for damage caused due to premediation or negligence, or non-entering or irregular entering of deposits in objects ,due to unreal evaluation of those deposits or any other disadvantegeous effects in the founding procedure.
2. If covering of the damage is necessary for fulfilling of the obligation towards third parties,the limited liability company can not cancell the claim for paying damages from point 1 of this Article nor can bargain in respect to that claim.
3. Expiration of the claim from point 1 of this Article starts from the day of entry of the limited liability company into the trade register.
4. The claim for paying damages from point 1 of this Article expires in 5 years from the day of entry of the llimited liability company into the trade register.
5. For the damage of point 1 of this Article ,the person for whose account the founder has undertaken the deposits is also liable.
6. The person from point 1 of this Article may not refer to the founder not being familiar with the circumstances he has been familiar with or had to be familiar with ,acting in his name or has acted with attention of a neat and coscientious businessman.

Part two

RIGHTS AND LIABILITIES OF THE FOUNDERS

Liabilities of the founders

1. The founder is obliged to pay the undertaken deposit in full in accordance with the Company Agreement and the decision of the Assembly of the Founders.
2. Untill otherwise provided by the Company Agreement and the decision of the Assembly of the founders,all founders make payment of the basic money deposits in proportion to their basic deposits.
3. The founders cannot be exempt from ,nor the fulfillment of the obligation of payment of a money deposit can be postponed.The obligation for payment of money deposit may not be cleared with his claims toward the limited liability company.

Obligation for payment of deffault interest

Art.129

1. In case of delay in payment within an additional term of 30 days ,the founder shall be reminded to fulfill his obligation.The reminder sent by the manager or the managers of the Company he is advised that if after the expiration of the additional term payment has not been made, expelling would follow.
2. A founder who will not pay the amount of his basic deposit within the term determined by the Company Agreement i.e. the decision of the Assembly of the founders,is obliged to pay the deposit with the deffault interest determined by law ,if the Company Agreement i.e. the decision of the Assembly of the founders does not determine higher interest.

Expelling of a Founder

Art. 130

1. If a founder misses the additional term , he is expelled by the limited liablity company .He is informed about the expelling in written form.
2. A founder whose founders relation has stopped by expelling is liable for the damage caused by the non-payment of the deposit.

Sale of the share of an expelled founder

Art.131

1. The share of an expelled founder shall be sold at public competition.The share may be transformed into money in other way upon the expelled founder’ s consent.

2. The expenses for the sale,the deffault interest,the due obligations on the non-paid share of the basic deposit are settled from the sale price ,and the rest belongs to the expelled founder.

Withdrawal,i.e. payment of a deposit by other founders

Art.132

1. When in compliance with Art.131 provisions of this Law transformation of a deposit into money is not possible,the Company may withdraw the share or the other founders of the Company may ,in proportion to their basic deposits ,pay the whole basic share of the expelled founder ,and in proportion with the amounts paid in such manner ,their basic deposits shall be raised.
2. In case of withdrawal of a share and payment of the basic deposit by the other founders,the expelled founder has a right to the share of his basic deposit he has paid for.

Rights of the founder in the Company

Art.133

Each founder has the right to participate in managing of the limited liability company and in distributing the profit ,and to be informed about the work of the Company,to have access to the books and the enactments of the Company,as well to a part of the rest of the liquidation,.i.e. bankruptcy assets.

Rights to a share of profit

Art.134

1. The founders have the right to participation in distributing the profit established in the balance of success unless otherwise provided for in the Company Agreement.
2. The profit is distributed to the founders according to their share in the basic capital assets unless otherwise provided for by the Company Agreement.

Secondary activities

Art.135

1. Beside payment of the basic deposit,the founders may undertake an obligation to carry out other activities concerning property issues. (secondary activities).

2. As secondary activity is considered the personal participation of the founders in the Company work except for the participation as elected officials.
3. A founder is entitled to a special award which in the balance sheet is expressed as debt of the Company.

Supplementary payments

Art.136

1. The assembly of the founders may decide for the fouders to make supplementary payments.
2. The Company Agreement may stipulate for all or some founders to make supplementary payments above the amount of the basic deposit
3. A founder can not clear his claims to the company by supplementary payment.
4. The obligation for supplementary payments must be determined for a definite period of time and the amount should be in proportion with the undertaken basic deposits.
5. A provision of the Company Agreement about supplementary payments which is opposed to the article is null and void.
6. A founder obliged to make supplementary payments has a right to vote.

Reimbursement of supplementary payments

Art.137

1. Unless otherwise provided by the Company Agreement,the supplementary payments may be reimbursed to the founders that made them in proportion with the undertaken basic deposits.
2. Reimbursement of the supplementary payments shall be made after expiration

of a three-month period of time in which the Company has reached the decision on reimbursement.
3. The decision on reimbursement of the supplementary payments is announced three times in intervals not shorter than one and not longer that two weeks.

Keeping of the basic capital assets

Art.138

1. The property of the limited liability company required for keeping of the basic capital assets must not be paid to a founder.
2. A founder can not claim repayment of the basic deposit within the period of durability of the Company unless otherwise provided by this Law.
3. Supplementary payments which do not serve for covering of the basic capital assets in case of losses may be repaid to the founder. Repayment may not be made prior to the expiration of 3 months counting from the date when a decision on repayment has been announced in a proper way. In case of supplementary payments prior to full payment of the deposit,repayment of the supplementary payments made before full payment of the deposit is null.

Loan of the founder

Art. 139

1. The loan that the founder grants to the Company when it cannot provide one at customary market conditions is treated as property of the Company.
2. The provisions from point 1 of this Article are applied to other legal activities of the founder of the Company as well as to third persons which in the spirit of legal affairs refer to the loan.

Determining of the amount of the loan

Art.140

1. The share of a founder in a limited liability company is determined in accordance to the amount of the basic deposit undertaken by the founder,unless otherwise provided for by the Company Agreement.
2. The founder may have only one share in the Company. If the founder

undertakes another share ,his share is increased for the amount of the undertaken share.

Ownership of a share

Art.141

1. A share may be owned by more than one founder.
2. Persons from point 1 of this Article are considered one founder ,and they can execute their rights only through a joint representative ,and have joint and several liability for the obligations of the founder.

Certificate of a share

Art.142

1. The cerificate of a share issued to a founder in a limited liability company shall not have the status of securities.
2. The Company may issue documents and the payment of the annual profit shall depend on submitting of such documents.

Register of shares

Art.143

1. The manager,i.e. the managers of the limited liability company shall keep a register of shares in which,after the entry of the Company in the trade register,the following data is entered : name and surname (trade name),occupation and place of residence (the seat) of each founder ,the amount of the basic deposit undertaken by the founder,supplementary payments made by the founder ,as well as special rights and liabilities if related to the share.
2. The register of shares shall ,without delay, note all changes in respect to the entries made ,as well as the division and burdening of the share.Expelling,change of ownership of a share in relation to transforming of a share into money,and aquiring new basic deposits ,decrease of the basic deposits and reimbursement of the supplementary deposits are registered by the managers without delay and without an application,while other changes ,burdenings and divisions only upon an application sbmitted by any of the founders.

3. Anyone having legal interest may have access to the register of shares in working hours. If the Company denies the existance of legal interest ,the issue shall be solved by the registering court in non-trial procedure.

Validity of the register of shares

Art.144

1. In relation to the limited liability company a party is considered a founder only if registered in the register of shares.
2. The registration in the register of shares is considered completed on the day when the Company receives the application for registration ,if it complies with the conditions stipulated for such registration ,regardless of the time of the actual registration.

Disposal of the share

Art.145.

1. The shares in the limited liability company are transferrable and are subject to succession in a way stipulated for by the Company Agreement.
2. A share binding for secondary activities may be transferred upon the Company' s approval.
3. The founders may mortgage their shares.

Conditions under which a share is transferred to third party

Art.146

1. A share may be transferred to third parties provided that the founder has paid for his basic deposit in full.
2. The right to priority purchase of a share is executed to the following order :other founders,the limited liability company and the person appointed by the Company.
3. The limited liability company may purchase a share only from the property exceeding the basic capital assets.
4. If a founder, the limited liability company or the person appointed by the company do not decide within one month from the day of announcement of sale of the share,the founder may freely dispose of his share ,unless special conditions are stipulated by the Company Agreement.

5. If the approval of the limited liability company is a condition for the transfer , and the company does give approval to the founder who has paid the basic deposit, the registering court may, at the founder' s request allow the

transfer in a non-trial procedure.

Right to priority purchase of shares

Art.147

In case of sale of a share in an executive court procedure,the right to priority purchase of the share is exercised in the following order : the other founders,the limited liability company,i.e. the person appointed by the Company.

Passing of the rights and liabilities of the founder to the person acquiring the share

Art.148

1. In case of transfer of a share the rights and liabilities of the founder are transferred to the person who has acquired the share.
2. The person who has acquired the share has a joint and several liability with the predecessor for the obligations existing at the moment of transferring of the share in proportion to the share of the basic deposit determining the share in the basic capital assets of the Company.
3. The liability of the point 2 of this Article expires in 5 years from the date of submission of the application for registration in the trade register.

Application for change of ownership of a share

Art.149

1. A person having acquired a share is obliged to submit to the Company an application for change of ownership of the share for the purpose of registering in the register of shares.The application shall contain a statement that the person having acquired the share accepts the provisions of the Company Agreement.

Transfer of a share by succession

Art.150

1. The succesion of a share to a spouse and children,to sons-in law and daughters-in law can not be limited.

2. For passing of a share by succession to other persons that are not mentioned in point 1 of this Article ,as well as for aquiring any property as a whole ,the Company Agreement may stipulate that the aquiring person is obliged to transfer the share to some of the founders or to a person determined by the Company,at a price responding to the value of the share according to the last balance,unless otherwise agreed by the parties.Should the Company fail to invite him to transfer his share within 30 days from the moment it acknowledged him,the obligation for transfer expires.

Coming into effect of the transfer of the share

Art.151

1. For the limited liability company the transfer of the share comes into effect from the moment of registration in the register of shares.

Conditions under which the share may be divided

Art.152

1. The share may be divided only in case of transfering,i.e.renouncement ,legal succession from a founder and succession.Division of a share requires all founders' consent.
2. The provisions of this Law for the lowest amount of a basic deposit are applied also in case of division of a share.
3. A Company Agreement may exclude division of a share.

Payments contrary to the Law,to the Company Agreement or to a decision of the Assembly of the founders

Art.153

1. A founder ,in favour of which irregular payment contrary to the Law has been made , contrary to the provisions of the Company Agreement or to a decision of the Assembly of the founders,is obliged to repay to the Company the received payments. For the amount he has received in good faith as part of the profit he cannot be forced to repay.
2. For repayment of the received amounts, beside the founder,all responsible persons in the Company who acted with negligence while making payments have a joint and several liability.The reponsible persons can not be fully,or partially relieved from the obligation for repayment.
3. If the basic capital assets is lowered and the repayment of a received payment can not be made by the founder or the officials in the Company, for

the decrease of the capital assets the fouders guarantee in proportion with their basic deposits. The amounts that can not be received from particular founders are distributed to the mentioned proportion among the other founders.
4. The claims from point 3 of this Article expiry in five years ,except for the case if the Company proves that the person who was to compensate the damage had been aware of the irregularity of the payment.

Purchase of shares by the Company from its own property

Art.154

1. Upon a decision of the founders reached at minimum by three-fourths majority of votes the limited liability company may ,from its own property exceeding the basic capital assets ,purchase at most one third of the shares. Only shares for which the full amounts of the basic deposits have been paid may be purchased.
2. The Company is obliged to abalienate the share purchased in accordance to point 1 of this Article within one year from the day of purchase or, applying the regulations for decreasing of the basic capital assets , to withdraw it.
3. The share becoming the Company' s ownership does not provide a right to vote nor is taken into consideration in the course of evaluation of capability of decision-making. The profit aquired on the basis of such share and the amount which on the basis of such share is aquired in case of liquidation or bankruptcy ,is distributed among the founders in proportion to their basic deposits.
4. Provisions in the Company Agreement that are contrary to the provisions from this Article are null and void.

Withdrawal of a share

Art. 155

1. A share may be withdrawn in case of expelling of a founder and its aquiring by the limited liability company.
2. A share may be withdrawn also in case set forth by the Company Agreement.
3. A share may be withdrawn in conformity with point 2 of this Article also without the founder' s consent,if the conditions for withdrawal had been determined in the limited liability company agreement at the time when the founder aquired the share.
4. Should the withdrawal of the share cause decrease of the basic capital assets ,the withdrawal may be made only by decreasing of the basic capital assets.
5. The limited liability company founded by one person may not aquire a share for itself nor to withdraw it.

Conditions under which the founder relation is terminated

Art. 156

1. The founder relation in a limited liability company is terminated in the following cases:

- death of the physical person - founder;
- resigning of the founder from the Company
- expelling of the founder from the Company and
- start of a liquidation procedure over the founder.

2. The property rights of the founder are regulated by the balance of accounts at the end of the month in which the founder relation has been terminated.

Resigning and expelling of a founder

Art.157.

1. The Company Agreement may stipulate for the founder to have the right to resign or to be expelled from the limited liability company,as well as to determine the conditions ,the methods and the consequences of the resigning or expelling of the founder from the Company.
2. The founder may bring charges to the competent court requiring resignation from the Company if there is grounds for it. As grounds the following is considered : if he suffers damage from the other founders or a company body ,if he is prevented from exercising his rights in the Company or he is burdened with extreme tasks .Within 30 days from the announcement of the decision the founder may ask for protection with the competent court.
3. The founder may ask for protection with the competent court for another founder to be expelled from the Company, if there is grounds for it.The following cases may be considered grounds: if the other founder causes damage to the Company or to any of the founders ,if he acts opposite to the decisions of the assembly of the Company , if he does not participate in managing of the Company thus preventing and limiting the regular operation of the Company or the execution of the rights of the other founders or violates the provisions of the Company Agreement.
4. The founder may not quit beforehand the rights from points 2 and 3 of this Article .

Effects of resignation or expelling of a founder

Art.158

1. Once a founder resigns or is expelled from the Company,his founder relation is terminated.
2. A founder resigning from a limited liability company ,i.e. an expelled founder has a right to compensation for his share according to the market value which the share had had at the time of resignation ,i.e.expelling. If the share had been entered in objects or in rights ,the founder is entitled to reimbursement of the invested amount within a term not shorter than three months from the day of resignation i.e. expelling.
The founder may not claim compensation of damages for accidental destruction ,damage or decrease of the value of his invested assets and in case it has been caused by regular amortization.
The founder may not claim payment of the deposit untill he compensates the damage to the Company or fulfills other obligation toward the Company.
3. The founder relation in case of resignation i.e. expelling is considered terminated when the compensation from point 2 of this Article has been paid to the founder.

Part three

ORGANS OF THE LIMITED LIABILITY COMPANY

First sub-division

Assembly og the founders

Composition of the Assembly of the Founders

Art.159

1. The asembly of the founders shall consist of all founders.
2. The manager of the Company not being a founder may participate in the work of the assembly, without a right to vote.

3. The assembly of the founders shall be convened at minimum once a year.

Forms of decision making by the founders

Art.160

1. Decisions in the Company are reached at the assembly of the founders.
2. The Company Agreement may stipulate ,beside the adoption of the annual

balance of accounts and the annual report ,for all the decisions or some of them to be reached by written consultations of the founders

Competence of the assembly of the founders

Art.161

1. The assembly of the founders shall perform the following activities:

· review and adopt the annual balance of accounts and the annual report and decides on distribution of the profit and covering of losses,unless otherwise stipulated by the Company Agreement;
· appoint to office and remove from it the manager i.e.the managers,determine their reward and exercise the right of an employer toward them;
· decide on the appointing to office and removal from it of the members of the supervisory board,unless the Company Agreement stipulates for this organ to be formed or if it is formed according to this Law;
· decide on reimbursement of the supplementary payments;
· decide on supervision over the Company and appoint the supervisors;
· raise the requests for compensation of damage done in connection with the founding of the Company and managing toward the manager ,i.e. the managers ,the members of the supervisory board or the supervisors and decide on appointing of a representative for conducting of disputes if the Company cannot ne represented by the manager i.e. the managers or the members of the supervisory board;
· approve conclusion of contracts for purchase of equipment for its needs and immovables amounting more than one fifth of the basic capital assets;
· approve contracts which are concluded by the Company with its founder ,manager or their close relatives ,except if such conclusion of contracts is within the regular activities of the Comany ,and
· perform other activities set forth by this Law.

2. The Company Agreement may stipulate for the assembly of the founders to decide on other issues ,too.The aasembly may unanimously decide on each matter of importance for the work of the company.

Persons that may convene the assembly of the founders

Art.162

1. The assembly of the founders shall be convened by the manager ,i.e. the managers.
2. Convocation of an assembly may be requested by one or more founders bearing half of the shares or at least one-fourth of the founders who bear at least one-fourth of the shares in the Company.
3. Each founder may require from the court in a non-trial procedure for the court to appoint a representative in charge for the convocation of the assembly and to determine the agenda.
4. The convocation of the assembly is made in written form and in terms set forth by the Company Agreement.

Irregular convocation of an assembly of founders

Art.164

1. An irregular convocation of an assembly of founders may be annulled.
2. The decision on annullment shall be rejected by the court if all founders were present at the assembly or all founders were represented.

Limits of the founder’ s right to vote at the assembly of the founders

Art.165

1. Each founder has the right to participate in the work of the assembly and to dispose of votes in proportion to his share in the Company.
Each amount of the basic deposit corresponding to the denar countervalue of 200,00 DEM to the medium exchange rate of the National Bank of Macedonia on the day of concluding of the Company Agreement,i.e. of the change in the basic deposit , gives one vote whilst amounts under 200,00 DEM are not taken into consideration.
2. The Company Agreement may stipulate for the founders to have another right to vote ,different from the one determined in point 1 of this Article ,provided that each founder must have at least two votes.

Representing of a founder

Art.165

1. If the limited liablity company has more that two founders,a founder may be represented by another founder of the company.

2. The founder at the assembly of the founders may represented by his husband,i.e. his wife except for the case when founders are only the husbands.

3. A founder at the assembly of the founders may be also represented by another person if that is approved by the Company Agreement.

Decision making

Art.166

1. At the assembly of the founders,i.e. in the course of deciding by written consultaion, decisions are reached by the votes of the founders representing more than one half of the shares in the company.
2. If the majority of point 1 of this Article is not reached,the founders may again convene an assembly of the founders or may be consulted again,and the decisions are reached by majority of votes of the present founders ; when the decision is reached by written consultation ,majority of votes of all the founders is required.

Founder who does not participate in the decision making

Art.167

1. At the assembly of the founders, if the decision which is to be reached relieaves a founder from an obligation or from liability or recognizes some privilege on the behalf of the company,such founder may not vote , nor a founder who, according to the decision has to conclude a contract ,i.e. against whom action is taken or is interested in any way.
2. Provisions of the Company agreement contrary to point 1 of this Article are considered null and void.

Responsibility of the founders for the decisions reached

Art.168

If the founders in the limited liability company reach a decision for which they had known or with concsiousness that is expected from them could have

known that offends the interests of the company ,have an unlimited , joint and several liability for that decision.

Methods and terms for convocation of the assembly of the founders

Art.169

1. The assembly of the founders is convened by a written invitation delivered to each founder at least seven days prior to the session,unless oterwise stipulated by the company agreement. The invitation shall contain the agenda.

2. If the assembly is irregularly convened, decision making shall be possible only at presence of all the founders who approve of it.
3. Each founder may require for certain issue to be included in the agenda of the assembly. The founder must inform the other founders about his proposition in writing three days prior to the session latest.
4. Provisions in the company agreement that are opposed to the provision of this point are null and void.

Decision making without a session of the assembly

Art.170

1. If the company agreement allows for the founders to reach decisions without holding a session of the assembly, the founders are advised about the proposal in writing ,stating a term for reply.If a founder does not reply within the stipulated term , it is considered voting against the proposal.
2. At a request of a founder representing at least one-tenth of the basic capital assets , for an issue which is decided on in a way set forth by point 1 of this Article ,assembly of the founders is convened to decide on the issue.

Annullment of decisions reached by the founders

Art.171

1. A request for annullment of the decisions reached at the assembly of the founders ,i.e. by written consultation ,which are opposed to the law and other regulations ,may be submitted to the court by the manager i.e. the managers as well as by each member of the supervisory board.
2. The request is submitted against the company.
3. When a request is submitted by the manager, the company is represented at the trial by a member of the supervisory board appointed by the board. If a

supervisory board is not constituted ,the court appoints a representative of the company.

Book of decisions

Art.172

1. All decisions reached at the assembly of the founders , i.e. reached by the founders by written consultation are kept by the manager ,i.e. the managers of the company in a book of decisions. The decisions come into effect after they have been entered in the book of decisions and verified with a signature of at least one founder who has participated in reaching them.

2. Each founder has a right to access to the book of decisions and may require a copy of the decisions from the manager i.e. the managers of the company.
3. In a sole fouder limited liability company ,the decisions are registered in the book of decisions immediately after they have been reached and are certified with a signature of the only founder.

Second sub-division

Appointing of a manager,i.e. managers

Art.173

1. The company is managed by a manager, i.e. managers.
2. Only a working age physical person may be appointed manager.
3. Also a person who is not a founder may be appointed manager.
4. The assembly of the founders decides on appointing of a manager. If a founder is appointed manager ,appointing may be done within the company agreement in the course of duration of the founder relation. If within the company agreement all founders are appointed managers ,it is considered that only those who had been founders at the time of conclusion of the company agreement, are appointed managers.
5. If the company agreement does not stipulate the period for which the manager is appointed , he is considered appointed for the duration of the company.

Registering of an appointed manager i.e. managers

Art.174

1. The appointment of a manager i.e.managers ,his authorizations for

representing of the company and all possible changes are immediately registered in the trade register.
2. The application for registration should be accompanied by evidence of the appointment , representation and the changes in written form.

Authorization of a manager i.e. managers

Art.175

1. The authorizations of the manager i.e. the managers are stipulated by the company agreement.
2. If the company agreement does not stipulate the authorizations of the manager i.e. the managers,they may perform all the activities within the frame of managing in favour of the company.

Representation of the company

Art.176

1. In the relations with third parties the manager i.e. the managers have the authorization to act in the name of the company in all circumstances, except for the authorizations which according to this Law belong to the founders.
2. The company is liable also for the enactments undertaken by the manager i.e. managers even in case they have been undertaken out of the line of business ,unless proven that the third parties had known or must have known that the enactment has exceeded the frame of the line of business. The announcement of the company agreement can not be considered as proof.
3. The manager i.e. the managers are obliged to the company to respect the limitations of the authorizations fot representing set forth by the company agreement.

Methods of work of the managers

Art.177

1. Without a consent of the assembly of the founders ,the manager i.e.the managers may not :

· perform trade activities on their behalf which are comprised in the line of business of the company ;
· be founders of unlimited liability in another company having the same or similar line of business as the Company;

· be high officials in another company performing the same or similar activities as the Company.

2. Should the manager act in opposition to the limitations from point 1 of this Article , the company may :
· demand compensation of damages;
· demand for the manager to renounce the deal concluded for his account;
· demand for the manager i.e. the managers to repay the profit aquired from the deal concluded for other account or to transfer the claim arisen from that deal to the company;
3. The demands of the company from point 2 of this Article expire in 3 months from the day the manager i.e. the managers had acknowledged the fact. After the expiration of three years from the day of breaching of the limitations the demand can not be effectuated..
4. In case of breaching of the limitations from point 1 of this Article the manager i.e. the managers who are not founders,may be dismissed without prior notice and without right to compensation of damage.

Keeping of business books and preparing of the annual balance of accounts

Art.179

1. The manager,i.e. the managers shall take care of an orderly and in accordance to the law and other regulations,keeping of the business books of the limited liability company.
2. The manager i.e. the managers shall prepare the report on the managing of the company as well as the annual balances of accounts which after the expiration of the business year are submitted to the assembly of the founders.
3. The documents from point 2 of this Article ,as well as the proposal for decisions to be reached proposed by the manager i.e. the managers ,and if necessary , the report of the revision ,are submitted to the founders in a manner and in terms set forth in the company agreement.
4. In connection with the documents from point 3 of this Article the founders may pose questions in written form to which the manager i.e. the managers of the company are obliged to reply at the assembly of the founders.
5. Decisions opposed to points 3 and 4 of this Article may be declared null and void.

Informing of the founders

Art. 180

1. The manager,i.e. the managers shall at the request of the founders ,submit a report on the work of the limited liablity company and provide access in the

business books ,enactments and other documents of the company.
2. Should the manager,i.e. the managers fail to meet the founder’ s request,he may refer to the registering court. The court reaches a decision in a non-trial procedure which comes inot effect immediately.
3. The founder may submit a complaint against the court decision but it does not postpone its execution .

Responsibility of the manager,i.e. the managers

Art.181

1. The manager,i.e. the managers have personal ,joint and several liablity toward third parties for working in opposition to the provisions of the Law and the other regulations, for non fulfillment of the Agreement,as well as for mistakes commited in the course of managing of the company.
2. If more founders participated in the same activity,the court shall determine the contribution of each founder in the damage.

3. Beside the action for damage that the founders suffered themselves,they may submit a personal or group claim for damages against the manager i.e. the managers . They may claim full compensation of the damage the company had suffered.
4. Any provision of the company agreement providing for each claim to be conditioned by the prior opinion or approval of the assembly of the founders is null and void.
5. Any decision of the assembly of the founders may not allow non submitting of a claim on the manager’ s responsibility for mistakes commited in his work.

Removal from office of a manager i.e. managers

Art.182

1. A manager i.e. managers may be removed from office by a decision of the founders representing more than a half of the shares in the limited liablity company. Any provision stating the opposite is null and void.
2. If the removal from office is made without guilt being proven ,the manager i.e. the managers are entitled to compensation of damages.
3. At a request of each founder, a manager i.e. managers may be removed from office according to point 1 of this Article by the court in a non-trial procedure

Reduction of the number of managers below the number

stipulated by the agreement

Art.183

1. If the number of managers decreases under the number stipulated for by the company agreement ,the other managers are obliged to convene the assembly of the founders within 30 days.
2. If the company remains without a manager i.e. managers ,the assembly of the founders shall be convened by the court in a non-trial procedure, in order for any person having legal interest to be found

Managing of a sole founder company

Art.184

A sole founder limited liability company is managed by the very founder himself or by a manager i.e. managers appointed by him. If the single founder is a legal entity ,the company is managed by its manager i.e. managers or person i.e. persons appointed by him.

Third sub-division

SUPERVISION OVER THE WORK OF THE COMPANY

Supervisory board

Art.185

1. The company agreement may stipulate for a supervisory board to be established which shall follow the execution of the company agreement, supervise the use of the material assets of the limited liability company and submit reports to the assembly of the founders.
2. Establishing of a supervisory board is obligatory if:
· the company has basic capitall assets exceeding 100.000,00 DEM in denar countervalue or
· the company has more than 20 founders or
· the annual average number of emloyees exceeds 200.

3. If a supervisory board is not established in the company,a supervisor may be appointed.

Appointing of the members of the supervisory board

Art.186

1. The members of the supervisory board i.e. the supervisor ,are appointed by the assembly of the founders.The first supervisory board .i.e. the supervisor ,may be appointed by the company agreement.
2. In a single founder company,the supervisory board i.e. the supervisor is appointed by the very founder.
3. For members of the supervisory board i.e. supervisor the following persons may not be appointed :
· the manager,i.e. the managers and the employees of the company;
the spouses ,relatives of the straight and side line up to third degree of the persons from point 3 provision 1 of this Article.
· persons who by legal actions have been deprived from performing supervising activities.
4. The dismissal of the members of the supervisory board i.e. supervisor is carried out by the assembly of the founders by two-thirds majority of all votes.

Composition of the supervisory board

Art.187

The supervisory board shall consist of at least three members.

Sessions of the supervisory board

Art.188

The supervisory board shall hold sessions at least three times in the course of one business year.

Authorizations of the supervisory board

Art.189

1. The supervisory board shall supervise the work of the limited liability company,thus reviewing and appraising the business books of the company,as

well as the enactments ,the material assets and especcialy the treasury and the securities. The performance of these activities may be entrusted to a certain member of the board or to an expert who is not a member of the supervisory board.
2 To the interest of the company,the assembly of the founders must convene the supervisory board.
3. Activities that may be performed without the approval of the supervisory board shall be set torth by the company agreement.

Competence of the supervisory board in respect to the annual balance of accounts and the proposal for distribution of the profit

Art.190

1. The supervisory board shall review the annual balance of accounts ,the proposal for distribution of the profit and the annual report on the managing of the company and shall inform the assembly of the founders about the results.
2. The report shall contain the methods and the scope of supervision of the work of the company in the course of the business year as well as the conclusions it has reached about the annual report and the annual balance of accounts.

Supervision authorizations of the founder

Art.191

1. In a limited liability company where a supervisory board has not been established nor a supervisor appointed, each founder has the right to get familiar with the work of the company ,to personally review the business books,enactments , the stock lists ,the trasury and to draw up the balance.
2. All possible disputes between the founders and the manager i.e. managers with respect to execution of the right from point 1 of this Article shall be settled by the registering court in a non-trial procedure after interrogation of both sides.
3. Each founder may,at any time, point out to the supervisory board i.e. supervisor ,particular matters of his field of activity ,in written form. If this is done by founders representing one tenth of the basic capital assets or the company agreement stipulates a major part of the basic capital assets ,the supervisory board submits a report on those matters with the necessary propositions at the next session of the assembly of the founders.
4. Should the matter be urgent and of of big significance and the manager i.e. the managers at the request of the supervisory board i.e. the supervisory have not convened the assembly of the founders, the supervisory board convenes the assembly of the founders without delay.

The right to giving instructions and choice of experts

Art.192

1. Beside the regular supervision ,the assembly of the founders may,at any time ,give instructions ,chose experts who beside the regular supervision organs shall together with them review the annual balance of accounts and the annual report on the management of the company,the report of the supervisory organs as well as the whole operation or the operations of ceratin departments.
2. Should the assembly of the founders reject the proposal for reviewing from point 1 of this Article ,one or more founders representing at least one-tenth of the basic capital assets may propose to the registering court to order reviewing within 15 days from the day of the session of the assembly . The persons who have submitted such proposal should point out the violation of the Law,the rights of the founders or the company agreement. The founder or founders who have proposed reviewing can not transfer their shares prior to consent of the company untill it is decided upon compensation of the expenses of the control.

Check of claims by the registering court

Art.193

1. One or more claimants of the limited liability company whose claims are not sufficiently provided for and reach the amount of at least a half of the basic capital assets ,may propose to the registering court that it should conduct check.At the proposal,the court may in a non-trial procedure order a check if the claimants prove their claims and the fact that the manner of work of the company obviously jeopardizes the payment of their claims or that in the course of work of the company the law has been violated or unfair activities performed. The court shall ,without a proposal from the company, order placing of an example of a guarantee for the damage that the company could possible suffer as a result of the decision on the check,as well as from the very check ,taking into consideration , in the course of evaluation of the guarantee , the amount of the basic capital assets and the amount of the claims.

Applying of the provisions on banning of competition and resposnibility of a member of the supervisory board ,i.e. supervisor

Art.194

1. The provisions of the points 178 and 181 of this law are applicable to the members of the supervisory board i.e. the supervisor.

Part four

CHANGE OF THE AGREEMENT OF A LIMITED LIABILITY COMPANY

Decision on a change of the company agreement

Art.195

1. Change of the company agreement is carried out upon a decision of the assembly of the founders by at least three-fourths majority of the total votes. The company agreement may set forth additional conditions for its change.
2. Chenge of the determined subject of work in the company agreement may be carried out upon a decision of the assembly of the founders reached unanimously ,unless otherwise stipulated by the company agreement.
3. Increase of the stipulated obligations of the founders or decrease of the rights of the founders they are entitled to according to the company agreement is carried out upon all founders' approval concerned by the increase i.e. decrease.
4. Provisions of the company agreement which are opposed to the provisios from points 1 and 3 of this Article shall be null and void.

Legal force of a decision on a change of the company agreement.

Art.196

1. A change of the company agreement has no legal force untill it is entered in the trade register.
2. The change of the company agreement is entered in the trade register by the manager i.e. the managers of the company .

First sub-division

Increase of the basic capital assets

Art.197

1. Should the assembly of the founders reach a decision on increasing of the basic capital assets,the increased basic capital assets may be covered by undertaking new basic deposits.
2. The basic capital assets may be increased provided that all previous basic deposits have been paid for in full.

Conditions for increase of the basic capital assets

Art.198

1. The decision on increase of the basic capital assets shal stipulate the amount of the raise,the manner in which persons undertaking the amount shall participate in the distribution of profit and the exact time of the business year in which the basic capital assets have been increased.,as well as the amount of the share of the capital assets that is to be paid prior to the entry in the trade register. Only upon a decision on increasing of the basic capital assets payment may be required from the persons that undertake the amount of the increase ,i.e. payment above the nominal amount of the basic deposit undertaken. The new amounts shall be entitled to special rights.
2. The entry of the decision on increasing of the capital assets into the trade register and its announcement shall be carried out by the manager i.e. all managers of the company,after the amount of the increase has been covered with the undertaken basic deposits and after payments have been made which according to the company agreement i.e. the decision of the assembly of the founders is to be effected prior to the entry into the trade register.
3. Prior to the announcement of the entry of the decision on increase of the capital assets into the trade register,the company must not mention the raise in its business announcements and correspondence.

Undertaking of new basic deposits by the founders

Art.199

1. The company shall offer the new basic deposits to the founders or to other persons who are not founders.
2. The undertaking of new basic deposits by the founders shall be carried out in proportion to the existing basic deposits ,unless otherwise agreed upon or otherwise decided upon by the assembly of the founders.
3. The manager i.e. the managers by registerd letters offer the founders to undertake new basic deposits amounting the raise, that belongs to them in accordance with point 2 of this Article. Should the founder within 15 days from the day of receipt of the letter fail to undertake the basic deposit ,the manager i.e. the managers shall offer the deposit to the other founders in the

same manner. If they do not undertake the deposit within 8 days the manager i.e. the managers at their own choice and to the interest of the company,shall offer it to persons who are not founders ,unless otherwise stipulated by the company agreement or the decision of the aasembly of the founders.
4. The statement of undertaking shall be submitted as a notary public enactment. Beside the amount of the undertaken basic deposit the statement shall contain the data about all other obligations arising from the company agreement and the decision on raise of the basic capital assets. If the person undertaking a basic deposit is not a founder,the statement shall contain his consent of becoming a founder and of his willingness to undertake the rights and liabilities stipulated by the company agreement.

Lowest amount,payment and arrival of the basic deposit

Art.200

1. The provisions of this Law about the lowest amount,the manner of payment ,arrival of the basic deposit as well as for the legal consequences from delay in payment,are applicable also to the new basic deposits.
2. If the new basic deposit is not entered as a money deposit,the provisions on evaluation of the deposits in objects and rights as well as the reponsibility of the founder placing the deposit are applicable also to the new basic deposits.

Raise of the capital assets from the company property

Art.201

The assembly of the founders may decide on raising of the capital assets also from the company property exceeding the basic capital assets.The raise of the deposits shall be made in proportion with the previous basic deposits of the founders.

Entering of new founders into a company founded by one person

Art.202

1. If the limited liability company founded by one person as a result of raise of the capital assets admits one or more new founders ,they shall be obliged to adjust the organization and the operation of the company according to the provosions of this Law related to companies of two and more founders.
2. The adjustment of point 1 of this article must be entered into the trade register by the manager i.e. the managers of the company

Second sub-division

Decrease of the basic capital assets

Decision on decreasing of the basic capital assets

Art.203

1. The basic capital assets may be decreased upon a decision of the assembly of the founders on change of the company agreement. The decision shall contain close determination of the scope and the purpose of the decrease of the basic capital assets as well as the manner of carrying it out.
2. As decrease of the capital assets is considered each decrease of the capital assets set forth by the company agreement regardless if it is repayment of the basic deposits or total i.e. partial deleting of the obligations for full payment of the basic deposits of the founders and their predecessors who guarantee for it.
3. The capitall assets of the company must not decrease below 10.000,00 DEM in denar countervalue. If the capital assets is decreased for the purpose of deleting of the obligation for full payment of the basic deposits,the rest of the amount of the other deposits must not be decreased below 5.000,00 DEM in denar countervalue .At the same time a decision on raising of the capital assets at least to 10.000,00 DEM shall be made.

Registration and announcement of the intention for decrease of the capital assets

Art.204

1. The manager i.e. the managers shall submit the intention for decreasing of the basic capital assets to the registering court .
2. The manager i.e. the managers shall immediately after receipt of the written information about the entry of the intended decrease into the trade register ,publish the announcement for the intended decrease of the basic capital assets in the “Official Bulletin of RM” . The announcement shall contain the consent of the company that at the request of the claimants it shall pay their claim or issue a guarantee. If after expiration of 90 days from the announcement claims have not been submitted,all claimants are considered to approve of the intended decrease of the capital assets.
3. Some claimants may be informed directly.

Registration of the decrease of the basic capital assets

Art.205

1. The decrease of the basic capital assets is submitted for entry into the

trade register after the term for submitting claims has expired. The decrease becomes valid once it has enetered the trade register.
2. Payments to the founders on the basis of the decrease of the capital assets shall be allowed once the changes of the company agreement have been registered into the trade register .
3. On the day the changes of the company agreement about decrease of the capital assets are registered ,the deleting of the obligation for full payment of the basic deposit which had been planned with the decrease of the capital assets ,becomes valid.

Restriction on purchasing own shares by the company for the purpose of decreasing of the capital assets

Art.206

The company shall not be allowed to purchase its own shares for the purpose of decreasing of the basic capital assets. Should the assembly of the founders decide to decrease the basic capital assets not motivated by losses,it may authorize the manager i.e. the managers to purchase certain number of shares for the purpose of anullment of those shares.

Part five

TERMINATION OF A LIMITED LIABILITY COMPANY

Grounds for termination

Art.207

1. The limited liability company shall be terminated :
· after the term stipulated by the company agreement has expired;
· upon a decision of the founders;
· upon a decision for merging with another company,i.e. for division;
· in case of conducting of a bankruptcy procedure ;
· upon a decision of the registering court
in other cases provided for by Law.
2. The company agreement may stipulate other grounds for termintation of the company.

Grounds for termination of a company founded by one person

Art.208

1. The company founded by one person in which the owner of the share is a physical person ,is terminated with the death of the person,unless otherwise stipulated or the successors demand for the company to continue its work.
2. When the owner of a sole founder company is a legal entity,the company is terminated with the termination of the legal entity.

Decision on termination

Art.209

1. The decision on termination of the company is reached by the founders by at least three-fourths majority of total votes.
2. A provision of the company agreement contrary to point 1 of this Article is null and void.

Termination of the company upon a decision
of the registering court

Art.210

1. The registering court may,in a non-trial procedure ,decide for the limited liability company to be terminated in the following cases :
· if it is required by one or more founders who are bearers of at least one-fifth of the basic capital assets ,if there is solid grounds for it;
· if it is required by a competent government bodies and the company proved not to be founded in compliance with the law or its liablity is contrary to the Law.
2. The court shall,except for the cases when the Law stipulates otherwise,prior to deciding on termination , summon the manager i.e. the managers to appear in court , and the supervisory board if established. They are being heared ,but a decision may be reached without hearing if it could have not been done due to the circumestances that the invited person had not appeared in court or had not submitted a written statement within the stipulated term.

Termination of the company on the basis of a court decision

Art.211

1. The court may ,at a complaint of one or more founders, reach a verdict for termination of the company in cases when accomplishing of the aim of the company arising from the subject of work, is impossible, or there are important reasens for termination of the company.

The complaint shall be submitted against the company.
2. The founders who have submitted the complaint have joint and several liability toward the company for the damage that could be caused to it by premediated complaint or out of negligence.

Termination of the company at the request of a creditor

Art.212

1. One or more creditors whose outstandings amount at least one half of the basic capital assets ,may with a complaint submitted to the registering court demand for the company to be terminated should any annual balance sheet or check prove that the reserves or one half of the capital assets had gone; that the operation of the company obviously jeopardizes the payment of their outstandings ;that in the course of operation of the company the Law has been violated and unfair activities performed.
2. The founders have a joint and several liability for the damage that could be caused to the company due to premediated complaint or out of negligence.

Regular liquidation

Art.213

1. In cases of termination of the limited liability company according to provisions 1 ,2 and 5 from point 1 of Article 207 of this Law, a liquidation procedure shall be applied.

Cases in which the company is not terminated

Art.214

1. The limited liability company shall not be terminated if one or more founders go bankrupt or are out of their working age.
2. The company shall not be terminated also in case of death of one of the founders unless otherwise stipulated by the company agreement.

Registration of termination of the company

Art.215

1. The termination of the company as a result of expiration of the term for which it has been founded or by decision of the founders ,shall be entered into the trade register by the manager i.e. the managers.
2. The court shall register termination of a company in all cases ,stating the

manner in which the termination has been done. If the company is terminated on the basis of a court decision, the termination shall be registered by official duty .
3. Should the manager i.e. the managers fail to act in compliance with the court invitation and fail to report the termination , the court in its second invitation shall determine the term ;after expiration of the term , the termination of the company shall be registered in the trade register and the court shall appoint liquidators. Prior to the registration of the termination and appointing of liquidators,the managers .i.e. the managers shall be interrogated ,as well as founders who do not have authorization for managing of the company,if possible.

Part six

TRANSFORMATION OF A JOINT-STOCK COMPANY INTO A LIMITED LIABILITY COMPANY

Transformation of a joint-stock company into a limited liability company

Art.216

1. By virtue of a decision of the assembly, a joint-stok company may without liquidation be transformed into a limited liability company
2. The decision of the assembly of the joint-stock company is reached in the manner and according to the conditions for reaching decisions on change of statute of a joint-stock company. With the statute of the joint-stock company,the majority stipulated by this Law may be replaced with capital majority and other conditions may be set forth.

Conditions for the transformation

Art.217

1. A joint-stock company may be transformed into a limited liability company under the following conditions :
· the shareholders should be invited in a manner stipulated by the law or the statute of the joint-stock company,to make statement whether they would participate in the limited liability company with the share of the property of the joint-stock company their shares would be entitled to.The invitation is announced three times in intervals not shorter than eight and not longer than 15 days. If the shares are issued to a name or the documents for the shares have not been issued,the shareholders are invited with a registered letter to

make a statement immediately. The term for making statement must not be shorter than one month counting from the third announcement i.e. from the day of receipt of the registered letter. If at the assembly all shareholders are represented ,there shall be no invitation. For the shareholders who at the assembly fail to decide whether they shall participate in the limited liability company ,the one month term counts from the day of the session of the assembly.
· the shareholder should participate in the limited liability company with a basic deposit with the share of the joint - stock company which would belong to his shares in case he becomes a founder in the limited liability company.
· the limited liability company should have sufficient number of shareholders so that the nominal amount of their shares to be at least three-fourths of the basic capital assets of the joint-stock company. ,and
· if the capital assets is not covered with participation according to provosion 3 of this point due to the fact that not all shareholders participate or they do not participate with all their shares or due to the fact that the value of the part of the property of the joint-stock company that would belong to certain share does not reach the nominal amount of the shares ,the capital assets may be supplemented by basic deposits collected from persons who are not shareholders ,and who can effect full payment only in cash prior to the entry of thedecision on transformation into the trade register.

2. The value of the property of the joint-stock company as well as the part belonging to certain share is estimated on the basis of the balance drawn up for that purpose , stating the true value of the property. The balance is approved by the assembly of the joint-stock company which may fully reach decisions if at least three-fourths of the capital assetshave benen represented ,provided that the majority should be at least three-fourths of the votes.

Method of transformation

Art. 218

1. The undertaking of the basic deposit shall be carried out by statements verified by a notary public.
2. For the limited liability company established by transformation of a joint-stock company ,an agreement shall be concluded according to the provisions of this Law.
3. Should the agreement from point 2 of this Article be adopted at the assembly of the joint-stock company deciding on the transformation,the agreement shall be verified by a notary public who shall,at the request of persons making statements for undertaking of basic deposits at the very

assembly,verify those statements in the very minutes of the assembly provided that the contents are in compliance with the provisions of this Law.
4. Should the value of the property of the joint-stock company in the course of transformation decrease or the capital assets of the limited liability company are less than the basic capital assets of the joint-stock company ,provisions of this Law on invitation of creditors and payment to the shareholders in the procedure of decrease of the basic capital assets,shall be applied.
5. The provisions of this Law for the basic capital assets and basic deposits in the limited liability company shall also be applied in case of transformation of a joint-stock company into a limited liability company.

Entry of the transformation into the trade register

Art.219

1. The application for registration of the transformation in the trade register shall be signed by the member of the managing organ and of the supervisory board of the joint-stock company and the manager i.e. the managers of the limited liability company ,responsible for the decision on transformation of the company.
2. The application shall be accompanied by the following documents ,original or verified copies :
· the minutes of the assembly of the joint-stock company at which the decision has been reached on its transformation into a limited liability company;
· the statements of all members of the managing organ and the supervisory board of the joint-stock company ,and the manager i.e. the managers of the limited liability company ,stating that all conditions for transformation have been fulfilled in accordance with this Law ,and
· the decision on transformation of the joint-stock company into a limited liability company.
3. Once the decision on transformation has been registered ,the joint-stock company becomes a limited liability company.
4. The limited liability company from point 3 of this article shall be entitled to dispose of the property of the former joint-stock company whose legal successor it is.
5. Should the application from point 3 of this article not be submitted within three months from the day the assembly has reached the decision on transformation,the decision shall be considered not to be reached.

Rights of a shareholder after the entry of the transformation into the trade register

Art.220

1. A shareholder who for its share has not undertaken a basic deposit or has not undertaken it for all his shares may ,after the entry of the transformation into the trade register, demand for the shares for which he has not undertaken basic deposits ,to be paid to him in cash ,according to the value determined by a prepared balance . The limited liability company may determine a term for withdrawal of the cash which may not be shorter than three months. After the expiration of this term,the cash is deposited with the court ,and the shares declared null and void. On the basis of the shares declared null and void ,the amount deposited with court for them may be withdrawn.
2. The provision of point 1 of this article shall be applied also to shares which calculated in the basic deposit,the deposit would not be divisible by 100 ,except if the balance is supplemented with money; also to shareholders who due to insufficient number of shares would not be entitled to participate as founders in the limited liability company unless they join their shares for that purpose or pay additional money up to the lowest approved amount of the basic deposit.
3. The shareholders of the joint-stock company being transformed into a limited liability company may not have other demands from the company property.

Head four
JOINT-STOCK COMPANY
Division one
GENERAL PROVISIONS

The concept of a joint-stock company

Art.221

1. The joint-stock company shall be a company which,according to the statute, has a determined basic capital assets divided to equal parts (shares), in which the shareholders participate with one or more shares each and where the obligations are provided for with the entire property of the company.
2. The shareholders shall have obligations prescribed by the statute and shall not be liable for the obligations of the joint-stock company.
3. The provisions of this law regulating the joint-stock company may be deviated form only in the manner and under the conditions prescribed by this law.

Trade name

Art.222

The trade name of the joint-stock company must express the subject of work of the company,with these words following : “joint-stock company” or the abbreviation “JSC”.

Basic capital assets and shares

Art.223

The basic capital assets and the shares shall be expressed in denars,and may be also expressed in countervalue in hard currency.

Nominal value of the basic capital assets and the share

Art.224

1. The lowest nominal value of the basic capital assets,when the joint-stock company is founded by a public invitation, shall be 50.000,00 DEEM in denar countervalue, and 20.000,00 DEEM in countervalue if it is founded without a public invitation , according to the medium exchange rate of the National Bank of the Republic of Macedonia on the day of submitting of the application for entry of founding of the company into the trade register, i.e. form the day of submitting of the application for entry of the change in the basic capital assets of the company into the trade register, provided that number must be divisible by 100.

2 The lowest nominal value of the basic capital assets form point 1 of this article shall not refer to a joint-stock company founded for performance of banking and insurance activities,as well as activities concerning trading with securities. In these cases the lowest nominal value of the basic capital assets shall be prescribed by a separate law.

3. The minimum nominal value of the share shall not be lower than 10 DEEM in denar countervalue according to the medium exchange rate of that currency announced by the National Bank of the Republic of Macedonia on the day of submitting the application for entry of founding of the company into the trade register, i.e. on the day of submitting the application for entry of the change of the basic capital assets of the company into the trade register. A share with a nominal value lower than 10 DEEM in denar countervalue shall be null and void.

4. The nominal values of the shares over the nominal value form point 3 of this article must be expressed with a whole number divisible by ten ,and the shares with nominal value over hundred must be divisible by hundred.

5. For the damage done by emission of shares opposite to the provision form points 3 and 4 of this article ,the persons responsible for such issuing shall have joint and several liability toward the bearers of the shares

Division two

SHARES

The concept of a share

Art.225

1. The shares shall have the status of securities in business transactions.
2. The certificate of share shall be issued for each share or for more shares of the same type (collective share).
3. The shares toward the joint-stock company shall be indivisible.

Issuing of shares over and below their nominal value

Art.226

1. The shares may not be issued under their nominal value.For the damage arising form issuing shares under their nominal value the founders shall have joint and several liability.
2. The shares may be issued under their nominal value.
3. Should the shares , according to the provisions of the statute, be issued over the their nominal value, the surplus value must be paid before the entry of the company into the trade register.

Denomination of the value of the shares

Art.227

1. The assembly of the joint-stock company may,by changing the statute,denominate the value of the shares, i.e. express it also in hard currency,reduce or increase their nominal value,provided that the amount of the basic capital assets remains unchanged.

Types of shares

Art.228

1. The shares may be issued to a name or to a bearer.
2. The shares must be issued to a name should they be issued before the full payment of the nominal value (temporary share) or should the value be higher than their nominal value.The amount of the partial payment shall be indicated on the share. The temporary shares issued to a bearer shall be null and void.
3. The shares form points 1 and 2 of this article may be issued simultaneously in proportion determined by the statute of the company,providing that the shares issued to a name must be at minimum 90% form the total number of shares of the company.
4. The statute of the company may stipulate a possibility for the shares issued to a name to be transformed into shares issued to a bearer and vice versa,at the shareholders' request and in accordance with point 3 of this article.

Kinds of shares according to the rights they bear

Art.229

1. The joint-stock company may issue shares with different rights.The shares bearing the same rights shall constitute one type of shares.
2. According to the rights,the shares may be regular(plain shares)and priority ones (privileged shares).
3. For the issuance of shares to which special right are related (priority shares) the company may demand separate supplementary money payments once,at the time of the issuance of the shares.

Rights contained in the shares

Art.230

1. The regular shares shall be the shares giving their holders:
the right to vote in the assembly of the company
the right to participation in the share of the profit (dividend) and
the right to payment of part of the remaining liquidation i.e. bankruptcy mass.

2. The priority rights shall enable the holders of the priority shares to appoint or to propose certain number of members of the organs of the company,provided that half of them shall be of property nature,giving them additional benefit in respect of the profit or the property of the company.
3. The rights form point 2 of this article may be joined.

Types of priority shares

Art.231

1. The priority shares may be cumulative and participle ones.
2. The cumulative priority share shall give its holder the right to receive payment of the accumulated unpaid dividends before receiving payment for any dividends to the owner of the deposit of regular shares,in accordance with the decision on issuance of shares.
3. The participle priority share ,beside the prescribed dividend,shall give the right to payment of dividend belonging to the holders of regular shares,in accordance with the decision on issuance of shares.

The right to vote

Art.232

1. Each share shall give the right to vote in the assembly of the joint-stock company.
2. The priority shares, according to the provisions of this law, may be issued as shares without the right to vote.
3. Rights to more than one vote shall not be allowed.
4. The Ministry competent for the economic affairs,in accordance with the Government of the Republic of Macedonia, may approve issuing of shares with more than one vote should that be necessary mainly for keeping of the economic interests or when the law provides that the subject of work is of public interest.
5. Issuance of shares giving different right to vote in the assembly of the company for equal nominal value shall be forbidden.

Shares free of charge and shares at reduced price

Art.233

1. The statute of the company may stipulate for issuance of shares to the employees free of charge or at reduced price.
2. The shares form point 1 of this article may be issued only form the company property that exceeds the basic capital assets ,by simultaneous increasing the basic capital ,amounting at maximum ten per cent of the increased basic capital assets.
3. The shares form point 1 of this article shall be issued to a name and may be transferred among the employees and the pensioners that had been employed in the company,obeying the rules for shares issued to a name.
4. In case of death or termination of the employment of an employee,except for the case of retirement,the right to priority in purchasing shares shall belong to the company. The company shall purchase the shares at their market value but at the nominal value at minimum.

5. The employees' shares shall give the same rights as other shares.The conditions for acquiring and transfer of these shares shall be determined by the managing organ,which may provide for a certain group of employees to acquire the said shares jointly.

Decision on issuance of shares

Art.234

1. A decision on issuance of shares shall be reached by the founder,i.e. the assembly of the company.
2. The decision on issuance of shares shall regulate the following in particular :
· the trade name of the issuer of the shares;
· the type of shares;
· the type of shares according to the rights they give;
· the total amount the shares shall be issued on;
· the nominal value of the shares;
· the designation pointing out whether the shares are issued to a bearer or to a name;
· the number of votes the share gives;
· the manner of payment of dividend;
· the time and manner of subscribing shares;
· the number of shares;
· the manner and the term for payment for the subscribed shares;
· the term and the interest rate for back payment of the paid assets in case of cancellation of the issuance of shares;
· the right to priority in purchasing shares and the order of priority when priority shares are issued in several series;
· the manner of announcement of issuance of shares;
· the procedure of distribution and delivery of shares;
· manner of disposing of the shares;
· the rights that the holder of a priority share acquires;
· bearing of risks and
· other issues related to issuance of shares.
3. Under conditions prescribed by another law, the statute of the company may provide for the company to issue the shares also in non-materialized form, beside the very document.

Receipt for a share and a temporary receipt

Art.235

1. The decision on issuance of shares may stipulate for issuance of a receipt

for shares to the effect that full payment of the deposit had been made thus giving the holder the right to possession of the number of shares indicated in the receipt.

2. The decision on issuance of shares may stipulate for issuance of a receipt for the part of the deposit paid by the shareholder (temporary receipt).The temporary receipt shall be issued to a name.

3. The receipt for shares and the temporary receipt may serve only as an identity card for participation in the work of the assembly of the company,i.e. of the founding assembly of the company with a certain number of votes,in a manner and under the conditions set forth by this law.

Composition of the share

Art.236

1. The share shall consist of three parts.

2. The first part shall be the wrapping of the share containing the following elements:

· the designation of it being a share;
· the designation of the type of the share;
· the trade name and the seat of the issuer of the share;
· the surname and the name ,i.e. the trade name of the shareholder,should it be issued to a name;
· the total sum the shares have been issued to and number of shares;
· the terms of payment of the dividends;
· the place,date if issuance,the serial number with a control number of the share ;
· the facsimile of the signatures of the authorized persons of the issuer of the shares;
· rights arising form the share.

3. The second part shall consist of a coupon sheet with the coupons to be used for the payment of the dividend.The coupon for the payment of the dividend shall contain the following elements:
the serial number of the coupon for the payment of the dividend;
the number of the share the dividend is being paid for;
the trade name of the issuer of the share;
the year in which the dividend is being paid and
the facsimile of the signatures of the authorized persons of the issuer of the share.

4. The third part of the share shall be a stub to be used for receiving a new coupon sheet for payment of dividend.

Signing of the shares

Art.237

For signing of the shares and the temporary shares a facsimile shall be allowed.The validity of the signature may be conditioned by obeying of a certain shape.A provision on the shape of signatures may be contained in the foundation deed of the company,i.e.in the statute.

Convertible bonds

Art.238

1. The joint-stock company may,up to the amount of half of the basiv\c capital assets,issue bonds which at the request of the bearer of bonds may be transformed into shares (convertible bonds).
2. The joint-stock company may issue bonds which in case of increase of the basic capital assets provide the right to priority purchase of new shares issued by the company later (bonds providing the right to priority purchase).
3. The bonds providing the right to priority purchase and the convertible bonds shall be set forth by the statute of the company.

Division two

FOUNDING OF A JOINT-STOCK COMPANY

Founders of the joint-stock company

Art.239

1. The joint-stock company may be founded by at least three physical persons and legal entities.
2. As an exception form the conditions set forth by this law,the joint-stock company may be founded by one person.
3. A joint-stock company may not be founded by legal entities to which bankruptcy procedure has been applied.

Persons having the status of founders

Art.240

1. Founders of a joint-stock company shall be the legal entities i.e. the physical persons that had signed the founding deed of the company.
2. The signatures placed by the founders on the foundation deed of the joint-stock company shall be verified by a public notary.

Contents of the foundation deed

Art.241

1. The foundation deed of the joint-stock company shall contain provisions on :
· the trade name and seat;
· the subject of work;
· the sum of the basic capital assets
· the nominal value of the shares and the number of shares according to the types and the types according to the rights they give,should issuance of different types of shares be stipulated for;
· the privileges the founders shall be entitled to;
· non-money deposits that are to be effected by the founders and other persons;
· the right of the founders to appointing the first members of the managing i.e. supervision organs , should it be stipulated for so and
· other issues of importance for the founding of the company.
2. The privileges form point 1 of this article may not consist in premiums,interests and previous withholds form the profit of the company.
3 At the time of founding,the issues form point of this article may be set forth simultaneously with the statute of the company.

Separate profit of a shareholder and foundation expenses

Art.242

1. each separate profit of a share holder shall be stipulated for by the foundation deed under the name of the person entitled to it.
2. The whole sum of expenses which for the account of the company shall be guaranteed to the founders or to other persons as compensation or reward for foundation or for participation in the preparatory activities for foundation of the company shall be set forth by the foundation deed..
3. The contracts and other legal actions producing profits and rewards in opposition to points 1 and 2 of this article shall be null and void to the company.After the entry of the company into the trade register,the invalidity can not be cancelled by changing the foundation deed.

Non-money investments and undertaking of equipment

Art.243

1. Should the future shareholders make non-money investments or should the joint-stock company undertake existing equipment or equipment that have to be produced ,the foundation deed shall set forth the object of investment ,i.e. undertaking,the person that the company acquires the objecti.e.undertakes the equipment form, and the nominal value of the shares provided for the

investment in the object.
2. Should the foundation deed or the investment contracts concluded in accordance with it and the legal actions for their performance have been adopted i.e. concluded in opposition to point 1 of this article,they shall produce no legal effect for the company.Should the company be entered into the trade register,the invalidity shall not affect the validity of the foundation deed.Should the enactment for investment in objects be null and void,the shareholder shall be obliged to pay for the nominal value and the higher value for issuance of the share.
3. Once the joint-stock company has been entered into the trade register,the invalidity can not be cancelled by changing the foundation deed.

Registration ,payment and entering of deposits

Art.244

1. The basic capital assets shall be registered on the whole.
2. The money deposits shall be paid for up to the moment of the entry of the company into the trade register,amounting at minimum one-third of their nominal value.The payment of the rest shall be effected in one or more installments in accordance with a decision of the managing organ within a term that shall not be longer than three years,counting form the say of the entry of the company into the trade register.
3. The non-money deposits shall be entered on the whole into the company up to the day of the entry into the trade register.
4. The deposit may not be presented by personal labour or rendering of services.

Undertaking money deposits

Art.245

1. The undertake of money deposits may not be carried out by an agent of the company prior to the entry into the trade register.
2. Should the company not be founded within six months counting form the day of the entry of the founding deed with the registration court,each investor may demand for the court to appoint an agent in a extrajudicial procedure authorized for back payment of the of the investors' deposits.
3. Should one or several founders decide to prolong the founding of the company,a new procedure for payment of the money deposits shall be carried

out.

Manner of publishing of data or reports

Art.246

1. Should the law or the statute prescribe an obligation for publishing of data or records of the company,they shall be published in the “Official Gazette of the Republic of Macedonia”.
2. In the daily press,determined by the statute of the company, also other data and reports which the managing organ considers to be of importance for the shareholders may be published .

First sub-division

Simultaneous founding

The concept of simultaneous founding

Art.247

1. A joint-stock company may be founded also in the following way: the founders themselves or jointly with other persons,personally or through an agent,in one or several statements undertake all the shares without a public invitation and make a statement that they are founding a company.
2. The founders shall undertake the shares by making a statement about undertaking the obligation for payment of the shares.
3. Each enactment of undertaking shares form point 1 of this article shall contain the following data : the person undertaking the shares,the number ,type of the shares and their nominal value as well as the time and the manner the payment is to be carried out.
4. Should all the shares be undertaken by the founders only or should a founder of the joint-stock company be one person,the statement of undertaking shares may be contained in the draft statute of the company signed by them.

Evaluation of non-money deposits

Art.248

1. The statute shall set forth the evaluation of non-money deposits.Attached to it shall be a report of an appraiser chosen by the founders form the list of appraisers determined by the court.
2. The appraiser may require the necessary explanations and evidence form the founders.
3. The appraiser shall be entitled to a money reward for the expenses and his work.

Report on the course of founding

Art.249

1. The founders shall prepare a written report on the course of founding of the joint-stock company (founding report).
2. The founding report shall contain the basic conditions the payment of the deposits in objects i.e. rights shall depend on. It shall list:
· the legal actions with which the company had acquired deposits in objects i.e. in rights;
· the purchase or production expenses for the objects for the past two years;
· the income for the past two years should an enterprise be invested in the company,according to the financial report;
· the number of shares undertaken by ,and for the account of a member of the managing organ i.e. the supervisory board and
· the type and manner according to which a member of the managing organ i,e, of a supervisory board had acquired special privileges ,indemnity or reward for participation in the founding.

Persons that prepare and sign the statute of the company

Art.250

The statute of the company shall be prepared by the founders and signed by all shareholders personally,or through representatives entitled to it with a special authorization,after the the receipts of the money deposits had been issued and the appraiser’ s report form article 248 form this law has been placed at the disposal of the shareholders.

Contents of the statute of the company

Art.251

1. The statute of the joint-stock company shall contain provisions on the following:

· the trade name and the seat of the company;
· the subject of work of the company;
· the value of the basic capital assets,the nominal value of the shares,the number of each nominal value ,the type of shares in case of issuance of several types of shares,as well as the number of shares issued of the corresponding type ;
· the number of members of the managing and the supervisory organ should such organ be established according to the statute;
· the form and the manner of publishings of importance for the company,i.e. for the shareholders;
· the personal name and place of residence ,the citizenship i.e. the trade name and the seat of each founder;
· the duration of the company and
· the manner of termination of the company.

2. Beside the provisions form point 1 of this article the statute may contain other provisions of importance for the company ,unless forbidden by this law.

3. The other issues of importance for the company that are not regulated by the statute,may be regulated in conformity with this law and other enactments of the company.

First members of the managing organ and of the supervisory board

Art.252

1. The first members of the managing organ and of the supervisory board (if one is provided to be established) shall be nominated in the statute.

2. Should according to the statute of the company the assembly of the company nominate members of a managing organ i.e. of a supervisory board,for that purpose the founders shall convene a separate assembly of the share undertakers.

3. To the assembly form point 1 of this article the provisions of this law concerning the founding meeting of the company shall be applied.

Unconditional and unlimited share undertaking

Art.253

1. The share undertaking must be unconditional and unlimited. After the entry

of the company into the trade register ,the undertaker may not point out to the company and to its creditors that he had not been familiar with the undertaking enactment,the statute and the report of the founders or that he had not approved of them.
2. The provisions form point 1 of this article shall be applied also to the person for the account of which the signatory of the enactment has undertaken the shares.

The enactment upon which the company is considered to be founded

Art.254

The joint-stock company shall be considered to be founded once the founding deed has been signed with which the share undertaking has been completed . When the first organ of the company is established at a separate assembly and should the total sum of expenses for the founding be determined at that assembly,the company shall be founded by establishing its organs and by determining and approval of the expenses.

Undertaking shares that have not been paid for

Art.255

Should any of the payments arriving before the entry of the joint-stock company into the trade register not be made on time,the founders may themselves undertake the shares that have not been paid for or find another person that shall undertake them.The payments made by the former undertaker shall belong to the company.

Second sub-division

Successive founding

The concept of successive founding

Art.256

1. The joint-stock company may be founded also by subscribing to all or to a certain number of shares on the basis of an announcement.
2. Should all shares not be subscribed on the basis of the announcement ,undertaking of the rest of the shares shall be carried out by corresponding application of the provisions of this law regulating the share undertaking

when the company is being founded simultaneously.

The prospectus

Art.257

1. The announcement inviting to subscribing to shares (the prospectus) shall be prepared in accordance with the founding deed (decision on founding,decision on issuance of shares,share issuing plan or proposal).
2. The prospectus shall contain provisions on :
· the enactment on the basis of which the prospectus is being issued;
· the number,type and kind of shares offered for subsription,their nominal value,their issuing value,as well as the number,type and kind of shares undertaken without subscribing to on the basis of the prospectus;
· the place and the financial institution with which the shares are being subscribed to and a warning that the founding deed and the draft statute may be reviewed there ,and depending on the case, the founders' and the appraiser' s report, too;
· the calendar day of the opening and the closing of the subscription ;
· how much,where and when the subscribed shares should be paid for prior to the entry of the company into the trade register,as well as the consequences occurring in case the installments are not paid exactly and on time;
· the manner in which the shares are distributed in case of excess subscription;
· the day when the obligation of the subscriber ceases,should the company fail to be entered into the trade register by that day;
· the exact data for the non-money deposits ,the purchases at the time of founding,the benefits, payments and awards;
· certain periodical obligations of the shareholders;
· the manner of convening the founding assembly;
· the highest amount of the expenses for the founding,should they be borne by the company and
· the family and the born names (the trade names and the title),the occupation,the place of residence (the seat) of the founders and the citizenship.
2. The prospectus may contain other provisions of importance for the issuance and the sale of the shares.

Evaluation of the non-money deposits

Art.258

1. In case of non-money deposits and in case of agreement on special advantages in favour of the founders and other persons,the founders shall appoint one or several appraisers form the list of authorized appraisers

nominated by the court.
2. The appraisers shall determine,to their own responsibility, the value of the non-money deposit and of the special advantages. The report shall be submitted to the registration court and placed to the disposal of the subscribers together with the draft-statute .
3. The founding assembly shall determine the value of the non-money deposits and recognize the special advantages.The founding assembly may reduce the value of the non-money deposits only upon the approval of all subscribers,i.e beneficiaries of the special advantages.
4. Should there be no approval of all investors and beneficiaries of the special advantages,entered into the record,the company shall be considered not to be founded.

Subscribing to shares with a financial institution

Art.259

1. The subscription to shares shall be made with a financial institution.
2. The payments may be made only as regular deposits.
3. With the financial institutions,where subscription to shares is being carried out, the founding deed and the draft statute shall be placed to the disposal of the subscribers ,and should a permit be required for its founding ,the permit i.e. a copy of the document proving issuance of a permit shall be also placed to the subscribers' disposal.

Written statement (subscription form)

Art.260

1. Subscription of shares shall be carried out with a written statement (subscription form) based on the provisions form the founding deed and the text form the prospectus.Each subscriber shall sign three copies of the subscription form,one for himself and one for the company.Should the subscription be carried out through an authorized person, the subscription forms for the company shall be accompanied by a letter of authorization.
2. The subscription form shall contain designations for :
· the number,type of the subscribed shares,their nominal value and the issuance value ,if required;
· the subscriber's obligation that he will make payment for the share according to the existing conditions;
· the monetary value paid by the subscriber when subscribing the shares;
· a subscriber's statement confirming that he is familiar with the founding deed,the draft statute and the prospectus and that he approves of the draft statute; and

· a subscriber' s signature ,his occupation and the place of residence,citizenship,i.e. the trade name and the title,seat and signature of the financial institution where subscription has been carried out,as well as a receipt issued by the financial institution about the received payment.
The subscription form shall bond the subscriber only if the company is founded.

Term of subscription to the shares

Art.261

1. The term of subscription to the shares may not be longer than three months counting form the day of the start of the subscription.
2. Should within the term stipulated for subscription all shares offer for subscription fail to be subscribed and paid for ,the founders may,15 days following the subscription term ,undertake the non-subscribed and unpaid shares or subscribe to them themselves.Should the shares offered for subscription in that manner fail to be subscribed to and paid for,founding shall be considered to be unsuccessful ,and the founders shall be obliged,within 15 days, to invite the subscribers to withdraw the paid amounts.The announcement shall be published in the same manner the prospectus had been published.
3. When founding of the joint-stock company appear to be unsuccessful,the persons who had entered deposits in objects or purchases at the time of founding,as well as those who had undertaken the shares without subscription on the basis of a prospectus,shall be invited to withdraw the amounts they had paid and the objects they had invested in the company.

Delayed payments received prior to the entry of the company into the trade register

Art.262

Should a payment that had arrived prior to the entry of the joint-stock company into the trade register be made with delay,the founders may announce the undertaking i.e. the further subscription invalid,and may undertake the shares,i.e. to subscribe to them themselves or anybody else.

Distribution of shares among the subscribers

Art.263

1. Should the subscription be successful,the founders shall within 15 days after the expiry of the term prescribed by the subscription announcement distribute among the subscribers.In the case form point 2 of article 256 of

this law the term of distribution of the shares shall be one month form the expiry of the term prescribed for subscription.

2. At each point where subscription is being carried out ,the subscribers shall be given a full list indicating the total number of subscribed shares of each type and how many shares of each type had been given to each subscriber.The list shall contain an invitation to the subscribers to which not one share or all subscribed shares had been given ,to withdraw the paid amounts for which they had not been given shares.

3. In case of excessive subscription (more subscribed shares than the number of shares issued by the company according to the founding deed),the founders may reject the excessive shares.

4. Whether the excessive shares shall be accepted or rejected,the founding assembly of the company shall decide while determining the basic capital assets.

5. Should the founders or the founding assembly reject the excessive subscription,within 30 days form the day of rejection the excessive shares shall be returned to the share subscribers.For fulfillment of this obligation the founders shall have joint and several liability.

Disposal of the sums paid for the shares

Art.264

1. The founders shall be forbidden to dispose of the sums paid for the shares.The managing organ may dispose of the sums after the entry of the company into the trade register.

2. Special compensations ,back payments and rewards may not be charged to the account of the basic capital assets.

Convocation of a founding assembly

Art.265

1. After the subscription of the shares,two months following the expiry of the term prescribed by the announcement for subscription of shares,the founders shall call the subscribers to a founding assembly.The registration court in the area of which the company seat is located may ,at a justified request of a founder in a extrajudicial procedure ,prolong the term of holding of the founding assembly for 30 days.

2. Should the founders miss to convoke the founding assembly within the term stipulated by point 1 of this article,the subscribers of shares shall be relieved form the obligations and may demand refunding of the sum they had paid. For refunding of the sums paid for the subscribed shares the founders shall have joint and several liability.

3. The share subscribers shall participate in voting or may be represented in a manner and under conditions prescribed by this law concerning representing at the assembly of the company.

Work of the founding assembly

Art. 266

1. The founding assembly shall discuss and reach decisions by quorum and majority stipulated for by this law about the assembly of the company.
2. The shareholder may decide at the founding assembly according to the number of shares he possesses,i.e. the number indicated on the receipt of the share or the temporary receipt.
3. When the founding assembly discusses the approval of the evaluation of the non-money deposit or recognizing special advantages,the founder’ s shares shall not be taken into consideration while determining majority. The investor shall not have a right to vote ,not for himself nor as a representative.
4. The founding assembly shall, by a separate decision, establish the fact that the basic capital assets has been subscribed to on the whole and the shares had been paid for up to the amount prescribed by the founding deed. The founding assembly shall come out for acceptance of the statute and shall nominate the members of the managing organ and the supervisory board.In the minutes of the founding assembly it shall be confirmed , should that be necessary, that the nominated members of the board of directors i.e. of the managing board and of the supervisory board had approved of the nomination.
5. The statute form point 4 of this article may be changed only upon an unanimous decision of the subscribers.

Examination of the report on founding of the company

Art. 267

1. Should the assembly fail to adopt the proposal for the founding report to be examined again, the report must be examined should that be required by the subscribers and share undertakers representing one-fifth of the total shares paid for in money, provided the requirement had been made before the election i.e. nomination of the organs of the joint-stock company.
2. The subscribers and the undertakers of shares that had been paid for in cash shall elect three representatives. One of the representatives shall have the right , by separate voting, to elect the subscribers and the share undertakers who had required reexamination of the founding report. These subscribers and undertakers shall have the right to participation in the voting for the election of the other two representatives.
3. Once the representatives have been elected,the founding assembly shall

stop its work for a period of seven days and shall,without an invitation ,fix the time of the next session of the assembly.

4. The representatives shall submit a report in writing to the founding assembly.Should the majority of representatives estimate the value of the deposits in objects and rights to be lower than two-thirds of the initial value,the founding assembly shall decide whether to proceed with the founding procedure .

5. In the voting for the decision form point 4 of this article the founders shall not take part, nor the subscribers and the share undertakers which the company should undertake the deposits form. They may not participate in the voting even as agents on behalf of other persons.

6. Should in the voting procedure majority not be reached,the founding of the company shall be considered to be unsuccessful,unless the founders or other persons at the assembly undertake all the shares of those who had voted against founding of the company and had declared their unwillingness to be shareholders. The share undertakers shall have to enter all arrived payments with the competent public notary and to fill i.e. to sign the subscription forms.

7. Should according to the representatives' report ,voting on founding of the company not be necessary,the expenses for the reexamination of the founders' report shall be jointly borne by those who had required reexamination. In all other cases the expenses for reexamination shall be borne by the founders.

Entry of the company into the trade register

Art. 268

1. The application for entry of founding of a joint-stock company into the trade register shall be immediately submitted by the managing organ of the joint-stock company.

2. The application for entry of the company into the trade register shall state that the conditions for founding of the company have been met and it shall indicate the amount the shares have been issued on and the sum paid for them. The application shall be accompanied by a proof that the company may freely dispose of the sum that had been paid.

3. The following documents shall be also attached to the application:

· the founding deed,as well as the statute;

· the enactment on undertaking of shares and one copy of the prospectus on the basis of which the whole sum or part of the basic capital assets had been subscribed ;

· the minutes of the founding assembly ,the invitation to it and the list of participants;

· the statemnt of the nominated managing organ confirming the fact that the

payments for shares prescribed by law and by the statute had been effected and that upon the entry of the company into the trade register the company may freely dispose of the payments,as well as of the non-money deposits and purchases at the time of founding,as well as the receipt of a competent financial institution of the payments made in cash;
· the list of members of the board of directors,i.e. of the managing board and of the supervisory board by indicating their surnames and names,occupation and place of residence,citizenship,and should they be foreigners,statements of the members of the company confirming acceptance of their membership;
· the licence,if required according to the law and
· the report of the founders and of the appraiser,i.e. appraisers,should such report had to be prepared.
4. The application shall be signed by all members of the managing board before the court, unless their signatures had been previously authenticated.The nominated members of the board of directors i.e. of the managing board and of the supervisory board shall deposit their signatures with the registration court.
5. The submitted documents shall be kept in the registration court as originals, copies or as verified copies.

Conditions for rejection of application for entry into the trade register

Art. 269

The court may reject the entry should the appraiser i.e. the appraisers declare or should it be obvious that the founders' report or the report of the appraiser or of the appraisers is incorrect or incomplete or does not obey the provisions of the law.The court shall reject the entry also should the appraiser i.e. appraisers declare or should the court find the value of the deposit in objects and undertaken equipment drastically lower than the nominal value of the shares or under the sum of the payments that have to be effected due to that.

Entry of a statute or of other data into the trade register

Art. 270

1. The entry of the joint-stock company shall be carried out once the statute of the company has entered the trade register.
2. Beside the data prescribed by this law,the following shall be also entered into the trade register:
· the date of founding of the company,and should a licence for founding be required,the organ that had issued the licence ,the day and the number the licence had been issued under;

· the trade name ,seat and subject of work;
· the amount of the basic capital assets and the amount of it that has been paid for;
· the type of shares i.e.wheather they had been issued to a name or to a bearer,the nominal value of the shares and the total value of each type of shares,as well as the priority rights arising form certain types of shares;
· the total sum of payments for the issued shares and the manner they had been effected,short indication of the deposits in objects and purchases,the monetary value they had been undertaken for,as well as the special benefit,compensations and rewards;
· the date of the adoption of the statute;
· the duration of the company;
· the statement of the members of the assembly of the company confirming the fact that they are familiar with the obligation to inform the registration court of the non-existence of circumstances that would be opposed to the provisions of this law;
· the authorizations of the members of the board of directors,i.e. the supervisory and the managing board,indicating the manner of representing and signing of the company,should it be different form the provisions of the law;
· the type of supervision over the operation of the company ;
· the manner of announcement of the decision of the assembly and of the other organs of the company,should it be regulated otherwise than the provisions of the law.
3. Also the surnames and the names,the occupation and the place of residence of the members of the board of directors i.e. of the managing board and of the supervisory board shall be entered into the trade register,as well as their citizenship should they be foreigners.

Announcement of the entry

Art. 271

1. Beside the contents of the entry form article 270 of this law,the following elements shall also be announced :
the data form the statute that have not been entered into the trade register;
the provisions of the statute or of another enactments on the composition of the managing organ;
the issuance value of the shares;
the personal name ,the occupation and the place of residence of the founders.
2. The announcement shall also state the fact that the documents being announced may be reviewed in the court.

Responsibility for the work of the company prior
to its entry into the trade register

Art. 272

1. Everyone working on behalf of the joint-stock company prior to its entry into the trade register shall be personally liable,and should more persons work on its behalf,they shall be liable as solidary debtors.
2. Should the company before its entry into the trade register undertake an obligation that had been transferred to its name upon a contract concluded with a debtor,so that the company takes the place of the debtor,the undertaken debt shall produce legal effect without a consent of the creditor,provided that the undertaking of the debt had been agreed to be carried out within three months form the date of the entry of the company into the trade register and the creditor had been informed by the company or by the debtor.
3. Prior to the entry of the company into the trade register rights may not be undertaken form participation in other companies,nor shares or temporary shares may be issued.
4. The shares or the temporary shares issued prior to the entry into the trade register shall be null and void. The issuer of the shares shall be liable for the damages done to the holders.

Joint and several liability for the authenticity
and the completeness of the data for founding of the company

Art. 273

1. The founders shall have joint and several liability to the joint-stock company for the authenticity and the completeness of the data related to the founding of the company or undertaking of the shares ,the payments for the shares,the use of the paid sums,the special profits and rewards,the founding expenses and investments in objects.
2. The founders shall also be liable for the fact whether the place determined for payment of the basic capital assets is suitable and whether the paid sums are at the disposal of the managing organ of the company.Beside compensating the damages,the founders shall also compensate the payments that had not been effected and the compensation that had not been comprised in the founding expenses.
3. Should the company suffer deliberate damages or damages out of negligence of the founders by investing,undertaking of objects or by the founding expenses,the founders shall have joint and several liability for compensation of the damages.
4. The founder shall not be liable for the damage is he had not been aware of the data which the obligation had been based on,nor had had to be aware of it provided that he had acted with the attention of an accurate and conscientious tradesman.
5. Should the company expel a tradesman who had been incapable of payment or

incapable of investing objects,the damage shall be compensated the founders as solidary debtorswho had accepted the participation of the shareholder although they had been aware of his incapability to pay or his incapability to invest objects.

6. Beside the founders, the persons for the account of which shares had been undertaken shall be liable. These persons may not claim not to have been familiar with the circumstances which the person acting for their account had been or must have been aware of.

Other solidary debtors

Art. 275

1. Beside the founders and the persons for the account of which the founders had undertaken the shares ,also the following persons shall compensate the damage as solidary debtors:

· the person who had accepted payments which ,contrary to the law,had not been accepted as expenses for the founding,had been aware or according to the circumstances must have been aware of the fact that the payments had been covered up or he had participated in the covering himself;

· the person who ,by investing objects had deliberately or out of negligence done damage to the company or had made the damage possible;

· the person who,prior to the entry of the company of the into the trade register or in the first two years after the entry ,announces that shares shall be put on sale, if he had been aware of the incorrectness and the incompleteness of the data concerning the founding of the company or of the damage done to the company by investing or undertaking objects, or must have been aware of if he had acted with the attention of an accurate and conscientious tradesman.

Renouncement of the right to compensation
toward the founders and the persons
for the account of which
shares had been undertaken

Art.275

1. The joint-stock company may renounce its right to compensation toward the founders and the persons form article 274 of this law after three years form the day of the entry into the trade register or may square accounts with them,should the the assembly of the company reach a decision which shall not be opposed by minority possessing one-tenth of the basic capital assets.

2. The claim of the company for compensation of damages shall expire in five years .The expiry shall count form the day of the entry of the company into the trade register or should the action which the obligation for compensation be performed later,upon the performance of the action.

Termination of the company due to violation of the provisions of the law after the entry

Art.276

1. Should after the entry of the company into the trade register violation of the provisions of this law be discovered,and the violation could cause damage to the company, the shareholders or other persons, as well as any person having legal interest may within 30 days form the discovering the violation and within one year form the entry of the company latest, demand form the court to reach a decision on termination of the company.
2. The persons form point 1 of this article may within the same terms lodge a complaint for termination of the company should the statute not contain or should it violate some compulsory provision of the law.

Division three

LEGAL RELATIONS BETWEEN THE JOINT-STOCK COMPANY AND THE SHAREHOLDERS

Equal position of the shareholders

Art. 277

The shareholders under equal conditions shall have equal position in the joint-stock company.

Obligations of the shareholder

Art. 278

1. According to the statute of the company the shareholder shall be obliged only to payment of the nominal value of the share,to payment of the whole sum should it be issued under the nominal value or with an additional payment,as well as to delivering objects or rights should he pay for the share with

objects and rights.
2. Money payments of the nominal value may be required equally for all shares that are to be paid for in money.
3. The shareholder may not settle his outstandings form the company with payments for the shares nor may exercise the right to withholding form the money payments.
4. The company may not postpone the payment for certain shareholders,nor relieve them form payment,nor may instead the payment accept anything else but what had been prescribed by the founding deed i.e. the statute.The non-money deposits consisting in outstandings shall be considered to be paid for after the company collects it.The company shall be liable to the shareholder should it,in the course of collection, fail to act with the attention of an accurate and conscientious tradesman.
5. More joint owners of a share shall have joint and several liability for the obligations arising form the share.

Invitation to payments of the deposits

Art. 279

1. The shares shall have to make payment of the deposits to the invitation of the managing organ of the joint-stock company.The invitation shall be published in the company bulletin unless otherwise provided by the law.
2. The shareholder who has failed to make the payment on time shall have no right to vote until he makes the due payment with interest .The claim for compensation for the damage shall not be excluded,unless the statute prescribes penalty upon agreement.
3. The statute may prescribe losing the right of further payments in installments,as well as use of the dividend belonging to the shareholder up to the settlement of the due payment.

Conditions under which the shareholder may be deprived form
his right arising form a share or form a temporary share

Art. 280

1. Should the shareholder fail to make the due payment with interest within 60 days as a result of delay or other obligations,the joint-stock company may without a repeated invitation deprive him form his right he is entitled to by the share or the temporary share. The joint-stock company shall inform the shareholder about that by the joint-stock company with a registered letter ,and enter it into the book of shares.
2. Should a former shareholder possess a share or a temporary share,the joint-stock company shall announce cease of the rights arising form it.

3. The company may sell the shares and the temporary shares kept by the company or by other institution ,within one month form the day the written information had been sent according to point 1 of this article, to the stock-exchange or offer it for public auction for the expense and risk of the shareholder.

4. Once the expenses for the information,announcement ,sale ,the interests for the delay and the agreed penalty have been covered,the assets form point 3 of this article shall be used for payment of the back payments.The rest of the sum of the former payments shall be delivered to the former shareholder ,unless the statute provides for the former payments to belong to the company.

5. Instead of the shares the rights had ceased form in accordance with point 2 of this article the company may issue new shares and treat them according to points 3 and 4 of this article.Beside the partial payments made, also the oustanding sum shall be indicated. For the loss of the company amounting this sum or the sum acquired later,the former shareholder shall be liable to the company.

Joint and several liability of an undertaker or a subscriber

Art. 281

1. Should the company not organize sale of the shares or the required amount not be achieved,the shareholder and all its predecessors registered in the book of shares and in any case the undertaker or the subscriber shall have joint and several liability for all outstandings in compliance with the articles 272 and 273 of this law.

2. The obligation form point 1 of this article shall expire in five years form the entry into the book of shares.The company may not relieve them form this obligation .

3. Should the share not be sold and the predecessors agree upon otherwise,they shall become holders of the share in proportion to their payments of the outstanding sum.

Decrease of the basic capital assets for the nominal value of shares that had not been paid for

Art. 262

1. Should an outstanding payment for the share not be collected with half a year after the expiry of the business year in which the shareholder had been deprived form the rights arising form it,the managing organ shall upon the supervisory board' s consent decrease the basic capital assets for the nominal value of the share,thus the share ceasing to exist.The decrease shall be entered into the trade register and the entry shall be announced. Should the decrease exceed the amount of 5% of the basic capital assets,the company shall

act in accordance with the provisions of this law on decrease of the basic capital assets.
2. Should the share be owned by the company or kept in a financial institution,the company shall annul it and in the annual report shall indicate the number of annulled shares, the shares which the ceased rights had arisen form ,the outstanding sum which the basic capital assets had been decreased for.
3. The paid amounts for the shares remaining in the company shall be entered in the general reserve after the reduction of the uncovered expenses according to the articles 280 and 281 of this law.

Restitution of a deposit

Art. 283

1. Except for the cases stipulated for by this law ,the deposit shall not be restituted to the shareholders. Payment of the purchase price when purchase of the shares by the company is allowed shall not be considered restitution.
2. Interests must not be guaranteed nor paid to the shareholders.
3. As an exception form point 2 of this article,at the time required for preparation of the start of the company ,the statute may stipulate for certain interests to be granted to the shareholders.The statute shall prescribe the term when payment of interests ceases.

Secondary periodical non-money contributions

Art. 284

1. Should an obligation be prescribed for secondary periodical non-money contibutions,the statute shall determine the conditions, the contents, the scope and the time of contributing. When the contributions may be compensated with payment,the statute shall determine the term and the basis for calculation. By payment the trading value of the contribution must not be exceeded. For delay in contributing a separate agreed penalty may be prescribed. The obligation and the scope of the contributions shall be indicated on the share.
2. The statute of the company may prescribe for the obligation of secondary non-money contributions to be carried out by the shareholder free of charge or with compensation.Should compensation be prescribed,it may be required regardless of the fact whether the company ended the business year with net profit.
3. The obligation of the separate contribution and the payment for it shall expire in three years.

The right to a share possessed temporarily and the manner of exercising the rights by the joint owners of shares

Art. 285

1. Should the shareholder,against his will, fail to possess the share for a certain period of time or had acquired it by succession,by acquiring property as a whole or by calculation or division of joint property,the time for which the share had temporarily been possessed by another person shall be considered time of ownership of the shareholder.
2. The joint owners of the share issued by the company shall exercise their rights through a joint agent. The legal actions undertaken by the company toward the joint owners,shall be also carried out toward the agent,should he be registered with the company,i.e. toward any joint owner ,with legal effect to all.
3. The registration court may at the request of the company,appoint a trustee to the joint owners. The agent shall be entered into the book of shares,should the document in it be entered.

Advanced payment based on expected profit

Art. 286

1. Should the managing organ be authorized by the statute ,it may in the course of the business year make advanced payment to the shareholders based on the expected profit according to the annual balance sheets.
2. The managing organ may effect the advanced payment should the temporary balance of success for the previous year show profit. At most half of the amount remaining form the annual profit after the reduction of amounts earmarked as reserves may be paid in advance.The advanced payment may not exceed the profit gained according to the annual balance sheets in the previous year.
3. The advanced payment shall be effected only upon the supervisory board' s consent and should it not be established,the consent of the non-executive members of the board of directors shall be required.

Manner of determining the share of the shareholders in the profit

Art. 287

1. The shareholders shall have the right to a share in the profit,unless according to the decision of the assembly on the use of the profit reached

according to the law or to the statute , the profit is excluded form distribution to the shareholders.
2. The share of the shareholders in the dividend shall be determined in proportion to the payments made.Should the payment for the shares not be effected in the same proportion,the calculation shall be carried out for the time that had passed since the payment.
3. The participation in the dividend shall be carried out in proportion with the payments made. Shoudl the payment for the shares not be made in the same proposition, the calculation shall be carried out for the time passed form the date the payment has been effected.
4. The statute may provide for the profit not to be distributed to the shareholders i.e. to the shareholders possessing certain type of shares,but to be used for another purpose prescribed in it

The obligation of the shareholder to pay back
to the company what he had accepted
contrary to the law

Art. 288

1. Should the shareholder be aware that he had accepted something in opposition to this law,i.e. to the provisions of the statute,he shall have to pay it back and compensate the damage done to the to the joint-stock company .
2. The shareholder shall not be obliged to pay back what he had accepted in good faith as share in the annual profit according to the accurately prepared balance of success,adopted by the assembly of the company.
3. The claim for forbidden acceptance against the shareholder shall expire in five years form the day of acceptance and in ten years in case the shareholder had been aware that the acceptance had been forbidden.

Entry of the shares issued to a name in the book of shares

Art. 289

1. The shares issued to a name shall be entered in the book of shares of the joint-stock company.Also the name and surname,the place of residence,the citizenship and the occupation of the shareholder i.e. the trade name and the seat shall be entered into the book of shares.
2. Every person entered in the book of shares shall be considered to be a shareholder.
3. Should the company express doubt that some person had been entered into the book of shares ungroundlessly,it may erase him only upon an information sent to him setting a term for objection.Should he object within the set term ,the erasure shall be postponed to the moment the decision becomes final.

4. To a request of each shareholder,access to the book of shares shall be allowed.

Transfer of shares by endorsement

Art. 290

1. The shares issued to a name may be transferred by endorsement.To the form of the endorsement and proving of the ownership of the share the provisions of the law shall be applied.
2. The statute may condition the transfer of the share upon the company consent.The consent shall be given by the managing organ,unless otherwise provided by the statute. The statute may set the terms under which the consent shall be given,i.e. the reasons for which the consent is not given.
3. The transfer of a share issued to another name shall be registered with the company.

Registering the transfer or the changes in the book of shares

Art. 291

1. The joint-stock company shall register the transfer or the changes in the book of shares.
2. The company shall check up the regularity of the order of endorsements and the statements of leaving.
3. The company shall not check the signatures.
4. Provisions of this article shall also be applied to the temporary shares.

Agreement on entrusting all shares or certain rights
arising form the shares to one or several representatives

Art. 292

1. The shareholders may conclude a mutual agreement according to which for a definite period of time the exercising of all or of some rights arising form their rights shall be entrusted to one or more representatives. The agreement shall be concluded in writing and be verified by the competent court.
2. Should the agreement provide extension of the agreement,each party of it may cancel its participation six months prior to the expiry of the term.Separate extension of the agreement may not exceed five years.
3. The agent must inform the agreement parties about his work at least once in six months.The agreement may set a shorter term.
4. Each party of the agreement may, without a period of notice,leave should any party or agent violate an important provision of the agreement.

Acquiring one’ s own shares

Art. 293

1. The joint-stock company may purchase its own shares only with the profit or with the special reserves allowed by the last adopted annual balance sheet.The company may purchase only its own shares that had been paid for in full.
2. The assembly of the company shall reach a decision on allowing the purchase of its own shares and shall set the purchasing procedure.The decision must determine the number of shares that may be purchased,the lowest and the highest price that may be paid for them as well as the term for the purchase.
3. The term of purchase of shares form point 2 of this article may not exceed one year.
4. The nominal value of the shares that may be purchased may not exceed one-tenth of the basic capital assets of the company.
5. The purchase of shares in opposition to the provisions of this article shall be null and void.The shares must be sold within a year form the day they had been acquired in accordance with the decision form point 2 of this article.Should the shares fail to be abalienated within this term,they must be immediately annulled,and the procedure of corresponding decrease of the basic capital assets of the company shall be applied.
6. The provisions of this article shall be equally applied to purchase of own shares through a mediator or through a beneficiary.

Special cases of acquiring one’ s own shares

Art. 294

1. The limitations set forth by article 293 of this article shall not be applied should the acquiring one’ s own shares be done:
· on the basis of a decision of the assembly of the company on decreasing the basic capital assets by withdrawal or annulment;
· free of charge,provided that it is own shares fully paid for;
· as a result of uniform succession or merging and
· within a procedure of forced performing for settlement of outstandings of the company,proveided that it is own shares fully paid for.
2. Should in the cases set forth by the 1,2 and 3 of point 1 of this article the total nominal value of the acquired own shares exceed one-tenth of the basic capital assets,the excess shares must be sold within a year ,in the manner and under the conditions relating to the shares of the company.

Rules for treating one’ s own shares

Art. 295

1. The members of the board of directors,the members of the managing or the supervisory board as well as the other agents of the company must not dispose of the company’ s own shares without a prior authorization.
2. The authorization form point 1 of this article and the conditions under which the shares shall be disposed of ,shall be prescribed by the assembly of the company.
3. Up to the moment the company possesses its own shares,the right to a dividend and the rights to priority purchase form the next issuance belonging to those shares shall be proportionally transferred to the other shares.The own shares shall not give the right to vote,but shall be taken into consideration in the course of establishing a quorum required for the work and decision-making at the assembly of the shareholders.
4. The joint-stock company must keep a special reserve the amount of which shall be equal to the value of its own shares set forth by the assets in the balance of state. This special reserve must not disposed of until the company sells its own shares or annuls them.

Subscription to one’ s own shares

Art. 296

1. The joint-stock company may not subscribe to its own shares.
2. The shares subscribed to in opposition to the limitation form point 1 of this article shall be considered subscribed to and must be paid for by the founders,and in case of increase of the basic capital assets - by the members of the board of directors or by the members of the supervisory and the managing board.
3. Should a founder,a member of the board of directors,of a supervisory or the managing board prove he had not acted opposite to point 1 of this article shall be relieved form the obligation form point 2 of this article.
4. Each person subscribing to a share of the company in his name but for the account of the company shall be considered a person having subscribed to a share for his own account.

Other legal actions related to one’ s own shares

Art. 297

1. The company may not grant loans nor issue guarantees or other means of covering for the subscription to or for the acquiring of its own shares.

2. The company may not through an agent or a beneficiary accept own shares as covering.
3. The provisions of this article shall not be applied to acquiring the shares by the employees or by dependent or ruling companies.The loan,the guarantee or other type of covering for subscription to or acquiring own shares may not exceed the value of the profit or the value of the special reserves prescribed by the last adopted annual balance sheet.

A document for a lost or destroyed share

Art. 298

1. The document for a lost or destroyed share or a temporary share may be declared invalid within the declaration procedure according to the rules of extrajudicial procedure s.
2. Should the coupons be issued to a name ,by declaring the share or the temporary share invalid ,the outstaings form the coupons that are still not due shall expire.

Declaring shares invalid

Art. 299

1. Should the contents of a share become incorrect due to changed legal relations,the joint-stock company may upon the court' s decision reached in a extrajudicial procedure declare the shares invalid ,which despite the invitation had not been submitted for correction or change.
2. Should the incorrectness of the shares be based on their nominal value, the shares may be declared invalid only if the nominal value had been decreased due to decrease of the basic capital assets.
3. Shares issued to a name may not be replaced should the designation of the shareholder become incorrect.
4. The invitation to submission of the shares shall contain the warning of declaring invalid and the approval of the court.The shares may be declared invalid should the invitation not be announced in the manner prescribed for the additional term set forth by this law. The annulment shall be carried out by publishing in the daily press.The information shall indicate the shares declared invalid.
5. Instead of the shares declared invalid,new shares shall be issued which shall be delivered to the relevant person,or,on the basis of a right to depositing,shall be deposited.The delivery and the depositing shall be registered with the registration court.
6. Should shares be collected because of decrease of the basic capital assets, the provisions of this law about the decrease of the basic capital

assets shall be applied.

Issuance of new coupons for collection of a dividend

Art. 300

1. The owner of the coupon shall not be entitled to issuance of new coupons for collection of the dividend should the owner of the share disapprove of the issuance.
2. The coupons shall be delivered to the owner of the share who submits the main document.

Division four

MANAGEMENT AND RUNNING OF A JOINT-STOCK COMPANY

Systems of management of a joint-stock company

Art. 301

1. The management of a joint-stock company may be organized according to a one-level system (board of directors) or to a double-level system (managing board and a supervisory board).
2. The joint-stock company shall chose the managing system.By change of the statute in the course of operation the one-level system of managing and running may be replaced with a double-level system and vice versa.
3. The provisions for the assembly of the company shall be applied also to the companies with one-level managing system and to the double-level managing system companies.

First sub-division

Board of directors

Composition of the board of directors

Art. 302

1. The board of directors shall be composed by non-executive and executive members (directors).
2. The board of directors shall consist by at least five and at most fifteen members.

Nominating non-executive members

Art. 303

1. In a joint-stock company employing less than 300 persons the non-executive members of the board of directors shall be nominated by the assembly of the company.
2. In a joint-stock company employing 300 and more persons the non-executive members shall be nominated also by the employees, should the statute provide for so. Should the majority of employees decide against the nomination of members of the board of directors, the employees shall not nominate members of the board of directors.
3. In the company form point 2 of this article the assembly shall nominate three-fourths of the non-executive members of the board of directors and the employees shall nominate one-fourth.
4. The assembly may nominate the first non-executive members by the founding deed or by the statute of the company.
5. Form the non-executive members, the members nominated by the assembly , the board of directors shall appoint a president.

Nominating executive members

Art. 304

1. The executive members of the board of directors shall be nominated by the non-executive members by majority of votes. The statute may stipulate for the nomination of the executive members to be carried out by other majority or to be made upon an unanimous decision of all non-executive members of the board of directors. The executive members of the board of directors shall have equal rights and liabilities, regardless of the functions they perform according to the statute.
2. When the board of directors has more than one executive member, the non-executive members shall upon majority of votes determine the member particularly responsible for the issues of the employees and the relations with them.

Conditions under which a non-executive member is nominated by the employees

Art. 305

1. A non-executive member nominated by the employees in the joint-stock company must be constantly employed in the company for two years prior to his nomination , except for the case when the company has been established for a

period less than two years.
2. All employees in the company having concluded an employment contract three months prior to the day of nomination of the non-executive members shall have the status of voters.The voting shall be made by secret ballot.
3. Should one position be intended for experts (engineers, lawyers, economists etc) the employees shall be divided into two collegiate bodies voting separately. The first body shall vote for the experts,and the second one shall vote for the other employees. The statute shall stipulate for the positions in each body according to the structure of all employees in the company.
4. Candidates for non-executive members of the board of directors nominated form the employees may propose on-fifth of the employees in the company,or,should the number of employees exceed two thousands,may propose 100 employees ,as well as the assembly of the employees.
5. The statute shall closely regulate the nomination of non-executive members by the employees.

The term of office of the non-executive members nominated by the employees

Art. 306

1. The duration of the term of office of the non-executive members of the board of directors nominated by the employees shall be prescribed by the statute,but shall not be longer than six years. The term of office may be renewed unless otherwise provided by the statute.
2. The non-executive members nominated by the employees shall not be deprived form the rights arising form the employment.Their rewarding as employees may not be reduced due to performing the function of a member of the board of directors.
3. The termination of the employment shall be a basis for termination of the term of office of a member of the board of directors nominated by the employees.Excpet for the case of termination of employment at the request of the employee, a decision on termination of employment of a non-executive member of the board of directors nominated by the employees within the term of office may be reached by the court upon a claim.

Conditions for nomination of executive and non-executive members

Art. 307

1. Only physical persons of working age may be nominated executive and non-executive members of the board of directors.
2. Also a legal entity may be nominated non-executive member of the board of directors.
3. Not a single person may be nominated executive and non-executive member of the board of directors at the same time.
4. Should a legal entity be nominated non-executive member of the board of directors,it shall appoint a permanent member having the same rights ,obligations and responsibility as the other non-executive members. It may also have a joint and several liability represented by the representative.
5. Each employee in the company may be nominated member of the board of directors.By being nominated in the board of directors the person form point 3 of this article shall not lose the rights arising form the employment.The number of members of the board of directors permanently employed may not exceed two-thirds of the number of members of the board of directors.
6. At least one non-executive and one executive member of the board of directors must be a citizen of the Republic of Macedonia.

Period of time for which the members of the board of directors are nominated

Art. 308

1. The members of the board of directors shall be nominated for a period stipulated in the statute,but shall not exceed six months.Should the term of office of the members of the board of directors not be determined by the statute,it shall last for four years.
2. Unless otherwise provided by the statute,the members of the board of directors may be nominated again.

Reward for the members of the board of directors

Art. 309

1. The enactment for nomination of the members of the board of directors shall stipulate the manner and the amount of the reward of the executive,i.e. of the non-executive members of the board of directors.
2. The members of the board of directors may be entitled to a share in the profit .The share,as a rule,shall consist in a share in the annual profit of the company.

3. Should the members of the board of directors be entitled to a share in the annual profit of the company,the share shall be calculated according to the annual profit reduced for the loss transferred form the previous year and for the amounts which according to the law and the statute of the company are reduced form the annual profit for statutory reserves. provision opposed to this provision shall be null and void.

4. In the course of determining the total earnings of a member of the board of directors (wage,i.e. share in the profit,compensation ofexpenses, compensation for insurance etc.),the total earnings shall be brought into conformity with the tasks of the member of the board of directors and with his personal contribution to the successful work of the company and with the successful operation of the company as a whole.

5. Should after determining the earnings of a member of the board of directors the situation in the company aggravate drastically,as a result of which the earnings form point 4 of this article would burden the company ,they may be reduced proportionally. By reducing the earnings the agreement, i.e. the employment agreement of the executive member shall remain unchanged , and the member of the board of directors may resign at the end of the following three-month period earliest, upon a period of notice that may not be shorter than 30 days.

Limitations in nomination of a non-executive member

Art. 310

A non-executive member of the board of directors may not be simultaneously nominated in more than five board of directors i.e. managing boards of joint-stock companies with seats in the Republic of Macedonia.

Incomplete board of directors

Art. 311

1. Should one or more non-executive members of the board of directors stop performing their functions within the duration of the term of office or are prevented form performing it,and should the statute not provide otherwise,the other members of the board of directors shall continue their work until the vacancies are filled up at the following assembly.

2. Should the number of non-executive members of the board of directors be reduced below the minimum prescribed by the law,the members of the board of directors remaining shall immediately convene an assembly in order to complete the board of directors.

3. Should the number of non-executive members be reduced below the minimum number prescribed by the statute,but not below the minimum prescribed by the law, the board of directors may,within three months form the day which the

function of the member in the board of directors had ceased on,fill up the board by appointing an acting member.Appointing an acting member must be approved at the following assembly of the company.Regardless of the fact if the appointing is approved of,the decisions reached and the action undertaken by the board of directors shall become valid.

4. Should the board of directors fail to make the necessary appointing or should it fail to convene the assembly,each person having legal interest may require form the competent court to appoint ,in a extrajudicial procedure ,a person to convene the assembly in order to carry out the appointing or to approve of the appointing carried out.

5. The provisions form points form 1 to 5 of this article shall not be applied in cases when the post of an executive member of the board of directors should be filled up.

Forbidden competition

Art. 312

1. Without the consent of the non-executive members an executive member of the board of directors must not perform any activity in another company,paid for or not,for his own account or for the account of another person.
2. Should the board of directors approve of some activity of an executive member,it shall inform the assembly of the company thereabout.
3. Prior to appointing of a physical person a non-executive member of the board of directors, the proposer shall inform the organ of the company authorized for nominating of all activities of that person in another company, paid for or not, that he performs for his own account or for the account of any other person.

Collision of interests

Art. 313

1. Each agreement with the company as one of the parties where an executive or non-executive member of the board expresses certain interest,even indirectly,may be concluded upon an approval by at least majority of non-executive of the board of directors.

2. Should a member of the board of directors or the interested member ,acknowledge the fact that some of the conditions form point 1 of this article had been met, he shall inform the board of directors about it.The interested member has the right to be heard out,but may not take part in the discussion nor in the decision-making of the non-executive members concerning the

agreement,nor in reaching the decision of the non-executive members on the approval form point 1 of this article.
3. The assembly of the company shall be informed about the approval form point 1 of this article.
4. On the basis of the board of directors having rejected to issue an approval or on the basis on the irregularity of the decision granting an approval outstandings toward third parties may not be claimed,unless the company proves that the third party had been aware of the non-existence of an approval or of the irregularity of the decision or must have been aware thereof.

Liabilities and obligations of the members of the board of directors

Art. 314

1. The members of the board of directors shall be obliged to discharge the duties to the interest of the joint-stock company and to the interest of the shareholders.
2. The members of the board of directors shall be obliged to keep as business secret the confidential information' s related to the company in any way.
3. The obligation form point 2 of this article shall last even after the term of office in the board of directors, in conformity with the liabilities undertaken in the employment agreement.

Authorizations of the board of directors

Art. 315

1. The board of directors ,within the scope of its competence stipulated by the founding deed,the statute, the law and the authorizations he had been empowered with by the assembly of the company, shall have the widest competencies for acting in all circumstances on behalf of the company.
2. The enactments of the board of directors passed out of the competencies i.e. the authorizations form point 1 of this article ,shall bond the company in its relations with third parties, unless proved that third persons had been aware that the enactments had exceeded the competence i.e. the authorizations or must had been aware of considering all circumstances.

Authorizations of the executive members

Art. 316

1. The executive members of the board of directors shall act as agents of the company in the relations with third parties and shall be responsible for

conducting the business in the company.
2. Except for the authorizations the board had been empowered with by the assembly of the company,as well as for the special authorizations of the board of directors,the executive members shall have the widest authorizations within the scope of their competence to act on behalf of the company in all circumstances.
3. The activities i.e. the enactments of the executive members of the board of directors passed out of the competence i.e. the authorizations set forth by point 1 of this article,shall bond the company in the relations with third parties,unlessproved that the third parties had been aware that the activities i.e. the enactments had exceeded the competence i.e. the authorizations of the board of directors or must have been aware of considering all circumstances.
4. The announcement of the statute and its provisions limiting the competencies i.e. the authorizations of the board of directors must not be pointed out to third persons.

Authorizations that may not be transferred by the board
of directors to the executive members

Art. 317

1. The board of directors may not transfer to the executive members the authorizations concerning reaching decisions on :
· termination or transfer of an enterprise or its part participating with over 10% in the income of the company;
· reducing or expanding the scope of activity of the company;
· organization changes in the company stipulated by an enactment of the company;
· establishing of a long-term cooperation with other companies or its cease and
· establishing and cease of subsidiaries of the company.
2. The statute of the company may forbid transferring the authorizations to the executive members of the board of directors also concerning reaching decisions on other issues of the board' s activities.
3. The limitations prescribed by the points 1 and 2 of this article may not be pointed out against third parties ,unless the company proves that the third party had been aware of the limitations or might have not been aware of it considering all circumstances.

Report of the executive members of the board of directors
on the work of the company

Art. 318

1. The executive members of the board of directors shall at least once in a three-month period of time submit a written report on the work of the joint-stock company to the non-executive members.
2. The executive members of the board of directors shall after the expiry of the business year, in conformity with the law, submit the draft annual balance sheets and the annual report on the work of the company to the non-executive members .
3. At the request of the non-executive members of the board of directors the executive members shall be obliged to prepare a separate report on the state of the company or on some particular aspects of its work.
4. The non-executive members of the board of directors shall be authorized to undertake actions by themselves or through other persons in order to get an insight into the operation of the company and its managing by the executive members of the board of directors. At the request of at least one-third of the non-executive members, the executive members shall be obliged to prepare all documents required in order to provide the inspection over their work.
5. Each non-executive member shall be entitled to review all reports, documents and information submitted or prepared by the executive members for any non-executive member of the board of directors.

Decision-making by the board of directors

Art. 319

1. The board of directors may make valid decisions in the presence of at least half of all its members, out of which one half of the non-Executive members of the board. Any different provision shall be null and void.
2. Unless otherwise provided by the statute of the company, the decisions shall be reached upon majority of votes of the present members.
3. Unless otherwise provided by the statute of the company, the vote of the president of the board of directors shall be the casting vote in case of division of votes.

Responsibility for damage of the members of the board of directors

Art. 320

1. The members of the board of directors shall be obliged to discharge their duties with the attention of an accurate and conscientious tradesman and to keep the business secrets.
3. The members of the board of directors having violated their obligations in relation to the company shall be liable to the company for the damage done , as solidary debtors. In case of a dispute the members of the board of

directors shall be liable to prove that they had acted with the attention of accurate and conscientious tradesmen.

3. The members of the board of directors shall be particularly considered responsible for damage ,should they,contrary to this law:

· return to the shareholders what they had invested in the company;
· pay interest or a dividend to the shareholders;
· subscribe to,acquire,take in pledge or withdraw the shares of the company;
· divide the company property;
· make payments after the company has become insolvent or over-indebted and
· in the course of increasing the basic capital assets issue shares contrary to the objectives or prior to the shares being fully paid for.

4. For elimination of the irregularities form point 3 of this article the shareholders shall have the right to demand compensation of damage form the members of the board of directors.The demand for compensation of the damage or the possibility of agreement on the damage may expire after three years form the date of submitting the demand, provided that the assembly of the company approves and the minority of votes possessing at least one- tenth of the basic capital assets does not object.

5. The members of the board of directors shall not be liable for the damage if they had worked in conformity with the decision of the assembly of the company that hey had adopted despite the warning that it had been opposite to this law.

6. Should the member of the board of directors violate its duty to act with the attention of an accurate and conscientious tradesman,a demand for compensation of damage may be also submitted by the creditors of the company which cannot collect their outstandings form the company.

7. The demands form the points form 1 to 5 of this law shall expire in five years.

Recalling an executive and non-executive member

Art. 321

1. An executive member of the board of directors may at any time be recalled by the non-executive members by majority of votes.Should an executive member of the board of directors be recalled without citing the reasons he shall be entitled to compensation of damage.

2. A non-executive member may be recalled at any time by the organ or by the persons he had been nominated by, in the same procedure that he had been appointed with.

Other rights of the executive members

Art. 322

Other rights of the executive members of the board of directors beside the rights and liabilities provided by this law, may be stipulated by the employment agreement concluded between the executive members and the joint-stock company.On behalf of the company the agreement shall be concluded by the non-executive members of the board of directors.

Second sub-division

Managing board and supervisory board

Composition of the managing board and nominating its members

Art. 323

1. The managing board shall consist of at least three and at most eleven members.
2. The members of the managing board shall be nominated by the supervisory board.
3. The members of the first managing board may be nominated by the founding deed or by the statute.Upon the decision on nominating one of the members of the managing board ,he shall be entrusted the duty of a president of the managing board.
4. The supervisory board shall appoint a member of the managing board to be responsible for the issues of the employees and the relations with them.

Conditions for nomination,the term of office and recalling members of the managing board

Art. 324

1. Only physical persons of working age may be nominated members of the managing board, at least one of which must be a citizen of the Republic of Macedonia.
2. Not a single person may be a member of the managing board and a member of the supervisory board at the same time.
3. The members of the managing board shall be nominated for a period of time stipulated by the statute,but which may not be longer than six years.Should the statute not prescribe the term of office of the members of the managing board,it shall be four years.
4. The members of the managing board may be recalled by the assembly of the company at the proposition of the supervisory board. Should the recall be carried out without citing the reasons ,each member may demand compensation of damage.

5. If a member of the managing board has concluded an employment agreement with the company, the recalling shall not affect this employment agreement.

Limiting the number of managing boards in which one and the same person may be nominated

Art. 325

A member of the managing board must not ,at the same time , be nominated in more than five managing boards of joint-stock companies with seats on the territory of the Republic of Macedonia.

Reward to the members of the managing board

Art. 326

1. The founding deed shall set forth the manner and the amount of the reward to each member of the managing board.
2. For their work ,the members of the managing work may be entitled to a share in the profit. The share,as a rule ,shall consist in a share in the annual profit of the company.
3. Should the members of the managing board be entitled to a share in the annual profit of the company,the share shall be calculated according to the annual profit reduced by the loss transferred form the previous year and by the amounts which according to the law and the statute of the company are subtracted from the annual profit for statutory reserves.The provisions opposite to this to this provision shall be null and void.
4. The supervision board shall take care in the course of determining the total income of a member of the managing board (wage, share in the profit, covering of expenses, compensation for insurance etc.) for the total income to correspond to the tasks of the member of the managing board and with the results of the work of the company.
5. Should after the determining the income of a member of the managing board the situation in the company aggravate drastically, so that the income form point 4 of this article burdens the company to a great extent, the supervisory board may reduce it accordingly. By reducing it the employment agreement shall remain unchanged,and the member of the managing board may terminate it at the end of the following three-month period earliest, with a period of notice that may not be shorter than 30 days.

Forbidden competition

Art. 327

1. A member of the managing board must not ,prior to an approval of the supervisory board,perform any kind of activities in another company,paid for or not,on his own account or for the account of another person.
2. The assembly of the company must be informed about the approvals given.
3. Should a member of the managing board violate the regulation form point 1 of this article, the company may demand compensation of damage.Instead, the company may demand form the member of the managing board for the deals concluded for its account to be registered for the account of the company and the reward received for its account to be transferred to the company or for him to renounce his right to reward.
4. The outstanding of the company shall expire in three months starting form the time when the members of the supervisory board had acknowledged the activity that the right to a reward arises form,i.e. in five years form the time it has taken place.

Authorizations of the managing board

Art. 328

1. The managing board shall manage the joint-stock company.
2. The managing board shall have all the authorizations to act in all circumstances on behalf of the company within the scope of the subject of work of the company, excluding the special authorizations of the supervisory board and of the assembly of the company.
3. With respect to a third party,the company shall be obliged by the enactments of the managing board with which he had exceeded the authorizations i.e. the competencies form point 1 of this article,except for the case when the company proves that the third party had been aware of the fact that the enactment had exceeded the subject of work or according to all circumstances must have been aware thereof.
4. The managing board shall operate in a manner prescribed by the statute of the company.

Agency

Art. 329

1. The president of the managing board shall act as agent and a representative of the joint-stock company in the relations with third parties.
2. The statute of the company may authorize the supervisory board to allow to one or more members of the managing board to act as agents of the company , bearing the title of general managers.

3. The provisions of the statute limiting the competencies of the managing board i.e. the authorizations for agency of the company may not be pointed out to third parties.

A report of the managing board on the work of the company

Art. 330

1. The managing board shall,once in a three month period at least,submit a written report to the supervisory board on the work of the joint-stock company.
2. The managing board shall after the expiry of the business year submit to the supervisory board a draft annual balance sheet and an annual report on the work of the company.
3. At the request of the supervisory board the managing board shall prepare a separate report on the situation in the company on some particular aspect in its operation.
4. The supervisory board may ,by itself or through other persons,undertake activities in order to acquire an insight in the operation of the company and its managing by the managing board. At the request of at least one-third of the members of the supervisory board, the managing board shall be obliged to prepare all documents and information required for the supervision of its work.
5. Each member of the supervisory board shall be entitled to reviewing all reports and information submitted by the managing board to the supervisory board.

Decision-making by the managing board upon
prior approval of the supervisory board

Art. 331

1. The managing board shall, upon an approval of the supervisory board, decide on:
- termination and transfer of an enterprise or part of it;
- reducing or expanding the scope of activities of the company;
- organization changes in the company;
- establishing long-term cooperation with other companies or termination of the cooperation;
- founding or termination of subsidiaries of the company.

2. The law and the statute may set forth other cases when the decision making by the managing-board requires prior approval of the supervisory board.
3. The non-existing of an approval by the supervisory board must not be pointed out to third persons,unless the company proves that the third parties

had been aware of the non-existing of an approval or ,according to the circumstances ,must have known thereof.

Rights and liabilities of the managing board prescribed by an agreement concluded between the members of the managing board and the company

Art. 332

The other rights and liabilities of the managing board,beside the rightsand liabilities set forth by this law , may be stipulated by an agreement concluded by the members of the managing board and the joint-stock company. On behalf of the company, the agreement with the members of the managing board shall be concluded by an authorized member of the supervisory board.

Application of provisions on liability for damages

Art. 333

The provisions of article 320 of this law referring to the liability of damages of the members of the board of directors shall be applied also to the members of the managing board.

Composition and nominating the supervisory board

Art. 334

1. The supervisory board shall consist of at least three,and at most eleven members.At least one member of the supervisory board must be a citizen of the Republic of Macedonia.
2. In the companies employing less than 300 persons including the persons employed in the dependent enterprises,the members of the supervisory board shall be nominated by the assembly of the company.
3. In the company employing less than 300 or more than 300 persons,the employees may nominate members of the supervisory board should the statute stipulate so.
4. Should the majority of employees agree not to nominate members of the supervisory board,the employees shall not nominate members of the supervisory board.
5. The increase or the decrease of the average number of employees in the company under i.e. over the number prescribed in points 2 and 3 of this article of this article shall not affect the application of the provisions of

this article until the average number of employees exceeds or falls under that number two years one after another.
6. The members of the first supervisory board may be nominated by the founding deed or the statute.

Participation of the employees in the supervisory board

Art. 335

In the companies in which the employees participate in nominating the supervisory board,the assembly of the company shall nominate three-fourths of the members of the supervisory board,and the amployees in the company shall nominate one-fourth of the members.

Conditions for nomination and term of office of a member of the supervisory board

Art. 336

1. Also a legal entity or a physical person of working age may be nominated as a member of the supervisory board.
2. When as a member of the supervisory board a legal entity is nominated,it shall immediately after the nomination appoint a permanent agent falling under the same conditions and obligations and undertaking same responsibility as if it were a member of the supervisory board on its behalf,not excluding the joint and several liability of the legal entity it represents.
3. The members of the supervisory board shall be nominated for a term of office that may not exceed six years form the date they had been appointed by the assembly of the company i.e. by the employees,nor exceed four years form the date they had been appointed by the statute.The members of the supervisory board may be appointed again without limitation of the eligibility for reappointment.
4. The supervisory board shall,form the members nominated by the assembly,elect the president.

Limiting the number of supervisory boards that one person may be nominated in

Art. 337

A member of the supervisory board may not be nominated at the same time in more than five supervisory boards of joint-stock companies with seats in the Republic of Macedonia.

Keeping of the legal and the statutory minimum
of members of the supervisory board

Art.338

1. Should the number of members of the supervisory board fall under the minimum number according to the law,i.e. should there not be a member being a citizen of the Republic of Macedonia,the managing board shall convene the assembly of the company in order to fill up the composition of the supervisory board.
2. Should the number of members of the supervisory board be lower than the number prescribed by the statute, the supervisory board shall start a procedure of temporary nomination for supplementing the supervisory board, within three months counting form the day when the position i.e. the positions had been vacant.
3. Should the supervisory board fail to undertake actions for supplementing of the board or convene the assembly,each person having legal interest may demand form the court to appoint ,in an extrajudicial procedure,a person to convene the assembly for nomination of members of the supervisory board or form approval of the nomination of members of the supervisory board.

Number of members of the supervisory board nominated
by the employees

Art.339

1. The number of members of the supervisory board nominated by the employees may not exceed three persons.Should the number of members of the supervisory board nominated by the employees be equal or over two,the experts (engineers and other experts) shall elect at least one member in the supervisory board.
2. The provisions of this law referring to the right to nomination, the right to nominate, the composition of the collegiate bodies ,the manners of nomination,the duration and the conditions of fulfillment of the term of ofiice,the removal form office and the protection,as well as the employment agreement at the time of nomination of the members of the members of the board of directors, shall, with the necessary changes, be applied also to nomination of members of the supervisory board by the employees.

Authorizations of the supervisory board

Art.340

1. The supervisory board shall supervise the management of the joint-stock

company by the managing board.
2. The supervisory board may inspect and review the business books,the documents and the enactments of the company,as well as the property,especially the treasury of the company and the existing value of the securities and goods. The supervisory board may involve particular members or experts in performance of some professional tasks.
3. The supervisory board shall convene the assembly of the company should the interests of the company require so. The decision on convocation of the assembly shall be reached by plain majority of the members of the supervisory board.
4. Authorizations referring to the management of the company may not be transferred to the supervisory board. As a rule, the statute of the company may stipulate for certain types of activities to be undertaken by the managing board only upon an approval of the supervisory board. Should the supervisory board refuse to give the said approval, the managing board may ask for an approval form the assembly. The decision upon which the assembly gives an approval shall be reached upon at least three-thirds of the votes. The statute may not prescribe any other kind of majority nor other conditions for decision-making by the assembly.

Agency of the company to the members of the managing board

Art. 341

Against the members of the managing board the joint-stock company shall be represented in court and out of it by the members of the supervisory board.

Decision-making by the supervisory board

Art. 342

1. The supervisory board shall make decisions in the presence of at least half of the members at the meeting.
2. Unless higher majority provided by the statute, the supervisory board shall make the decisions upon majority of votes of the quorum stipulated in point 1 of this article.
3. Unless otherwise provided by the statute, the vote of the president of the supervisory board shall be decisive in case of division of votes.

Annual money reward

Art. 343

1. To the members of the supervisory board the assembly of the company may give an annual money reward. The assets shall be charged to the operation costs. The money reward shall be proportionate to the tasks of the members of the supervisory board and to the financial condition of the company.
2. For special tasks entrusted to the company and carried out by the members of the supervisory board, the supervisory board may reach a decision on giving extra rewards to them charged to the operation costs .
3. The members of the supervisory board may not accept other rewards except the ones prescribed by the points 1 and 2 of this article.

Approval by the supervisory board of an agreement in which the company appears as a party and which the managing or the supervisory board has interest in

Art. 344

1. Each agreement in which the joint-stock company appears as a party and which a member of the managing or supervisory board has interest in, even indirectly, shall be submitted for approval to the supervisory board.
2. When a member of the managing or the supervisory board acknowledges the fact that all circumstances prescribed in points 1 of this article have been met, he shall inform both organs thereof. The interested members has the right to be heard out, but may not take part in the discussion or in the decision-making concerning the said agreement in the managing board nor in the decision-making concerning the approval required form the supervisory board.
3. The assembly of the company shall be informed at the following session about the approvals given in accordance with the points 1 and 2 of this article.
4. The non-existing of an approval by the supervisory board or irregularity of the decision on the approval may not be pointed out toward third parties, unless the company proves that the third party had been aware of the non-existing of an approval or of the irregularity of the decision or, considering all circumstances must have been aware thereof.

The legal effect of the agreements approved by the supervisory board

Art. 345

1. The agreements approved by the supervisory board as well as those that had not been approved of shall produce legal effect toward third parties, unless they are annulled for fraud.
2. The consequences producing detrimental effect on the company due to the agreements that had not been approved of may be charged to the account of the

member of the managing i.e. the supervisory board.

Annulment of agreements producing
detrimental effect on the company

Art. 346

1. Regardless of the responsibility of the interested member of the managing i.e. the supervisory board, the agreements form article 345 concluded without the approval of the supervisory board may be annulled should they produce detrimental effect on the joint-stock company.
2. The lawsuit for annulment shall be submitted within three months counting form the day of the conclusion of the contract.
3. The assembly of the company may, on the basis of a separate report of the supervision listing the circumstances which the approval had not been given in, declare such agreement null and void.

Equal rights and liabilities of all members of the
managing and supervisory board

Art. 347

1. All members of the managing and the supervisory board according to their status set stipulated by this law, shall have equal rights and liabilities regardless of the distribution of the rights among the members of the managing i.e. the supervisory board.
2. All members of the managing and the supervisory board shall exercise their rights and fulfill the liabilities in the board to the interest of the company having taken into consideration the interests of the shareholders and the employees.
3. The members of the managing and the supervisory board shall be liable to keep as business secret all information and data related to the work of the company and entrusted to them as confidential ones. This liability shall continue after the cease of the membership in the managing i.e. the supervisory board.

Third sub-division

Assembly of the joint-stock company

General provisions on the assembly

Art. 348

1. The shareholders shall exercise their right in the joint-stock company and the interests in the company and in particular concerning the preparation of the annual balance sheets and the removal form office of the members of the company' s organs, in the assembly of the company, unless otherwise provided by the statute.
2. The members of the board of directors i.e. of the supervisory board and the managing board may participate in the work of the assembly without the right to vote, unless they are shareholders.

Competence of the assembly

Art. 349

1. The assembly shall make decisions only in cases strictly prescribed by the law or by the statute, and on the following issues in particular:
· the changes and the amendments to the statute of the company:
· the increase and the decrease of the basic capital assets of the company:
· the change in the rights related to certain types and kinds of shares;
· the nomination to, and the removal form office of the non-executive members of the board of directors and the members of the supervisory board,except for those nominated by the employees;
· the approval of the work of the members of the board of directors,the managing and the supervisory board;
· the adoption of the annual balance sheets and deciding on the use of the profit;
· the nomination and controllers of the annual balance sheets as well as controllers of the management of the company;
· the transformation of the company into another company and the termination of the company;
· the issuance of bonds and
· changes in the status of the company.
· 2. the assembly of the company may decide on issues form the filed of management only should the non-executive members of the board of directors, i.e. the managing board should require so.

Competence of the assembly of the company to decide on the approval of the work of the other organs of the company

Art. 350

1. The assembly of the company shall, each year after the expiry of the business year, decide on the approval of the work of the members of the board of directors, i.e. of the members of the managing and the supervisory board. Should one or more shareholders possessing shares representing at least one-tenth of the basic capital assets require so or should the assembly decide so, for the approval of the work of the members of the organs of the company, the assembly shall vote separately for each member of the organ.
2. The discussion about the approval of the work of the organs of the company shall be related to the discussion about the balance of success of the company.
3. The assembly of the company shall give its consent for the manner in which management of the company had been carried out by the board of directors, i.e. by the managing and the supervisory board.
4. The approval of the work of the organs of the company shall not contain renouncement of the claims for compensation of damages.

Conditions for convocation of the assembly of the company

Art. 351

1. The assembly of the company shall be convened in the cases prescribed by law or by the statute of the company,in the manner and at the time that the interest of the company requires.
2. The assembly shall be convened three months after the preparation of the annual balance sheets and the annual report latest, in order to:
· review the annual balance sheets and the annual report and to reach a decision on them;
· decide on the use of the profit or covering of loss;
· approve of the work of the members of the board of directors, i.e. of the managing and the supervisory board;
3. The statute of the company may not shorten the term form point 2 of this article.
4. Should the managing board i.e. the executive members of the board of directors fail to convene the assembly on time, the assembly shall immediately convene the supervisory board, i.e. the non-executive members of the board of directors.

Conditions in which a decision may be reached
on convocation of the assembly

Art. 352

1. The executive members of the board of directors, i.e. the managing board shall decide on convocation of the assembly by plain majority.
2. In conformity with the provisions of this law or of the statute of the company the assembly of the company may be convened by other persons.
3. A request for convocation of the assembly of the joint-stock company may be submitted also by the shareholders the joint share in the company of which is one-tenth of the basic capital assets. The request shall be submitted in writing, citing the aim and the reasons for the convocation of the assembly of the company. The request shall be submitted to the executive members of the board of directors, i.e. to the managing board.
4. Should within 30 days after the request of the shareholders the assembly not be convened, the competent registration court shall, in an extrajudicial procedure, convene the assembly or shall authorize shareholders who had requested convocation of the assembly or their agents to convene the assembly.
5. The company shall bear the costs of the session of the assembly of the company in accordance with point 4 of this article, as well as the court expenses, should the court approve of the request.

Invitation to convocation of the assembly

Art. 353

1. The assembly of the company shall be convened by sending an invitation to all shareholders having entered their shares into the register of shares, in a manner that proves that the invitation has been sent to each shareholder, stating the date it has been sent and received.
2. The assembly may be convened also by publishing an invitation to the shareholders. The invitation shall be published into the bulletin of the company and in at least one daily newspaper.

The obligation of informing

Art. 354

1. The executive members of the board of directors ,i.e. the managing board shall, within ten days form the date of the invitation to convocation of the assembly, be obliged to inform the financial institutions and associations of the shareholders who, at the last session, had voted on behalf of the shareholders or had required the convocation, about the requests and the proposals of the shareholders, their names and surnames, the explanations and

the attitudes of the executive members, of the board of directors i.e. of the managing board.

2. The executive members of the board of directors i.e.the managing board shall submit the information form point 1 of this article also to the shareholders that had entrusted the company the keeping of their shares or had required for the information to be sent to them.

3. Each non-executive member of the board of directors, i.e. each member of the supervisory board may require for the information form point 1 of this article to be sent to it.

4. Each shareholder keeping its shares in the company or has been entered into the register of shares as a shareholder and each non-executive member of the board of directors, i.e. member of the managing board may require for the decisions to be discussed and reached at the assembly to be sent to him in writing.

Obligations of the financial institution keeping the shares

Art. 355

1. The financial institution which keeps the shares for the shareholders must submit the received information according to article 354 of this law to the shareholders immediately.

2. Should the financial institution intend to vote for the shareholders at the assembly of the company, it must inform the shareholders about its own proposals for the voting to each point of the agenda. The financial institution shall require form the shareholders instructions for the voting. Should it not receive instructions form the shareholder for the voting, it shall warn them that it shall vote as they had been informed.

3. Should the shareholder, after the convocation of the assembly, submit written instruction for the voting to the financial institution, it may not announce its own proposal for the voting.

4. The responsibility of the financial institution for the damage done to the shareholders due to non-fulfillment of the obligations form the points 1 and 2 of this article may not, for any reason, be excluded in advance or limited.

Contents of the invitation to participation
in the session of the assembly

Art. 356

1. The invitation, i.e. the published invitation to participation in the session of the assembly of the company shall contain the following data:

- the trade name and the seat of the company;
- the place and the date of the session of the assembly;

· other formalities prescribed by the statute of the company of importance for the attendance of the session and the manner of voting;
· the provision of the statute stipulating the criteria i.e. the conditions for nomination of an agent of the shareholder and,
· the agenda.
2. The term starting form the date on which the invitation has been sent, i.e. the publishing may not be shorter than 21 days.

Depositing the shares as a condition for participation in the session of the assembly or for exercising of the right to vote

Art. 357

1. The participation in the session of the assembly of the company or the exercising of the right to vote may be conditioned by the depositing of shares for a definite period of time prior to the session of the assembly or by applying of the shareholders for participation prior to the session of the assembly.
2. Should according to the statute the participation at the assembly of the company or the exercising of the right to vote depend on the depositing of the shares for a definite period of time prior to the session of the assembly, the shares should be deposited seven days prior to the session of the assembly latest.
3. Should according of the statute the participation in the session of the assembly or the exercising of the right to vote depend on the applying of the shareholders prior to the session of the assembly, the shareholders shall apply for participation three days prior to the session of the assembly latest.
4. Unless otherwise provided by the statute, the sessions of the assembly of the company shall be held in the seat of the company.

The right of the shareholders to require inclusion of new items in the agenda of the session of the assembly already convoked

Art. 358

1. One or more shareholders, the joint participation of which is one-tenth of the basic capital assets, may require in writing for one or more items to be included in the agenda of the session of the assembly already convoked.
2. The requests for inclusion of new items in the agenda shall be sent to the company within seven days form the day the invitation had been sent, i.e. the

invitation for participation in the session of the assembly had been published.
3. The requests for inclusion of one or more items in the agenda shall be sent to all shareholders, i.e. shall be announced in the same manner the invitation have been sent, i.e. the invitation for participation in the session of the assembly had been published.

The assembly shall decide on issues that had been regularly placed on the agenda

Art. 359

1. The assembly shall decide only on issues that have been regularly placed on the agenda.
2. The assembly may also discuss issues that have not been placed on the agenda.

Opposing a proposal and a counterproposal

Art. 360

1. Should the shareholders within seven days form the publishing of the announcement of convocation of the assembly submit a proposal to the assembly and announce that they would, at the assembly, oppose some proposal of the board of directors i.e. of the managing board or the supervisory board and convince the rest of the shareholders to vote in favour of their proposals, they shall announce the proposals in accordance with article 350 of this law.
2. The counterproposal and the explanation ought not be announce should:
· the announcement be a criminal offence;
· the counterproposal lead to a decision of the assembly of the company opposite to the law, i.e. the statute of the company;
· the explanation on the essential issues contain obviously incorrect data or data that may mislead the shareholders;
· the counterproposal of the shareholders be based on same actual situation and had been announced to the company;
· same counterproposal of the shareholders with same explanation in the last five years be announced to the assembly twice and the shareholders possessing one-fifth of the basic capital assets had come out in favour of it;
· it be obvious that the shareholder will not participate in the session of

the assembly even if he was represented by somebody and
· in the last two years at two sessions of the assembly the shareholder himself or through an agent had not placed a counterproposal he had announced.
3. The explanation ought not be announced should it contain more than 100 words.
4. Should more shareholders place counterproposals on the same issue, they may joint their explanations.

The right of the shareholder to participation in the work of the assembly and the right to vote at it

Art. 361

1. Each shareholder shall be entitled to participation in the work of the assembly and to vote, unless otherwise provided by the law.
2. The right to participation shall comprise also the rights to participation in the discussion.

Representing a shareholder at the assembly

Art. 362

1. Each shareholder may appoint a person to represent him at the assembly.
2. The statute of the company may limit the appointing of shareholders to one or more categories of persons. Each shareholder shall be entitled to appoint another shareholder to represent him at the assembly of the company.
3. The appointing shall be carried out with a written authorization verified by the court, that shall be sent to the company and must be delivered three days prior to the session of the assembly latest.

Records on the attendance of the shareholder i.e. of his representative

Art. 363

1. For the shareholders attending the assembly a list shall be drawn up indicating the name (the trade name) and the address (the seat) of the shareholder, i.e. of his representative and of the shares and number of votes arising form the shares that each shareholder is entitled to. The list of attendants shall be signed by the president of the assembly and by the recording secretary.
2. The list of attendants shall be submitted for inspection to all

participants on the assembly of the company prior to the first voting. Each shareholder may require a copy of the list bearing the costs of it.

Quorum for decision-making

Art. 364

1. The assembly may make decisions if the assembly is attended by all shareholders possessing at least one half of the shares with the right to vote. The statute may prescribe for the represented share of the basic capital assets to be higher.
2. Should the assembly not be attended by all shareholders according to point 1 of this article, within at most 15 days the assembly shall be convened again, that shall make decisions on the issues placed on the agenda for the first convocation regardless of the present shareholders and the number of shareholders they possess, except for the issue requiring certain majority according to this law.

Majority upon which decisions are made at the assembly

Art. 365

The decisions at the assembly shall be reached upon majority of votes of all present or represented shareholders, unless the statute provide higher or another corresponding majority or other conditions with respect to the majority upon which the decisions of the assembly are reached or the assembly decides on nomination of the members of the organs of the company and the controllers of the annual balance sheets, as well as the controllers of the management of the company.

Exercising the right to vote

Art. 366

1. The shareholders shall exercise their right to vote at the assembly according to the nominal value of the shares, in proportion to the part of the capital assets that the share represents.
2. The statute may limit the number of the votes of the owners of shares so that particular shareholders may not have more than certain number of votes or certain percent of all votes.
3. The statute may provide for the shares kept by someone for the account of a shareholder to be considered shares belonging to him.
4. Should a company be a shareholder, the statute may provide for shares belonging to it to be considered also the shares owned by the company in

another company in which it has significant share, majority share or majority right to participation in the decision-making and mutual share in a dependent, ruling and other companies related to it in a holding enterprise or in an enterprise in which the shares have been kept by someone for the account of those companies.

5. Limitations to particular shareholders with respect to the possibility of exercising the rights of this article may not be prescribed.

Conditions and manner in which the right to vote is exercised

Art. 367

1. The right to vote shall be acquired upon full payment of the deposit. The statute may provide for the right to vote to be acquired on the day, when for the shares the lowest amount of the deposit prescribed by this law and the statute shall be paid. The shares for which the lowest amount of the amount is paid for shall give one vote. For higher deposits the scope of the acquired rights shall be determined according to the amount of the paid deposit.

2. Should the statute prescribe for the right to vote to be acquired prior to the full payment of the deposit, and not a single share has been fully paid for, the right to vote shall be determined in proportion to the amount of the paid deposit, provided that the payment of the lowest amount gives a right of one vote. In these cases the parts of votes shall be taken into consideration only should the shareholder having the right to vote a right to full votes be given.

3. The statute of the company may not contain provisions form the points 1 and 2 of this article that would refer to particular shareholders or to particular types of shares.

4. By pledge of the shares, the shareholder shall not lose the right to vote.

Interest of a shareholder opposite to the interest of the company

Art. 368

1. A shareholder who, for his own account or for somebody else' s account in certain dealing has an interest opposite to that of the joint-stock company and is aware that the interests are opposed, must not personally nor through a representative vote for that dealing on his behalf or on behalf of somebody else.

2. Should he act contrary to point 1 of this article he shall be liable for the damage the company would suffer unless he proves that majority had not been not reached even without his vote.

3. The agreement in which the shareholder undertakes to exercise his right to vote according to the instructions of the company at the board of directors, i.e.at the managing or the supervisory board, shall be null and void, i.e the

agreement in which the shareholder undertakes to vote in favour of the board of directors i.e. the managing or the supervisory board of the company shall be null and void.

The manner of voting at the assembly

Art. 369

1. Unless otherwise provided by the statute, and the assembly itself prescribes certain manner of voting, the manner of voting shall be prescribed by the president of the assembly.
2. For all nominations, for the proposals for removal form office of a member of the organs of the company or calling a member of these organs to account, the voting shall be carried out by secret ballot. Also secret ballot shall be applied to requests of one or more shareholders possessing shares representing at least one-fifth of the basic capital assets.

Coming into force of the decisions of the assembly

Art. 370

1. The decisions of the assembly shall come into force on the day they had been reached unless coming into force has been postponed for a definite period of time.
2. The decisions referring to the changes in the statute, to the increase and decrease of the basic capital assets, the transformation and the termination of the company, the appointing to, and the removal form office of the organs of the company shall be entered into the trade register and shall come into force upon the announcement of the entry into the trade register.

Validity of the decisions of the assembly related to a particular type of shares

Art. 371

1. The decisions of the assembly which change the right related to a particular type of shares in an unfavourable way shall be valid should the shareholders representing the said type of shares give their consent by majority of two-thirds.

2. Special decisions of the owners of shares of particular type shall be reached at a separate session of these shareholders or by separate voting, unless otherwise provided by law. For convocation of a separate session and the participation in it, for the right to informing as well as for reaching special decisions, the provisions of this law referring to the decision-making by the assembly shall be applied. Should shareholders entitled to participation in the voting on a special decision require convocation of a separate session or should they vote separately, their joint share on the basis of which they may participate in the voting on a special decision ought to be at least one-tenth of the share giving the right to vote on the special decision.

The right to informing about the state of the company and its relations with other companies

Art. 372

1. Each shareholder may at the assembly of the company require information on the state of the joint-stock company and its relations with other companies, should such information be necessary for objective estimate of the issues placed on the agenda of the assembly.
2. The information must correspond to the principles of conscientious rendering of an accounting and may be forbidden only should the interest of the company or the public interest be more important than the interest of the shareholder to receive the information.
3. The shareholder deprived form being informed may demand for his request and the reasons for which he had been deprived form being informed to enter the minutes of the discussion.
4. The shareholder deprived form being informed may demand protection of his right form the competent registration court in an extrajudicial procedure. the demand shall be submitted within 14 days form the date of the session of the assembly of the company.

Minutes of the session of the assembly

Art. 373

1. For the work of the assembly minutes shall be kept containing the following data:
· the trade name and the seat of the company;
· the time and the place of the session of the assembly;
· the name of the president of the assembly, the name of the recording secretary and the names of the counters of votes, should they be stated;
· the events of importance for the assembly, as well as the proposals placed;
· the decisions, the number of votes in favour and against and the

abstentions;
· the dissociating of a shareholder, member of the board of directors i.e. of the managing i.e. the supervisory board against certain decision should the person objecting i.e. the objection require so.
· 2. The minutes shall be signed by the recording secretary and the president of the assembly and shall be verified by shareholders elected by the present shareholders at the session.
3. Each shareholder may require form the executive members of the board of directors, i.e. of the managing board, issuance of a transcript of the minutes or a copy of the minutes of the assembly.
4. The minutes of the assembly and the proposals shall be kept for ten years at minimum.

Limiting the participation of priority shares without the right to vote

Art. 374

When the joint-stock company issues priority shares without the right to vote, the shares may be issued to a total nominal value lower than half of the nominal value of the basic capital assets.

Rights to priority shares without the right to vote

Art. 375

1. With priority shares without the right to vote all rights belonging to the shareholder according to this law shall be acquired.
2. Should the amount to be paid form the dividend for the priority shares not be paid or should it not be fully paid for one year and the rest of the amounts not be additionally paid in the following year beside the full amount of the dividend for the current year, the priority shares shall give the right to vote until the amounts are paid. The priority shares shall participate in the calculation of capital majority required according to the law, i.e. according to the statute of the company.

Conditions under which a decision repealing the priority right is canceled

Art. 376

1. For a decision repealing the priority right the consent of the owners of the priority shares shall be required.
2. For issuance of priority shares which in the distribution of the profit or

of the company property have priority or are equalized with the priority shares without the right to vote, the consent of the owners of the priority shares shall be required.
3. The consent of the owners of the priority shares shall be given upon a separate decision reached at a separate session. The decision shall be reached by majority of at least three-fourth of the votes given. The statute may prescribe other kind of majority and different conditions.
4. Should the priority be canceled, the shares shall contain the right to vote.

Claim for annulment of a decision of the assembly

Art. 377

1. A claim may be lodged for annulment of a decision of the assembly of the company of a joint-stock company should it be opposite to the law or to the statute or to the good business habits thus causing damage to the shareholder or to the interests of the company.
2. The claim form point 1 of this article may be lodged within three months. the term shall count form the day when the minutes of the session of the assembly has been presented for inspection, and if the claimant had participated in the work of the assembly form the day of the completion of the session of the assembly.

Entities that may lodge a claim for annulment
of a decision of the assembly

Art. 378

1. A claim, according to article 377 point 1 of this law may be lodged by:
· the members, i.e. a member of the board of directors, i.e. of the managing and the supervisory board, in a manner stipulated by the statute of the company, should by performance of the decision a criminal offence be done, i.e. should by performance of the decision an obligation for compensation of damage occur;
· a shareholder who had participated in the session of the assembly, unless the company proves that it had been familiar with the contents of the disputed decision or had to be familiar with, and it had not voted against the decision nor had expressed its grounded objection against reaching of the decision in the minutes;
· a shareholder who had not participated in the session of the assembly due to the fact that the session had not been regularly convened or he had not been admitted to it for no grounded reason or had been expelled form it for no grounded reason, as well as when he proves with a public or verified document that he had not been able to take part in the session;

· a shareholder that had not participated in the work of the assembly and the assembly had decided on issues that had not been in conformity with the items on the agenda, and
· each shareholder, for violation of the provisions of this law stipulating limitations regarding the participation in the work of the assembly, i.e. regarding the right to vote at the assembly.
· 2. The claim for annulment of a decision opposite to the good business habits may be lodged by each shareholder that might have suffered damage as well as each shareholder and those who have been authorized to lodge a claim according to point 1 of this article, if the decision might cause damage to the interests of the company.

Entities the claim is lodged against

Art. 379

1. The claim shall be lodged against the joint-stock company and shall be submitted to the competent court in the register of which the joint-stock has been entered in.
2. The company shall be represented by the members of the board of directors, i.e. of the managing or the supervisory board, in the manner prescribed by the statute of the company.
3. The board of directors, i.e. the managing board shall be obliged to announce immediately the lodging of the complaint as well as the date of the oral hearing.
4. Should the decision be entered in the trade register the court shall officially order entry of the claim into the register.

Replacement of a null and void decision

Art. 380

A decision of the assembly shall not be declared null and void should it be replaced with another decision which is in conformity with the law, i.e. with the statute. The court may prescribe a term for the company in which the company shall reach a decision that the disputed decision shall be replaced with.

The right of a shareholder to get involved in a dispute

Art. 381

1. Each shareholder may involve himself into the dispute. The verdict, upon which the decision is annulled shall be valid for all shareholders with respect to their relation toward the joint-stock company. By annulling a decision of the assembly the rights of third parties acquired in good faith shall not be questioned.
2. The completion and the result of the dispute shall be entered into the trade register by the court Should the decision be declared null and void, the entry of the decision into the register shall be erased once the court verdict upon which the decision had been declared null and void becomes valid.
3. For the decision that the company suffers as a result of ungrounded refuting a decision, i.e. of ungrounded demand for the executing of the decision has been prevented, the claimants causing the damages due to premeditated acting or out of negligence shall have joint and several liability.

Division five

JOINT-STOCK COMPANY FOUNDED BY ONE PERSON

Joint-stock company with one founder

Art. 382

1. a Joint-stock company, other trade enterprise, the Republic of Macedonia, a community or the City of Skopje may found joint-stock companies in which they shall be the only founders.
2. A company founded by one person shall be established also when the right of ownership over all shares is acquired by one shareholder. The status of only founder in this way may be acquired by a legal entity form point 1 of this article.

Application for entry into the registration court

Art. 383

1. For the establishing of a joint-stock company founded by one person an application for entry in the registration court shall be submitted within 30 days form the day of establishing.
2. Should the application not be submitted, the shareholder shall, form the moment of acquiring all shares, have unlimited liability for the obligations of the joint-stock company founded by one person.

Liability of the founder

Art. 384

Should due to permanent insolvency a liquidation procedure be applied, the shareholder shall have unlimited liability for each obligation of the joint-stock company founded by one person arisen after the entry into the trade register.

Corresponding application of the provisions of the joint-stock company law to the company founded by one person

Art. 385

To the joint-stock company founded by one person shall correspondingly be applied the provisions of this law referring to the joint-stock companies, provided that the rights and liabilities of the assembly of the joint-stock company shall be fulfilled by the founder, i.e. the only founder.

Division six

CHANGE IN THE STATUTE AND INCREASE I.E. DECREASE OF THE BASIC CAPITAL ASSETS

First sub-division

Change in the statute

Manner of changing the statute

Art. 386

1. The statute shall be changed upon a decision of the assembly. When by the changes its contents are being adjusted upon a valid decision, the assembly may transfer the authorization for changing the statute to the board of directors, i.e. to the managing board.
2. A change in the statute shall be made by majority of at least three-fourths of the represented basic capital assets. The statute may provide for other capital majority which shall not be lower than the majority of the represented basic capital assets. The statute may also stipulate other conditions.
3. For the validity of a decision of the assembly form point 1 of this article changing the existing relation between several types of shares to the disadvantage of one type of shares, consent of the shareholders possessing this type of shares shall be required. The shareholders shall give their

consent with a separate decision reached in accordance with point 2 of this article.

Conditions for validity of a decision prescribing incidental obligations of shareholders

Art. 387

1. For the validity of a decision prescribing incidental obligations of the shareholders, consent of all shareholders the obligations are prescribed for shall be required.
2. The provision form point 1 of this article shall be applied also to a decision according to which the transfer of shares issued to a name or of the temporary shares requires the consent of the company.

Entry of a change of the statute into the trade register

Art. 388

1. The managing organ shall be obliged to submit an application for entry of the change in the statute into the trade register. Should for the change of the statute i.e. of some of its provisions consent of a competent organ determined by law be required, the application shall be accompanied by the consent.
2. Should the change of the statute not refer to the data form article 270 of this law, when entering the change in the register citing of the documents submitted to the registration court shall be sufficient. Should by changing the statute a provision be changed which has to be entered into the register, the change shall be entered into the trade register.
3. The change shall produce legal effect once it has been entered into the trade register.

Second sub-division

Increase of the basic capital assets

Increase of the basic capital assets by deposits

Art. 389

1. the increase of the basic capital assets shall be carried out by issuing new shares.
2. Should there be several types of shares the decision on increase of the

basic capital assets by entering deposits shall become valid upon the consent of the shareholders possessing each type of shares. The owners of each type of shares shall reach a separate decision on giving the consent.
3. Should the new shares be issued to an amount higher than the nominal value, the lowest amount under which they may not be issued shall be prescribed by the decision on the increase of the basic capital assets.
4. The basic capital assets may be increased by deposits only upon extensive payment of all previously issued shares.

Manner of reaching a decision on increase of the basic capital assets

Art. 390

1. Unless otherwise provided by the statute, a decision on increase of the basic capital assets shall be reached by majority of at least three-fourths of the votes representing the basic capital assets of the company.
2. The decision on the issuance of priority shares without the right to vote may not be reached at more favourable conditions than those set forth in point 1 of this article.

Entry in the trade register of the decision
on increase of the basic capital assets

Art. 391

1. The board of directors, i.e. the managing board, shall apply for entry of the decision on increase of the basic capital assets into the trade register.
2. Should the court express doubt whether the value of the non-money deposit reaches the nominal value of the shares being issued, it shall carry out control through one or several appraisers in the manner stipulated by this law. The court shall reject the entry should the value of the non-money deposit be lower by more than 10% of the nominal value of the shares that are to be issued.

Conditions under which new shares shall be granted

Art. 392

1. At the request of each shareholder, within a term that may not be shorter than 15 days, he shall be given the right to subscribe to the part of new shares that corresponds to the participation of his shares in the basic capital assets.
2. The board of directors, i.e. the managing board, shall announce an invitation to the shareholders stating the amount of the issued shares and the

term for subscription to shares. The owners of shares issued to a name shall be invited by special invitations.
3. the right to priority purchase of shares may be totally of partially excluded only upon a decision on increase of the basic capital assets, according to the statute of the company announced in the manner that the convocation of the assembly of the company is announced.
4. The decision form point 3 of this article shall be reached by at least three-fourths of the votes representing the basic capital assets of the company on the day the decision is reached. The statute may stipulate for different capital majority and meeting different conditions.

Entry into the trade register of the increase of the basic capital assets that has been carried out

Art. 393

1. The board of directors, i.e. the managing board shall be obliged to apply for entry of the basic capital assets already carried out, into the trade register.
2. The basic capital assets shall be considered increased once the increase carried out has been entered into the trade register.
3. The announcement of the entry, beside the data prescribed by this law, shall also contain the amount of the issued shares and the determined value of the non-money deposit.
4. The shares may be issued only after the entry into the trade register. Issuance of shares prior to the entry shall be null and void.
5. For damage done by the issuance of shares to the owners of shares the issuers shall have joint and several liability.

Increase of the basic capital assets with a non-money deposit

Art. 394

1. Should the increase of the basic capital assets be carried out with a non-money deposit, the decision on the increase of the basic capital assets must state the following: the object the company acquires by the deposit, the person the company acquires the object form and the nominal value of the shares acquired by the non-money deposit estimated by an authorized appraiser. The delivery of bonds in exchange to shares shall not be considered a non-money deposit.
2. Without stating the data form point 1 of this article, the investing in objects, the legal enactments and actions for its execution shall be null and

void.
3. Point 1 of this article shall not be applied to investments of money outstandings belonging to the employees in the company form the share in the profit of the company.

Conditional increase of the basic capital assets

Art. 395

1. The assembly may reach a decision on increase of the basic capital assets in order to perform exchange of the bonds for shares or in order for the shareholders to exercise the right to priority purchase of shares granted by the company for the new shares (conditional increase of the basic capital assets).
2. The conditional increase of the basic capital assets may be carried out only for:
· granting the right to exchange or priority purchase by the owners of the convertible bonds;
· preparation for merging of several companies;
· granting the right to priority purchase by the employees in the company for acquiring shares by investing the outstandings belonging to them form the profit of the company;
3. The nominal value of the conditionally increased basic capital assets may not exceed one half of the basic capital assets that had existed at the moment of reaching of the decision on conditional increase of the basic capital assets.
4. The provisions of this law referring to priority purchase of the new shares shall be correspondingly applied to the exercising the right to exchange of the bonds for shares.

Manner of reaching a decision on conditional increase of the basic capital assets

Art. 396

1. The decision on conditional increase of the basic capital assets shall be reached by at least three-fourths of votes representing the basic capital assets of the company on the day the decision has been reached.
2. The decision shall set forth the following:
· The aim of the conditional increase of the basic capital assets;
· the persons with the right to priority purchase and
· the amount of the issued shares or the basis according to which this amount is being calculated.

Entry into the trade register of the conditional increase of the basic capital assets

Art. 397

1. The board of directors, i.e. the managing board, shall apply for entry of the conditional increase into the trade register.
2. Should the court doubt whether the value of the non-money deposit reaches the nominal value of the issued shares, shall carry out control through one or several appraisers in a manner stipulated by this law. The court shall reject the entry should the value of the non-money deposit be lower by more than 10% than the nominal value of the issued shares.

Invalidity of the shares issued before the entry of the decision on conditional increase of the basic capital assets

Art. 398

Before the entry of the decision on conditional increase of the basic capital assets shares may not be issued. The previously issued shares shall be null and void. For damage done by the issuance of shares to the owners of the shares the issuer shall have joint and several liability.

Exercising the right to priority purchase with a statement

Art. 399

1. The right to priority purchase shall be exercised with a statement made in writing in two copies. The statement shall state the participation according to the number, the nominal value and the type of the shares, the data stipulated in the article 397 point 2 in case of non-money deposits, as well as other data stipulated by the decision on conditional increase of the basic capital assets.
2. The statement for priority shares shall produce the same legal effect as the subscription form. The statement not containing the data form point 1 of this article or contains limitations of the obligations of the person making the statement shall be null and void.

Conditions under which the shares may be issued

Art. 400

1. The board of directors, i.e. the managing board shall be authorized to issue the shares only if the aim set forth in the decision on conditional

increase of the basic capital assets is achieved and if full payment of the countervalue prescribed by the decision has been made.
2. the board of directors, i.e. the managing board may issue the shares for the received convertible bonds of the balance between the amount of the issued shares submitted to exchange and the higher nominal value of the shares form the statutory reserves has been covered, provided that the statutory reserves may be used for this purpose, orif the balance has been covered by additional payment by the person authorized for the exchange.

Entry into the trade register of conditional increase of the basic capital assets within the scope of the shares issued in the previous business year

Art. 401

1. the members of the board of directors, i.e. of the managing board may, in a manner prescribed by the statute of the company, within a month after the expiry of the business year apply for entry into the trade register of the increase of the basic capital assets in the scope in which shares had been issued in the previous business year.
2. The board of directors, i.e. the managing board shall, attached to the application for entry submit a statement declaring that the shares had been isued only for achieving the aim prescribed by the decision on conditional increase of the basic capital assets and that they had not been issued prior to the payment of the countervalue prescribed by the decision.

Granted capital

Art. 402

1. The board of directors, i.e. the managing board may be authorized by the statute of the company for at most five years after the entry into the trade register of the founding of the company, i.e. of the change of the staute, by issuing new shares on the basis of deposits in the company, to increase the basic capital assets up to a determined amount (granted capital).
2. The nominal value of the granted capital may not exceed one half of the basic capital assets in the time the authorization had been given.
3. The statute may provide for the new shares to be issued to the employees in the company.

Issuance of new shares

Art. 403

1. The issuance of new shares shall be carried out according to the proviisons of this law referring to the increase of the basic capital assets by deposits, unless otherwise provided by a separate law.
2. The provision of the statute stipulating the increase of the basic capital assets shall be considered a decision on increase of the basic capital assets.
3. With the authorization form point 2 of this article the board of directors, i.e. the managing board may be excluded form deciding on the right to priority purchase.
4. Unless otherwise provided by a statute of a financial institution and insurance organization, the new shares may not be issued if the nominal value of all previously issued shares had not been fully paid.
5. Should the delayed payments amount proportionally low value, they shall not prevent the issuance of new shares.
6. In the first application for the increase of the basic capital assets carried out, the investments in the existing basic capital assets that had not been carried out shall be stated as well as the reasons for it.
7. The provision form point 3 of this article shall not be applied should the shares be issued to the employees in the company.

Organs deciding on the contents of the rights form the shares and on the conditions under which they are issued

Art. 404

1. On the contents of the rights arising form the shares and the conditions which their issuance shall be carried out under, the board of directors i.e. the managing board shall decide,unless otherwise provided by the authorization form the statute for issuance of new shares.

2. The board of directors, i.e. the managing board may issue priority shares granting priority or same rights in the distribution of the profit or of the rest of the property of the company only if provided by the authorization form the statute for issuance of new shares.
3. Should the company gain profit, shares to the employees may be issued also in the way that the deposit to be paid for is covered by the share of the profit which according to the provisions of the law, may be entered into the statutory reserves.

Shares based on non-money investments

Art. 405

1. Shares based on non-money investments may be issued should it be provided by the authorization form the statute for issuance of new shares.
2. The board of directors, i.e. the managing board shall prescribe the object of the non-money deposit and the person the company receives the nominal value of the shares issued for the non-money deposit form, unless they are stipulated by the authorization form the statute for issuance of new shares and shall be entered in the document for subscribing to the shares.

Increase of the basic capital assets by
transformation of the reserves

Art. 406

The assembly of the company may reach a decision on increase of the basic capital assets by transforming the reserves into basic capital assets after the preparation of the annual balance sheets for the last business year that had expired before reaching of the decision on increase of the basic capital assets.

Manner in which the reserves are expressed

Art. 407

1. The reserves that are being transformed into basic capital assets shall be expressed in the last annual balance sheets, and should another balance be taken for a basis, they shall be expressed in the balance as “open reserves”. The statutory reserves may be transformed as a full amount into basic capital assets, and the legal reserves may be transformed into basic capital assets only if it exceeds one-tenth or the prescribed higher share of the existing basic capital assets
2. The statutory reserves intended for acertain purpose may be transformed into basic capital assets if by its transformation into basic capital assets the planned purpose is achieved.

3. The reserves may not be transformed into basic capital assets should the balance the basis of which has been taken for reaching of the decision on increase of the basic capital assets shows loss, including the transferred loss.

The balance as a basis for increase of the basic capital assets

Art. 408

1. To the application for entry into the trade register of the decision the balance shall be attached which shall be taken as a basis for the increase of the basic capital assets, together with the enactments for the approval of the balance.
2. The persons applying for entry of the decision shall be obliged to make a statement before the court that as for their knowledge,form the last day taken as a basis to the day of the application, in the balance there had been no reduction of the property that would prevent the increase of the basic capital assets, i.e. that the reduction had been settled by the end of the application.
3. The court shall enter the decision only if the balance taken as a basis for increase of the nasic capital assets had been prepared at least one month prior to the application and the statement had been made according to point 2 of this article.
4. The court shall not verify the data in the balance correspond to the provisions of the law.
5. In the course of applying for entry of the decision in the register the fact that the increase of the basic capital assets is being carried form assets of the company shall be indicated.

Entry into the trade register of a decision on
increase of the basic capital assets

Art. 409

The basic capital assets shall be considered to be increased once the decision on increase of the basic capital assets has entered the trade register.

The right of the shareholder to the newly issued shares

Art. 410

1. the shareholders shall be entitled to the newly issued shares in proportion to their share in the existing basic capital assets.
2. The decision of the assembly opposite to point 1 of this article shall be null and void.

Part of a new share

Art. 411

1. Should due to the increase of the basic capital assets only a part of the new share belong to the share in the existing basic capital assets, the right to a part shall be independent, abalienable and successive.
2. The rights arising form the new share , including the right to issuance of a receipt for the share, may be used only should the partial rights cinsisting one whole share merge into one person or should more persons, the partial rights of which consist one whole share, join for the reason of use of the rights.

An invitation to undertaking shares

Art. 412

1. The right to the shareholders to undertake the shares shall be announced in a manner prescribed by the statute, and the owners of shares issued to a name shall be informed separately for the place and the time of the undertaking.
2. should the shareholder fail to undertake the shares within a year form the date of the announcement or of the receipt of the separate information, the company shall be authorized to seel them for the account of the person authorized for undertaking. After the expiry of one year form the date of the announcement of the invitation, i.e. of the receipt of the information, the company shall be obliged to announce an invitation for sale of the shares that had not been undertaken by the authorized shareholders. The invitation shall be placed three times in intervals of at least one month on the bulletin board of the company. The last invitation must be placed on the board before the expiry of 18 months form the announcement of the invitation, i.e. form the receipt of the separate information.

Participation of the new shares in the profit

Art. 413

1. The new shares issued in conformity with the statute or the decision of the assembly on the increase of the basic capital assets shall participate in the profit for the year in which the increase of the basic capital assets has been carried out.
2. The shares owned by the company shall participate in the increase of the basic capital assets according to the rules referring to the other shares.

Third sub-division

Decrease of the basic capital assets

Decision on increase of the basic capital assets

Art. 414

1. The decision on increase of the basic capital assets may be reached by majority of at least three-fourths of the votes representing the basic capital assets at the moment the decision is being reached.
2. The statute may provide for higher majority than the majority stipulated by point 1 of this article as well as other conditions.
3. Should there be more types of shares, for the validity of the decision, the consent of the shareholders of each type of shares shall be required. For giving the consent, the shareholders of each type of shares shall make a separate decision.
4. By the decision on decrease of the basic capital assets the amount and the aim, as well as the manner of carrying out the decrease of the basic capital assets shall be determined. Should the decrease serve for partial payment of the basic capital assets to the shareholders, it shall be indicated in the decision.
5. The basic capital assets may be decreased by:
· decreasing the nominal value of shares and
· withdrawing shares.
6. The withdrawal shall be allowed only should it be impossible for the nominal value of the shares prescribed by law to be maintained.
7. The basic capital assets may be decreased by more than the lowest amount prescribed by law only should the company reach a decision for its increase at least up to that amount. Should the company within two years form reaching the decision on decrease and increase of the basic capital assets fail to register with the registration court the increase of the basic capital assets carried out , the court shall, as its official duty or to the request of any shareholder or creditor, reach a decision on termination of the company in an extrajudicial procedure.

Guarantee to the creditors

Art.415

1. To the creditors the outstandings of which arised before the entry of the decision on the decrease of the basic capital assets into the trade register that can not be settled, gaurantee must be provided should they, in order to

exercise this right, report their outstandings within six months form the day of the entry of the decision into the register. The creditors shall, in order to exercise this right, be warned into the announcement of the entry of the decision on the decrease of the basic capital assets into the trade register. Creditors, which in case of bankruptcy are entitled to priority settling form the bankruptcy assets of the debtor, may not demand issue of a guarantee.

2. On the basis of the deacreased basic capital assets of the company, payments to the shareholders may be made after the expiry of six months of the announcement of the antery of the decision on the decrease of the basic capital assets into the trade register and after the settlement of the outstandings of the creditors or after providing the guarantee out which their outstandings shall be settled, provided they have reported their outstandings on time.

3. The rights of the creditors to demand providing of guarantee shall not depend on the fact whether any amount has been paid to the shareholders on the basis of the decrease of the bsic capital assets.

Entry of the decrease of the basic capital assets into the trade register

Art. 416

1. The members of the board of directors, i.e. of the managing board shall, in the manner stipulated by the statute of the company, be obliged to submit applications for entry into the trade register of the decision on the decrease of the basic capital assets, and in the case form article 414 point 7 - also of the decision on increase of the baic capital assets.

2. The basic capital assets shall be considered to be decreased once the decision on the decrease of the basic capital assets has been entered into the trade register.

3. The board of directors, i.e. the managing board shall, immediately after the information about the entry of the decision on decrease of the basic capital assets into the trade register, announce the planned decrease of the basic capital assets three times in intervals of one week, warning the creditors that the company shall repay or provide for those outstandings that had existed on the day of the announcement of the entry of the decision on decrease of the basic capital assets into the trade register, provided that they had reported them within three months form the last announcement. The familiar creditors shall be separately informed thereabout.

Joining of shares

Art. 417

1. Should by the decrease of the basic capital assets the nominal value of

certain shares be reduced under the lowest amount prescribed by this law, the shares shall have to be joined in order to reach the lowest prescribed amount.

2. In the case form point 1 of this article, as well as in cases when as a result of the decrease of the basic capital assets the existing shares have to be substituted or a lower value to be indicated on them, the board of directors, i.e. the managing board shall, three times in intervals not shorter than eight and not longer than 15 days, invite in public the shareholders to deposit their shares on certain places within a term that may not be shorter than two months form the last announcement, attaching a confirmation of the depositing. Should all shares be issued to a name, the public invitation may be replaced by a registered letter sent to the shareholder. the term for depositing may not be shorter than two months form the day of the delivery of the letter by post.

3. The deposited shares that had not reached the number required for substitution shall be cancelled.

4. The board of directors, i.e. the managing board shall immediately sell the new shares issued instead of the cancelled ones, for the account of the owners of the cancelled shares. It shall sell them at the stock-exchange prices, and if no such exists, by tendering, in a place where most success is expected. The time and the place of the tendering shall be announced in the daily press at least one month prior to the day of tendering. The collected amount shall be delivered to the owners of the cancelled shares in proportion to the number of the shares, and should there be conditions for depositing with the court, they shall be deposited with the competent court according to the seat of the company. The shareholders shall be informed about it in the invitation, i.e. in the letter.

5. The number of all cancelled shares shall be announced in the same manner as the invitation.

6. Prior to the joining of the shares new shares must not be issued.

Application for entry of the decrease of the
basic capital assets carried out

Art. 418

1. The board of directors, i.e. the managinmg board shall be obliged to submit an application for entry of the decrease of the basic capital assets carried out into the trade register.

2. The application and the entry of the decrease of the basic capital assets carried out may be joined to the application and the entry of the decision on decrease of the basic capital assets into the trade register.

Payments to the shareholders due to the decrease
of the basic capital assets

Art. 419

1. The payments to the shareholders due to the decrease of the basic capital assets may be carried out after the announcement of the validity of the entry of the decision into the trade register.
2. The payments according to article 414 point 7 may be carried after the decision on the entry of the increase of the basic capital assets has become validand if the entry of the decision has been made and announced. in that case the shareholders shall be relieved form the further payments for the shares.
3. Should due to the annullment of the decision on the decrease of the basic capital assets a claim be lodged, the payments may not be carried out, i.e. the relieve shall not be valid prior to the valid settlement of the dispute.

Decrease of the basic capital assets by withdrawing shares

Art. 420

1. The decrease of the basic capital assets by withdrawing shares may be carried out should it be clearly allowed by the statute. Shares may be withdrawn by force and by acqiring of the shares by the company. The forced withdrawal shall be allowed only if stipulated by the statute of the company prior to the undertaking of or to the subscription to the shares.
2. The statute of the company shall set forth the terms and the manners for forced withdrawal of the shares.
3. the basic capital assets shall be considered to be decreased by the total nominal value of the withdrawn shares once the decision has been entered into the register or once withdrawal has been carried out. For the withdrawal of the shares, the company shall perform all activities for the cancellation of the rights arising form the withdrawn shares.

Division seven

TRANSFORMATION OF A JOINT-STOCK COMPANY INTO
A COMPANY OF DIFFERENT FORM AND
OF A LIMITED LIABILITY COMPANY
INTO A JOINT-STOCK COMPANY

Preconditions for transformation of a joint-stock company
into a company of different form

Art. 422

1. The joint-stock company may be transformed into a company of different

form if at the moment of the transformation there is at least one year and if there is a balance of succes of the work of the company prepared by the assembly for the last business year and a report on the work of the company on the day when the decision on the transformation is being reached.
2. The transformation of the company form one form into another shall be carried out without applying a liquidation procedure.

Decision on transformation of a joint-stock company into a company of different form

Art.422

1. The assembly of the joint-stock company shall reach the decision on transformation of the company into a company of different form on the basis of the report of the appointed controllers of the annual balance sheets. The report shall determine whether the property of the company is at least equal to the basic capital assets.
2. The decision on transformation of a joint-stock company into a company of different form shall be announced in a manner that a decision of the assembly on changing the statute is announced in.

Transformation of a joint-stock company into a public company ,
into a limited partnership company or
into a limited partnership joint-stock company

Art.423

1. Transformation of a joint-stock company into a public company shall be carried out upon all subsidiaries' consent. To the procedure of the transformation the provisions form the articles 421 point 1 and the article 422 point 1 of this law shall be applied.
2. The transformation of a joint-stock company into a limited partnership company and into a limited partnership joint-stock company shall be carried out upon a decision reached in a manner and by a procedure that implements changes in the acompany agreement and upon the consent of all founders that agree to be complementary partners.

A decision on transformation of a limited liability company
into a joint-stock company

Art. 424

1. For transformation of a limited liability company into a joint-stock company a decision of the assembly shall be required, reached in conformity

with the provisions of this law regulating the change of the company agreement.

2. To the transformation of a limited liability company into a joint-stock company the provisions of the this law referring to transformation of a joint-stock company into a limited liability company shall be correspondingly applied, provided that:

· in case of undertaking deposits the provisions of this law on the subscription form shall be applied and

· in article 219 point 1 of this law the main deposit is understood, i.e. the part of the property that would belong to the founder and for which he had subscribe to, i.e. had not undertaken shares and

· in article 219 point 2 of this law the main deposit is understood, i.e. part of the property that would belong to the company, the amount of which is not divisible by the nominal value of the shares.

3. With respect to the amount of the basic capital assets and the nominal value of the shares the provisions of article 224 of this law shall be applied, and to the participation in the joint-stock company the provisions of this law referring to the subscription forms shall be correspondingly applied.

4. Shoudl the renouncement of the shares be conditioned by the consent of certain subsidiaries in the limited liability company, their consent shall be required for the validity of the decision on transformation. Should those subsidiaries beside the payment of the deposits have other obligations toward the company, the consent of those subsidiaries shall be required for the validity of the decision on transformation.

5. By the decision, beside the change of the form, also other changes in the statute shall be made, necessary for the transformation of the limited liability company. Attached to the decision shall be a lit listing the names of the founders that had voted in favour of the transformation of the company.

Corresponding application of the provisions on revision and the founding report in the transformation

Art. 425

1. For transformation of a limited liability company into a joint-stock company the provisions of this law on revision and the founding report shall be correspondingly applied. Those who had voted in favour of transformation shall be considered founders.

2. The report shall set forth the procedure for transformation and the state of the limited liability company.

Entry into the trade register and nomination of the organs

Art. 426

1. Together with the decision on transformation, also the nomination of the organs of the joint-stock company shall be entered into the trade register.
2. The enactments for nomination of the organs of the joint-stock company shall be attached in original and a certified copy. The application shall be accompanied by an information on the personal names, the occupation and the place of residence of the members of the organs of the company as well as the revision report.

Transformation of the deposits into shares

Art. 427

After the entry of the transformation into the trade register, the limited liability company shall continue to operate as joint-stock company. The deposits shall become shares. The rights of third parties arising form the deposits shall be treated as rights arising form shares.

Rights of a founder who had not approved of transformation
of the limited liability company

Art. 428

1. The founder, who in the report expressed his disapproval of transformation of the limited liability into a joint-stock company, may offer its deposit (share) for purchase by the other founders , i.e. by the company.
2. After the entry into the trade register of the transformation of the limited liability company into a joint-stock company, the managing organ may determine a term for disposal by the company of the share that may not be shorter than three months.
3. Each familiar shareholder shall be separately informed about the determined term form point 2 of this article and the term shall be announced in public three times.
4. The joint-stock company msut sell the offered shares for the account of the shareholder at an official stock-exchange price througha stock-exchange mediator or by public sale should there not be a stock-exchange price.

Division eight

TERMINATION OF A JOINT-STOCK COMPANY

Conditions for termination of a joint-stock company

Art. 429

1. A joint-stock company shall be terminated upon:
· expiry of the time prescribed by the statute, if the company has been founded for a definite period of time;
· a decision of the assembly of the company reached by the votes representing three-fourths of the basic capital assets represented at the assembly of the company at the time the decision is being reached, unless the statute provides higher majority or meeting other conditions;
· a valid decision of the court stating that the entry of the company into the trade register had been illegal;
· joining of the company to another company and upon merging with another company;
· a valid decision of the court rejecting carrying out of bankruptcy due to lack of assets for covering of expenses of the procedure and
· application of a bakkruptcy procedure.
2. The company without property may prevent the erasing form the trade register at the request of the competent body in the field of public income or as its official duty. The registration courtshall erase the company form the trade register as its official duty should it fail, within three subsequent years, to fulfill its obligation of announcing its annual financial reports with the prescribed documentation or should it fail to submit them to the court within 6 months form the day of the receipt of the court' s information and make possible the existance of property within this term. Upon the erasing form the trade register the company shall cease to exist without applying of a liquidation procedure. Should after the erasing form the trade register the fact occurs that the company has property to be divided, liquidation of the company shall be carried out. The liquidators shall be appointed by the court to the proposal of the interested parties.
3. The registration court shall announce its intention to erase the company form the court register in the "Official Gazette of the Republic of macedonia" and shall set forth a term for placing objections. Objection may be placed by the legal agent and every persons having justified interest in that company.
4. The statute of the company may stipulate other cases and conditions for termination of the company.

Entry of a decision on termination into the trade register

Art. 430

1. If the decision on termination of a joint-stock company is reached by the assembly of the company, the board of directors, i.e. the managing board, i.e. another party authorized by the assembly shall submit an application for entry of the decision into the trade register. Should the decision on termination of the company be reached by the court, the court shall enter the decision into

the register as its official duty.
2. Should the decision form point 1 of this article not be entered into the register in the manner prescribed in point 1 of this article, the court shall send an invitation to the company for submitting an application. Should the company fail to sumbit an application within the prescribed term, the court shall send an invitation to the company again warning it that after the expiry of the additional term it shall enter the decision on termination of the company into the trade register as its official duty and shall appoint liquidators, according to article 424 point 1 provision 1 of this law.
3. The decision on termination of the company shall be announced in the "Official gazette of the Republic of Macedonia"

Liquidation of a company

Art. 431

Should a bakrputcy procedure not be applied to a joint-stock company, liquidation of the company shall be carried out. Liquidation shall not be carried out in case of termination of the company in compliance with article 429 point 1 provision 1 of this law.

Head five

LIMITED PARTNERSHIP JOINT-STOCK COMPANY

The concept of a limited partnership joint-stock company

Art. 432

1. A limited partnership joint-stock company, the basic capital assets of

which are divided into shares, shall be founded by one or several complementary partners having unlimited joint and several liability for the obligations of the company with all their property, and dormant partners having the role of shareholders and shall not be liable for the obligation of the company.

2. The number of the dormant partners - shareholders may not be less than three.

3. The legal relation of the complementary partners between them and toward the dormant partners - shareholders as well as toward third parties also with respect to the right of the complementary partners to management and representation of the limited partnership joint-stock company shall be regulated in compliance with the provisions on a limited partnership company stipulated by this law.

4. Unless otherwise provided by this law, to the limited partnership joint-stock companies the provisions of this law on the joint-stock companies shall be correspondingly applied, excluding the provisions regulating the management of a joint-stock company.

5. The trade name of a limited partnership joint-stock company shall contain the words “ limited partnership joint-stock company “ or the abbreviation “LPJSC”.

The agreement for a limited partnership joint-stock company

Art. 433

1. The agreement for a limited partnership joint-stock company shall be concluded by at least five parties and the signatures authenticated by a public notary.

2. The agreement for the company shall contain the nominal value of the basic capital assets, the amount that the shares are issued to, the type and kind of shares should there be different types and kinds of shares and data about the persons indicating the type i.e. the kind of share they had undertaken.

3. the complementary partners must take part in the conclusion of the agreement. Also the persons undertaking the shares for the investments made shall take part in the conclusion in the role of dormant partners - shareholders.

Data contained in the agreement

Art. 434

1. Beside the data form article 88 of this law, the agreement for a limited partnership joint-stock company must contain the name and surname, the citizenship, the occupation and the place of residence, i.e. the trade name and the seat , of each complementary partner.
2. The investments of property by the complementary partners in the agreement for a limited partnership joint-stock company shall be determined according to the amount of the investment and the type of it.
3. The deposits of the complementary partners may not be lower than one-tenth of the basic capital assets.

Entry into the trade register of a limited partnership joint-stock company

Art. 436

When a limited partnership joint-stock company is being entered into the trade register shall, instead of the members of the managing board i.e. the board of directors, the complementary partners shall be listed. Shoudl the agreement contain separate provisions on the authorizations of the complementary partners for representation of the limited partnership joint-stock company, theu shall be entered into the trade register.

Limitations to the complementary partners in the decision-making

Art. 436

1. The complementary partners shall have the right to vote in the assembly of the limited partnership joint-stock company in proportion to their share in the basic capital assets.
2. As an exception form point 1 of this article the complementary partners may not exercise their right to vote both for themselves and on behalf of other person in the course of voting related to:
· nomination and repeal of the supervisory board;
· approving of the work of the complementary partners and the supervisory board;
· appointing special controllers;
· placing of a requiest for compensation and renouncing the reight to compensation and
· appointing inspectors of the annual balance sheets.
3. For the decisions of the assembly of the company the consent of the complementary partners shall be requiested should those decisions refer to issues for which in the limited partnership joint-stock company the consent of the complementary and the dormant partners is required. The decisions of the assembly of the limited partnership joint-stock company for which special consent of the complementary partners is required, shall be submitted for

entry into the trade register after the consent has been given.

Management of the limited partnership joint-stock company

Art. 437

1. The limited partnership joint-stock company shall be managed by complementary partners.
2. The management of the company may be entrusted by the complementary partners to one or several managers.

Supervisory board

Art. 438

1. The assembly of the limited partnership joint-stock company shall nominate, under the conditions and in the manner prescribed by the company agreement, a supervisory board consisting of at least three shareholders. A shareholder form the complementary partners may not be nominated for the supervisory board. The shareholders form the group of the complementary partners may not participate in the nomination of members of the supervisory board.
2. The supervisory board shall constantly control the management of the limited partnership joint-stock company. The supervisory board shall submit a regular annual report to the assembly of the limited partnership joint-stock company indicating the irregularities and inaccuracies in the annual balance sheets in particular. The supervisory board may convene the assembly of the limired partnership joint-stock company.
3. In legal disputes conducted by all shareholders-dormant partners against the complementary partners, or conducted by the complementary partners against all dormant partners-shareholders, the dormant partners-shareholders shall represent the members of the supervisory board, in a way prescribed by the statute of the company, unless the company has already appointed representatives. For the expenses of the disputes that shall be charged to the account of the dormant partners - shareholders, the limited partnership joint-stock company shall be liable regardless to its right of recourse toward the dormant partners-shareholders.

Liability of the members of the supervisory board

Art. 439

1. The members of the supervisory board shall not be liability for the enactments on the management of the limited partnership joint-stock company

and for the results of them.
2. The members of the supervisory board may be declared to be responsible for the deals undertaken form the complementary partners or the managers, unless, beihng aware of that, had failed to inform the assembly of the limited partnership joint-stock company. They shall be responsible for the errors they had made themselves during their term of office.

Head Six

Division one
FEATURES OF THE ENTERPRISE

First sub-division

Subject of work

The trade activities as subject of work

Art. 440

1. As subject of work ,the enterprise may perform all activities which are not prohibited by law.
2. The law may prescibe activities of public interest ,of interest of the national defense of the country as well as other activities of public interest which may be performed by enterprise determined by law.
3. The subject of work of the enterprise is entered in the trade register. The enterprise may start performing the activities once they have entered the trade register.
4. The enterprise may ,without entering into the trade register,perform other activities necessary for its existance and for performing of the operations of the subject of work which are not directly within the frame of the subject of work.

Subject of work through subsidiaries

Art.441

The enterprise may carry out operations from the subject of work of the enterprise through subsidiaries. The subsidiaries are not legal entities and may perform all the activities from the subject of work of the enterprise.

Determination of the subject of work

Art.442

The operation of the subsidiaries within the frame of the subject of work of the trade enterprise is determined with an application for founding of the enterprise or by the enterprise agreement i.e. the statute ,or by a decision reached upon them ,and is entered into the trade register.

Fullfilment of special conditions

Art.443

1. The enterprise may start carrying out the subject of the work or certain activities which the subject of work consists of,if at the entry into the trade register of the registration court has submitted a permit or another enactment of a governmental body decreeing that the conditions relating to the techical equipment ,protection at work ,ecological and other conditions prescribed for performance of certain activities of the subject of work have been met

2. If the law prescribes for the certain activities of the subject of work of the enterprise to be performed only special forms of enterprises ,or to be performed only upon approval,permit or other enactment of a governmental body or another institution ,those activities may be performed only by enterprises determined by the law i.e. the ones posessing an approval,permit or other enactment of a governmental body or institution.

Limitations in work

Art.444

1. The enterprise may conclude contracts and carry out operations in the field of trade with goods and services only within the frame of the subject of work entered in the trade register.

2. The legal dealings of the enterprise with third persons exceeding the subject of work entered in the trade register are valid, except for the case

when the third party had been aware or in respect to all circumstances must have been aware of the ecxeeding. The announcement of the excerpt of the trade register does not mean that the third party had been aware or must have been aware of the exceeding.

Applying of the provisions on the activity of the trade enterprise ,to the individual tradesman

Art.445

T
The provisions of this law referring to the trade enterprise are correspondingly applied to the individual tradesman,unless otherwise stipulated for by this Law.

Second sub-division

Seat

Art.446

The seat of an enterprise shall be the location determined by the statute ,i.e. the agreement of the enterprise entered in the trade register.
As seat of the enterprise the location where the activity of enterprise is performed may be considered,or the location where the enterprise is managed from, i.e. the location where the management organ is situated.

Real seat of the enterprise

Art.447

1. Real seat of the enterprise according to this Law,shall be the location where the enterprise mostly performs its activity . Shall the subject of work be performed in more than one location ,the seat of the enterprise shall be the location where the board of directors i.e. the managing board is situated.
2. Shall the real seat of the enterprise be different of the one registered

in the trade register,the third parties may,with respect to the legal consequences arisen from the seat of the enterprise ,refer to the real seat.

Subsidiaries out of the seat

Art.448

1. The enterprise may establish subsidiaries also out of its seat.
2. The local competence of the court with respect to the rights and liabilities arising from the work of the subsidiary is determined according to the seat of the subsidiary.

Third sub-division

Trade name

Trade name of the trade enterprise

Art.449

The trade name of an enterprise shall be the name an enterprise operates under and appears in the legal affairs.

Composition of the trade name

Art.450

1. The trade name shall contain a designation on the activity of the enterprise defining the form of the enterprise.
2. The trade name shall also contain the seat of the enterprise.
3. The trade name may contain additional designations (drawings,pictures and the like) for closer description of the enterprise ,except for those which may cause fraud in respect to the kind or scope of work ,or may lead to substitution of the enterprise with other enterprises or lead to violation of the rights of other enterprises i.e.persons.
4. The trade name may be used as trade mark,unless otherwise provided by the law.

Limitations on placing supplements in the trade name

Art.451

1. The expressions designating names of historical persons or places

,nationality,of the state and its abbreviations ,district in the Republic of Macedonia or the city of Skopje,may be placed as supplements in the trade name only upon an approvall issued by the Ministry of Justice.
2. Foreign citizens are forbidden to insert the word Macedonia and words derived from it, into the trade name.

Use of the macedonian language and other languages

Art.452

1. The trade name shall read in macedonian,in cyrillic writing,and may contain a translation in other languages and other writings,but with the same contents.
2. Shall the trade name read in other languages and other writings,it is entered in the trade register in all languages and all writings.

Designation on the subject of work of the company

Art.453

1. The trade name shall contain a designation more closely defining the name of the enterprise and the type,as well as a designation on the activity of the enterprise.

Use of the trade name

Art.454

1. An enterprise may,in its business activities ,use its trade name only in the form it has been entered in the trade register.
2. The enterprise may use an abbreviated trade name which shall contain a designation according to which the enterprise is different from other enterprises and an abbreviated designation of the form of enterprise,prescribed by this Law.
3. The abbreviated trade name shall be entered in the trade register.
4. The trade name or the abbreviated trade name shall be put up in the business premises of the enterprise.

New trade names

Art.455
1. New trade names of enterprises must clearly differ from all other trade names entered in trade registers on the territory of the Republic of Macedonia.
2. Shall a founder in a public company or a complementary partner in a

limited partnership company be of same name and surname under which another one has been enterde into the trade register,shall add a supplement to its name according to which its trade name shall clearly differ from the entered and registered trade names.A clear difference is the one which may be noticed with attention ,which is usual in the business affairs.
3. Connected enterprises and enterprises which ,by any virtue within the frame of the subject of work ,are connected with a domestic or foreign physical person or legal entity,may,upon his approval ,use joint contents in the trade name or to mark the connection in the customary way.

Transfer of a trade name

Art.456

The trade name may be transferred to someone else only together with the enterprise which is registered under that trade name.

Conditions for use of an old trade name

Art.457

1. Shall a new founder enter the enterprise or some of the founders leave the enterprise ,the old trade name may be further used .If the trade name has contained the name of the founder leaving ,it may be further used only upon consent of the leaving founder or his successors.
2. Shall the trade name be changed by entering or leaving of a founder,the bonding supplement is registered i.e. deleted .

Entry in the trade register of a same or similar trade name

Art.458

1. Two or more enterprises performing the same activity ,or similar activities ,shall not be entered at the same court keeping the trade register.
2. Should two or more enterprises of the same or similar activities ,apply to the court for the trade names which do not differ from one another,the right to have the trade name entered into the trade register shall have the enterprise which had first applied for the said trade name.
3. The right to appeal for the protection of the trade name shall expire three years after the enterprise the appeal has been filed against had entered the said name in the trade register.

Enjoining of an enterprise from using a trade name

Art.459

1. In case of use of a trade name to which,according to this Law,an enterprise does not have a right ,i.e. in case of use of the trade name contrary to the manner entered in the trade register or to this law,or should the enterprise in the course of its work offend the honour and the reputation of the person whose name has been entered in the trade name,and if dead ,of his successors,at the request of the person having legal interest the court shall enjoin the enterprise from using the trade name.
2. The enterprise i.e. the person whose right has been violated by illegal use of his trade name may submit an appeal demanding enjoining the enterprise from using the trade name and compensation of damages.
3. Should someone in business dealings cause confusion that it is a trade name which is used by someone else entitled to it, he has the right to appeal according point 2 of this Article.
4. The decision reached in compliance with points 2 and 3 of this Article is announced by the court at the expense of of the party who has lost the case ,in a magazine pointed out by the proposer.
5. The provisions of this Article do not change the regulations prescribed for protection the trade name enjoys out of illegal use according to other laws.

Principle of unity of the trade name

Art.460

1. Each part of the enterprise shall act in legal dealings under the same trade name ,so that a designation may be added to the trade name which would refer to the fact that it is a part of the enterprise.
2. The subsidiary as part of the enterprise shall act in legal dealings under the trade name of the enterprise.

Conditions for use of a trade name of a former owner

Art.461

1. A person having aquired a trade name of an individual tradesman on any basis may use the trade name with or without adding of a designation pointing out the change of owner ,provided that the former owner or his legal successors approve of the use of the trade name of the individual tradesman having established it.
2. The provision from point 1 of this article shall be correspondingly applied also to the legal affairs which transfer the right to use or enjoying

results to the individual tradesman.

Trade name of an individual tradesman

Art.462

The trade name shall be the name which the individual tradesman operates and signs under.

Applying of the provisions on the trade name of the enterprises to the trade name of an individual tradesman

Art.463

The provisions on the trade name of the enterprises shall be correspondingly applied to the trade name of the individual tradesman.

Division two

PROCURACY

The concept of procuracy

Art.464

1. Procuracy is a trade authorization the scope and contents of which are set forth by this Law.
2. Procuracy may be issued only by a legal entity or a physical person considered a tradesman according to this Law.
3. The procuracy shall be issued in a manner stipulated for by the enterprise agreement,i,e, the statute of the enterprise.
4. Procuracy shall be issued in writing.

Procurator

Art.465

1. Procuracy may be issued to any adult of working age ,regardless of the tasks he performs,unless otherwise provided by the agreement for founding of the enterprise ,i.e. the statute.
2. Procuracy may not be issued to a legal entity.

3. The relations between the enterprise and the procurator , rewarding in particular,are regulated by an agreement.

Individual and group procuracy

Art.466

1. A procuracy may be issued to one person (individual i.e. single procuracy) or to two and more persons (group i.e. joint procuracy).
2. Should the procuracy be issued to two or more persons ,each of those persons is a procurator independently representing the enterprise within the authorizations prescribed by this Law.
3. Procuracy issued to two or more persons shall be considered group (joint) procuracy only if explicitly emphasized in the procuracy.
4. In case of a group procuracy the legal actions and affairs are valid provided all the procurators have agreed to them. Legal actions and affairs perofrmed by one of the procurators are considered valid provided that the other procurators have explicitly given their consent or other procurators give additional consent on them.
5. A declaration of will or a legal action or affair made in fron of one of the procurators shall be deemed to have been made in front of all the procurators.
6. Being aware of important facts or fault by one of the procurators ,arises legal effect for the issuer of the procuracy ,no matter whether the other procurators had been aware or had been guilty.

Authorizations in procuracy

Art. 467

1. The procurator shall conclude contracts and perform legal transactions in the name of the enterprise within the scope of its activity and shall represent the enterprise in front of the governmental and other state organs ,organizations with public legal authorizations and in courts of law.
2. The procurist may not abalienate or burden the immovables and may not make statements nor undertake legal actions on liquidation procedure which would lead to termintaion of the enterprise. The procurator may not issue an authorization to a third party to sign contracts.

Limitations of procuracy

Art.468

1. Limitation of the procuray not prescribed by this Law shall not be valid toward third parties ,no matter whether the third person had been aware or must have known there about.
2. The limitation of procuracy of work of one or more subsidiaries shall be valid only if entered into the trade register.
Conclusion of a contract with oneself

Art.469

The contract the procurator has concluded in the name of the enterprise with himself as second party ,no matter whether concluded in his name and for his account,or in the name and for the account of other party shall be null and void unless the procurator explicitly authorized for that.

Signature of a procurator

Art.470

1. The procurator shall be obliged to sign the enterprise by signing his name under the trade name,adding a designation pointing out his status of a procurator,or by adding “p.p.”
2. In case of group procuracy,each procurator shall sign in the manner set forth in point 1 of this Article.

Transfer of procuracy

Art.471

1. Procuracy may not be transferred to a third pasrty.
2. A provision on procuracy or a statement of an enterprise athorizing the procurator to transfer of procuracy,or a statement of an enterprise approving transfer of procuracy prior or after the transfer,shall be null and void.

Repeal of procuracy

Art.472

1. Procuracy may be repealed anytime,regardless of the legal relation it had

been issued upon.
2. A provision of the agreement with which the enterprise calls off the right to repealing of the procuracy shall be null and void,as well as the provision with which the right to repealing of the procuracy is conditioned by term or other issue.
3. The provisions from points 1 and 2 of this article do not exclude nor reduce the rights of the procurator prescribed by the agreement the procuracy has been issued upon.

Procuracy of an individual tradesman

Art.473

1. An individual tradesman shall issue the procuracy himself and the authorizations prescribed by the procuracy may not be transferred to a third party.
2. The procuracy issued by an individual tradesman does not cease in case of death of the issuer of the procuracy nor in case the working capability of the issuer of the procuracy has been taken away from him or limited.
3. The provisions of this Law regulating procuracy issued by enterprises shall be correspondingly applied to an individual tradesman.

Entry of the procuracy into the trade register

Art.474

1. The issuing and the repealing of an individual and group procuracy and all limitations in the procuracy shall be entered by the enterprise into the trade register.Attached to the application for registration shall be the decision on issuing of procuracy .i.e. decision on repealing or limiting of procuracy.
2. The name and surname of the procurator and his registration number shall be also entered into the trade register.
3. The procurator shall submit his signature to the court for keeping.
4. The issuing,the termination and the limitation of the procuracy is valid toward third persons only after they have been entered into the trade register.

Division three

TRADE AGENT AND COMMERCIAL TRAVELLER

The concept of a trade agent

Art.475

1. A trade agent shall be a person employed in the enterprise or another person who has been authorized by the representatives of the enterprise to run the whole enterprise or a part of it within the issued authorization.
2. The authorization shall comprise all actions and legal dealings connected or usual for the subject fo work of the enterprise. The authorization shall be issued in writing ,with the signatures verified by the court.
3. The trade agent may not burden or abalienate immovables of the enterprise ,to debit it by drafts or cheques ,to get a loan for it or to conuct its disputes if not athorized thereof.
4. The provisions from article 465 point 3,article 470 and 472 of this Law shall be correspondingly applied to the trade agent.

Authorizations of a trade agent

Art.476

1. The trade agent shall be authorized to sign contracts and undertake all usual legal actions in trade while running the enterprise or part of it,within the frame of the issued athorization.
2. The trade agent may not abalienate or burden the property of the enterprise without prior special approval of the issuer of the authorization ,to debit it by a draft or cheque,to get a loan for it ,to determine competence of a chosen court nor conduct a dispute.
3. The limitations of the issued authorization ,except for those set forth in point 2 of this article,are not valid toward third parties who had been aware or must have been aware of the said limitations.
4. The trade agent may not act as a contracting party and conclude a contract with the enterpise in his name and for his account,in his name and for the account of other parties or in the name and for the account of other parties without a special authorization of the enterprise.A contract concluded in opposition to this provision shall be null and void.
5. The agent shall add a designation to his signature pointing out his status of an agent and may not add anything which would characterize him as procurator.

Exceeding of limitations or working without procuracy

Art.477

1. A person having concluded a legal dealing as a procurator or trade agent without procuracy or authorization ,as well as an agent having exceeded his authorizations while concluding deals,is personally liable to the third party. The third party may demand ,at his choice,fullfilment or compensation of damages.
2. The obligation from point 1 of this article does not come into effect in case when the third party had been aware of the non-existing of the authorization or of the exceeding of the authorization.

Commercial traveller

Art.478

1. The enterprise,i.e. an individual tradesman may issue to an employee of him or to another party an authorization of a commercial traveller.
2. The authorization to a commercial traveller is issued in writing.
3. The commercial traveller is authorized ,in the name and for the account of the issuer of the athorization,to conclude contracts of sale of his goods,to deliver the goods,to receive payment ofr those contracts,to accept statements of purchasers concerning the goods being subject of those contracts,to make statements and take other actions arising from the contract concluded in his name and for his account.
4. The limitations of the authorizations of the commercial traveller are not valid toward third parties who had been aware or must have been aware of those limitations.
5. The commercial traveller may not sell goods with deferred payment.
6. The limitation set forth in article 464 of this law refers also to the commercial traveller.

Division four

THE TRADE REGISTER AND THE PROCEDURE OF ENTRY

First subdivision

The trade register

Contents of the entries into the trade register

Art.479

1. The enterprises and other legal entities for which the law prescribes their entry into the trade register by law, shall be entered into it.
2. Also the subsidiaries as parts of the enterprise shall be entered into the trade register, in cases and in manners stipulated by this law.
3. Also the individual tradesmen shall be entered into the trade register.

Character of the trade register

Art. 480

1. The trade register is a public book.
2. The trade register shall be kept in a uniform manner on the territory of the Republic of Macedonia, in the manner prescibed by this law and a regulation of the competent ministry of justice.
3. The regulation from point 2 of this law shall closely regulate the trade register, the manner of entering into the register, the auxiliary books kept along with the register, the contents, the shape of the forms for the entry into the trade register, the cover of the registration insert with the registration sheets and the books of the control sheet of the numbers of registration inserts, the manner of announcement of the entries, the documents and the evidence accompanying the application, the informative keeping of the trade register and other issues of importance fro regular keeping of the register.

Importance and types of entries

Art. 481

1. Any person that in the legal dealings has acted conscientiously and had faith in the data entered into the trade register shall not bear the detrimental legal effects arising from them.
2. Facts prescribed or allowed by this law shall be entered into the trade register.

Entry upon application or as official duty

Art. 481

The entry shall be made upon submitting of an application by the tradesman, and as official duty only if prescribed by this law.

The trade register is kept by the court

Art. 483

1. The trade register shall be kept by the court determined by law.
2. The entry into the trade register shall be made upon a decision of the registration court.
3. On the request for entry into the trade register each individual judge shall decide, and at the second degree a counsel of three judges shall decide.
4. The entries into the trade register shall be made in compliance with the regulations for extrajudicial procedure, unless otherwise provided by this law.

Second subdivision

Entry of enterprises

Persons that may apply for entry into the register of the facts that are subject to entry

Art. 484

1. The person obliged to apply for entry into the register of the facts that are subject to entry into the trade register shall be appointed in the agreement of the enterprise, i.e. in the statute, unless otherwise stipulated by this law.
2. Each person in charge for entry into the register of the facts that are subject to entry into the trade register or for submitting documents and signatures stipulated by this law, must perform it within 15 days from the day the fact has taken place, unless other term is provided by this law.
3. Unless otherwise provided by this law, an application may be submitted also by an authorized person, entitled to submit it with a written authorization.

The access to the trade register and transcript of the entries and the documents

Art. 485

1. Anyone may have access to the data entered into the trade register, copy them and require issuance of a verified transcript.

2. Anyone may require a transcript of all or of a particular entry, as well of the documents from point 1 of this article. The transcript shall be issued and verified by the person keeping the trade register under his own responsibility.
3. The court shall, at the request of any person, issue a certificate of an entry being made into the trade register or of erasing an entry from it or of non-existence of an entry.

Announcing the entries

Art. 486

The data entered into the trade register relating to the subject of the entry shall be announced in the "Official Gazette of the Republic of Macedonia".
2. Unless otherwise provided by the law, the court shall immediately announce the entry into the trade register in the "Official Gazette of the Republic of Macedonia". The subject may additionally announce the entry in other magazines.
3. The expenses for the announcement of the entry shall be borne by the subject of the entry.
4. The entry shall be announced in its whole contents, unless the law provides for the entry to be announced partially or in excerpts.

Legal effect of the entries

Art. 487

1. The entry into the trade register shall be considered to be made from the date of the "Official Gazette of the Republic of Macedonia" in which the entry has been announced, unless otherwise stipulated by this law.
2. The entry into the trade register shall have legal effect, i.e. may be pointed out to third parties from the working day following the day indicated in the "Official Gazette of the Republic of Macedonia" in which the entry has been announced.
3. The law may prescribe particular conditions with respect to the term in which the entry produces legal consequences toward third parties or stipulate another start of the course of the term for announcement of the entry into the trade register.

The impossibility to cite non-entered or entered,
but not announced data

Art. 488

1. The person responsible for the entry into the trade register may not point out non-entered facts toward third parties.
2. After an entry into the trade register has been made and announced, noone claim he has not know of the entered and announced facts.

Keeping of the signatures in the court

Art. 489

1. The signature of the individual tradesman shall be entered into the trade register.
2. The signatures that are to be kept in the court shall be placed in the court by the person himself or authenticated signatures shall be submitted.
3. Should the subject of the entry, for the fact being entered, cite a document , the said document shall be presented in original or as a verified transcript.

Responsibility for non entering of a subject into the register

Art. 491

The person being obliged to apply for entry of the subject into the trade register that had failed to do so deliberately or out of negligence shall be liable for the damage caused thereby.

The obligation of the court for entry

Art. 492

The court shall be obliged to make an entry into the trade register provided the application with the prescribed contents had been submitted by an authorized person with the necessary documents with the prescribed contents attached to it, proving the facts of importance for the entry into the trade register and the request for entry is in compliance with the law.

Participation in applying and application of other participants

Art. 492

Should one of the participants obliged to perform the applying for entry be given the obligation to participate in the applying for entry into the trade register upon a valid decision of the court, or should toward one of the participants legal relation be determined that is to be entered into the trade register, the application of the other participants shall be sufficient for the entry.

Change of entry

Art. 493

1. Any person considering itself damaged by an entry or by an entry being rejected may require change of the entry into the trade register. Should there be a necessity for the entry to be changed, the proposition upon the applicant' s request shall be indicated into the trade register.
2. Should the entry depend on a decision to a dispute, the registration court may postpone the entry up to the completion of the dispute. Should according to the new entry any of the already performed entries be changed, the dispute shall, at the request of each of the parties, be indicated in the trade register.
3. The notes from points 1 and 2 shall not be announced.

Entry into the register of enterprises that had changed their seats

Art. 494

1. Should the enterprise change its seat, the change shall be reported with the court in the trade register of which the enterprise had been entered up to that moment.
2. The court from point 1 of this article shall send the application together with a verified list of all entered enterprises existing in the trade register to the registration court on the territory of which the new seat of the subject of the entry shall be located.
3. The court, on the territory of which the new seat of the subject of the entry shall be, shall reach a decision on entering of the subject into the trade register, also entering all existing entries into its register. Of the completed entry and the announcement the court shall inform the registration court with which the subject had been entered, which, on the basis of that shall erase the entry of the subject from its register. The erasure shall be announced in the " Official Gazette of the Republic of Macedonia ".
4. Should the court reject the entry of the subject into its register, it shall inform thereof the court in the register of which it had been entered up to that moment.

Third-subdivision

Entry of the individual tradesman into the register

Contents of the application for entry of a physical person into the register

Art. 495

1. A physical person who according to the provisions of this law is obliged to apply for entry into the court register shall submit an application fro entry into the trade register within 60 days after he has presented proof to the competent state body that he had settled all its obligations prescribed by law or according to a law.
2. The application shall be submitted by the person from point 1 of this article personally or through his procurator, and may be submitted by other authorized person, upon a public verified authorization.
3. The application for entry into the trade register shall contain the trade name, seat and the subject of work of the individual tradesman, data about the annual income from point 1 of this article, as well as name of the register and the number under which the physical person tending to work as an individual tradesman has been entered as an individual tradesman.
4. The following documents shall be attached to the application from point 1 of this article :
· excerpt from the register indicated in point 3 of this article and
· the annual financial report submitted to the competent state body proving gaining of annual income.
5. Also the trade name, the seat and the subject of work of the individual tradesman.
6. The provision from point 4 stipulation 2 of this article shall not refer to physical persons that make entry of an individual tradesman for the first time.

Erasing the entry of an individual tradesman

Art. 496

1. Should according to this law the obligation of an individual tradesman to enter the register cease to exist, it may submit an application to the registration court requiring his erasure from the register.
2. The individual tradesman shall enclose the last annual financial report he had submitted according to this law.
3. The registration court shall as its official duty erase the entry from the trade register of the individual tradesman which shall receive an annual financial information proving the fact that it no more meets the conditions fro entry into the trade register prescribed by this law.
4. The status of an individual tradesman shall cease with the erasure from the court register.
5. To the individual tradesman the other provisions of this law shall be correspondingly applied.

Fourth sub-division

The procedure of entering the register

Applying the procedure of entering the register

Art. 497

1. A procedure of entering the trade register shall be applied upon a written application of the authorized person, in the manner prescribed by law.
2. A procedure of entering the trade register shall be applied as an official duty or at the request of another competent organ in cases stipulated by this or another law.
3. The procedure of entering the trade register shall be urgent.
4. The court shall be obliged to take the applications for entry into consideration in the order or receiving, unless particular circumstances requires otherwise.
5. Should the court' s decision on the entry depend on the existence or the non-existence of certain facts on which other organ decides, i.e. organization authorized by law, the court shall determine the term of obtaining the decision from the organ, i.e. the organization.

Forms of decisions determining the entry

Art. 498

Within the procedure of entering the trade register the court shall reach a written decision.

Complaint against an entry into the register

Art. 499

1. Against the decision for entry into the trade register a complaint may be lodged.
2. In the course of the procedure of entering the court register, returning to the previous state shall be not allowed.

Participant in the procedure - subject of the entry

Art. 500

1. A participant in the procedure, according to this law, shall be the subject of the entry, i.e. the person having initiated the procedure, i.e. the person for the rights i.e. legal interests of which the procedure had been

deciding, as well as the organ authorized by law to initiate a procedure or to joint the procedure later.
2. An applicant, according to this law, shall be the subject of the entry, i.e. the person having proposed the procedure, and the opponent shall be the enterprise toward which the demand from the proposal shall be carried out.
3. Each participant in the procedure shall borne its expenses fro the entry into the trade register.

Location of the entries

Art. 501

1. All entries shall be made in the trade register of the registration court in the area of which the seat of the enterprise is located.
2. As an exception from the provision from point 1 of this article for entry of organizing new subjects of the entry established upon change of status (merging or division) the registration court with which the subject had been entered shall be competent, while for the procedure of establishing another form of organizing the court on the area of which the seat of that subject is located.

Court of the entry

Art. 502

1. Should the enterprise comprise subjects the seats of which are located on the area of another court, the entries shall be made also in the trade register of that court (hereinafter referred to as : court of the entry) according to a decision of the registration court.
2. Should due to change of the seat of the enterprise the registration court be changed, for the entry of that change the registration court on the area of which the new seat of the enterprise shall be located, shall be competent.

Entry of new subjects located on the area of another court

Art. 503

1. Should the seat of the new subject of the entry organized by the existing subject of the entry entered into the trade register be located another court' s area, the registration court shall be obliged to submit the decision on entry of the organizing changes to the court on the area of which the seat of the new subject of entry is located.
2. On the basis of the former registration court' s decision, the new registration court shall enter the new subject of the entry into the trade register, and inform the former registration court about it.

3. By entering the subject in accordance with point 2 of this article , the court on the area of which the new seat is located shall become a registration court, and the former registration court shall, as its official duty, after the receipt of the information from the new registration court, erase the entry of that subject.

Entry of founding of a subsidiary

Art. 504

1. Founding of a subsidiary shall be applied for entry with the registration court according to the seat of the enterprise having founded it.
2. The registration court from point 1 of this article shall enter the founding of the subsidiary in its register and shall send the application with the enclosures and the signatures with an officially verified excerpt of its register to the court of entry on the area of which the seat of the subsidiary is located.
3. The court of the entry shall enter the subsidiary should according to the state of its register there be no obstacles, and the excerpt from the register of the court with which the enterprise having founded the subsidiary had been entered shall enter it in its register without changes. Should there be obstacles, it shall inform the court on the area of which the seat of the subject of entry that had founded the subsidiary is located.

Entry of other applications for the subsidiary

Art. 505

1. Other applications referring to the subsidiary shall be submitted and entered in the registration court of the seat of the subject of the entry that had founded the subsidiary. The verified excerpt of those entries together with one copy of the application, the enclosures and the signatures, indicating the number of the “ Official Gazette of the Republic of Macedonia “ in which the excerpt had been announced, shall be sent to the court of entry on the area of which the seat of the subsidiary is located, on the basis of which the entry is made.
2. The entry of founding of a subsidiary and other entries into the trade register referring to the subsidiary shall be announced by the court competent for the subject of entry that had founded the subsidiary. The other entries referring to the subsidiaries shall be announced by the court of the entry, unless they had been already announced by the court competent for the enterprise that had founded the subsidiary.

The procedure for entry

Art. 506

1. The procedure for entry into the trade register shall be applied upon submitting an application on a prescribed form.
2. The application shall contain a request for entry of all data or their changes that are entered into the trade register, as well as other data contained in any kind of application.
3. The application for entry into the trade register, together with the documents shall be submitted to the registration court in sufficient number of copies fro the court and for each subject of entry.
4. Should the entry be made also in the trade register kept by the court of the entry, the application shall be submitted in two copies, with all the documents, as a verified transcript.
5. The application for entry into the trade register, unless otherwise provided by this law, shall be submitted within 15 days from the day when the conditions for entry had been met.

Documents enclosed to the application

Art. 507

1. The applicant shall be obliged to enclose to the application the prescribed documents certifying the data being entered into the trade register, as well as other prescribed written documents, depending on the type of entry.
2. The documents from point 1 of this article shall be submitted as originals, i.e. as transcript or a photocopy verified by the competent court or other organ competent for verification, unless otherwise provided by the law.
3. The applicant may verify the transcript of his document himself.
4. When the enterprise is being transformed into another form, the applicant shall be obliged to submit simultaneously an application for entry of its organizing into another form.

Inspecting formal and material conditions for entry

Art. 508

1. Prior to reaching a decision to the request for entry into the trade register, the registration court shall inspect whether the prescribed formal and material conditions have been met.
2. The registration court shall separately esteem whether the enactments stipulated by this law that are being entered or are attached to the

application are contrary to the provisions of the law and whether they contain the provisions, i.e. the data prescribed by law.

3. Should the court establish the fact that it is not really competent for treating of the application for entry, it shall declare itself incompetent and after the decision becomes valid, it shall renounce the application to the competent registration court.

Formal conditions for entry

Art.509

1. The following conditions shall be considered formal one from article 508:

· for the application to have been submitted by an authorized person;

· fro the application to have been submitted on the prescribed form, with the prescribed contents and in the prescribed number of copies;

· for the application to be accompanied by all prescribed documents in original or as verified transcript, i.e. photocopy;

· for the documents to have been passed within the proscribed procedure;

· for the documents to correspond to the prescribed contents;

· for other formal conditions stipulated by this law to be met;

Material conditions for entry

Art.510

1. The following conditions shall be material ones according to article 508 of this law:

· for the request for entry to be in compliance with the law;

· fro the request for entry to be in compliance with the provisions regulating the data, i.e. the changes being entered into the trade register;

· for other material conditions stipulated by the law to be met;

Considering by the court of a submitted application

Art. 511

1. should the application for entry into the trade register be vague and unclear or not contain the required data for it to be taken into consideration, the court shall return the application for correction or amendment.

2. Should the registration court return the application to the applicant, i.e. to the participant for correction or amendment, it shall determine the term for re-submitting an application, that may not exceed 30 days.
3. The application shall be considered to be withdrawn if it had not been resubmitted to the court within the determined term, and should it be submitted with no correction, i.e. amendment, the court shall reject the application.
4. Should the application not be corrected or amended, it shall be considered to be submitted to the court on the day it had been submitted to it for the first time.
5. Should the application and the enclosures not be submitted in sufficient number of copies, the court shall invite the applicant, i.e. the participant to submit them within the determined term. Should the applicant, i.e. the participant fail to act according to the court' s decision, the court shall reject the application.

Amendment of the application i.e. of the document

Art. 512

1. Should the application contain a request that does not correspond to the prescribed conditions, or should the document enclosed to the application not contain all data that should be entered into the trade register, or should with respect to the contents the application nor correspond to the prescribed contents, or should it not be passed within a procedure stipulated by the law, the registration court shall invite the applicant to amend the application, i.e. the document, in accordance with the law and within a term that may not exceed 60 days.
2. As an exception from the provision from point 1 of this article, the registration court may stipulate a term longer than 60 days for amending the application and the document, and at most six months should the subject of the entry be obliged to enclose a document containing an approval or consent from the competent organ, being a condition for entry, i.e. for performing certain activity, i.e. activities, or for other justified reasons.
3. Should the applicant fail to proceed within the term from the points 1 and 2 of this article, the registration court shall reject the application for entry into the trade register.

Rejection of the request for entry

Art. 513

1. Should the registration court question the authenticity of the document proving the fact being the subject of the entry, or the regularity of the procedure that the document had been passed within, or the regularity of the legal action being the subject of the entry (conclusion of a certain contract, election i.e. appointing an organ, organization etc.),, it shall as its official duty inspect the circumstances of importance for the performance of the entry and shall reject the request for entry should it establish the fact that the conditions for entry have not been met.
2. For inspecting the circumstances from point 1 of this article the registration court shall summon the applicants and the other persons familiar with those circumstances.
3. When necessary, for clearing or establishing the decisive facts, the registration court may invite the applicant or the participants in the procedure and other persons in order to hear them, should it deem it necessary for clearing up certain issues.

The obligation of obtaining a document

Art. 514

1. Should the registration court doubt the existence of a certain fact determining whether the request for entry into the trade register is in compliance with the law, and should it himself not be authorized to confirm the existence of that fact, it shall instruct the applicant to obtain the required document from the competent state body or organization, within the stipulated term.
2. Should for establishing of the fact from point 1 of this article the registration court be competent, it shall inform the competent state body i.e. organization to apply a procedure for establishing the existence of the fact.
3. Upon receipt of the information about applying a procedure according to point 2 of this article, the registration court shall stop the procedure for entry into the trade register up to the completion of the procedure.

Continuing the procedure for entry

Art. 515

1. The applicant shall be obliged within 8 days from the day of receipt of the valid court' s decision to submit the said decision to the registration court and to propose continuing the procedure for entry into the trade register.
2. The procedure that had been stopped according to article 514 point 3 of this law shall be continued at the applicant' s proposal.
3. Should the applicant fail to submit the document in compliance with

article 514 point 1 of this article, the registration court shall reach a decision on rejecting the request, i.e. the application.

Check in the course of the entry of a trade name

Art. 516

1. Prior to reaching a decision on entry into the trade register, the registration court shall check whether another company with the same or similar trade name had been entered or regularly applied for entry into the trade register, thus making an official note.
2. Should it establish the fact that the trade name of the enterprise applying for entry does not differ clearly from the trade name of another subject of entry that had already been entered into the trade register or had regularly submitted an application for entry before, and both trade names belong to the same or similar activity, the court shall instruct the applicant to change the trade name within a prescribed term and to submit a changed application with corresponding documents. Should the applicant fail to follow the court' s instructions, the court shall reject the request for entry into the trade register.

Withdrawal of an application

Art. 517

1. The applicant may withdraw the application for entry into the trade register up to reaching of the decision.
2. When the applicant, i.e. the participant withdraws the application for entry into the trade register, the registration court shall decide to stop the procedure.

The decision for entry

Art. 518

1. The registration court shall reach a decision to each request for entry into the trade register after it has established the decisive facts.
2. The registration court shall, at the same time, decide on the request for entry into the register of all data being subject of the entry.
3. As an exception from the provision from point 2 of this article, the registration court shall decide separately about the request for entry of the changes of the entered data.

Contents of the decision on entry

Art. 519

1. The decision on entry shall contain the name and the seat of the court, the name of the judge, trade name of the applicant, name of the authorized person, subject of the entry and date of reaching of the decision for the subject of the entry and other data of importance for the legal dealings.
2. The decision shall contain also statement of reasons should the request or the applicant' s application be rejected, or should it decide on the participants' proposals mutually opposite, and in other cases when necessary.

Discrepancy between the entered data and the transcript

Art. 520

1. Should discrepancy occur between the data entered in the registration papers and the transcript of the decision, the registration court shall submit a correct transcript of the decision to the applicants, indicating that it replaces the previous transcript of the decision.
2. The provision from point 1 of this article shall be applied also when there is a discrepancy between the data contained in the decision and in the registration papers and the translation of the registration papers with the court of entry.

Sending of the decision on entry

Art. 521

1. The decision on entry together with the instructions for the right to complaint in transcript shall be sent to the applicant and to the participants to which the decision refers.
2. The transcript of the decision on entry, i.e. a verified photocopy, may be also sent to other persons having legal interest for that, to their request and to their account.

The obligation of the court for entry

Art. 522

1. The court of the entry shall be obliged on the basis of the decision of the registration court to make the entry, if it has received the prescribed documents.
2. Should the court of the entry find that there are obstacles for the entry or that the decision on entry is not in accordance with the law, it shall inform the registration court about it and shall stop the entry up to the

receipt of the information from the registration court.

The obligation to terminate the obstacles

Art. 523

1. Should the obstacles from article 522 point 2 of this law refer to violation of the material right or of the procedure of obtaining the document, the registration court shall as its official duty instruct the enterprise to terminate those obstacles in a prescribed term.
2. Should the enterprise fail to fulfill the decision of the registration court from point 1 of this article, the registration court shall act in accordance with article 522 point 1 of this law.
3. The decision from point 2 of this article shall be sent by the registration court to the enterprise, to the participants in the procedure of entry and to the court of entry.

Complaint by the public attorney

Art. 524

1. Should the registration court reject the objections of the court in the course of the entry, it shall inform the court of entry about it which shall be obliged to make an entry immediately.
2. The court of the entry from point 1 of this article, shall send the transcript of the decision of the registration court on the entry to the public attorney which may lodge a complaint within eight days from the day of sending the decision.

The right of the opponent of the applicant to require entry of changes, i.e. erasure of data

Art. 525

1. The participant or another competent organ are entitled to require entry of changes, i.e. erasing the entry of certain data of importance fro the legal dealings, and the following in particular: the prohibition of performing certain activity, the erasure of the activities in foreign trade, erasure of the parts of the trade name, change of the person authorized for representation, limitation of the authorizations in the legal dealings and erasure of the name of the person authorized for representation.
2. The participant, i.e. the organ from point 1 of this article, shall be obliged while submitting the proposal to indicate the trade name and the seat

of the opponent of the applicant and to enclose the documents proving the reasons for the request for entry of the changes.
3. When the registration court receives a request from the participant, i.e. by the organ from point 1 of this article, it shall invite the opponent of the applicant to present its attitude about the request within a stipulated term, and when necessary - to make certain changes and amendments to the agreement of the enterprise, i.e. the statute, with respect to the data, that the entry i.e. the erasure refers to.

Applicant' s opponent

Art. 526

1. Should the applicant' s opponent fail to act within the term stipulated by the court, the registration court shall reach an appropriate decision.
2. Should the registration court accept the request from article 525 of this law, it shall at the same time determine a term for the applicant' s opponent to make corresponding changes and amendments of the agreement of the enterprise, i.e. the statute and to submit an application for entry of the changes relating to the decision reached when necessary.

The right to appeal against the decision for entry

Art. 527

1. A participant or other person considering the decision to have violated its right or interest according to the law, shall have the right to appeal, and the applicant - only when the request has been rejected, i.e. when the application has been rejected.
2. The appeal may be lodged within eight days from the day of sending of the transcript of the decision.
3. For the person claiming that its right and interest arising from the law have been violated by the decision for definite entry, and the transcript of the decision had not been sent to him, the term for appeal shall be 30 days from the day when the certificate of entry had been announced in the " Official Gazette of the Republic of Macedonia ".

Replacement of a decision denied by an appeal

Art. 528

1. Should the registration court find the applicant’ s appeal to grounded, and no additional procedure is not required to be applied, it may decide on the request for entry otherwise and replace the decision denied by the appeal with a new decision.
2. Should the appeal present new facts and new documents be attached , such appeal shall be considered to be a proposal fro replacement of the decision.
3. The registration court shall inspect the proposal replacing the decision and may decide fro the decision to be replaced with another decision, should it adopt the proposal as a whole.
4. Should the registration court find no ground for replacement of the decision, it shall submit the appeal to the appelate court for further considering.

Delayed appeal

Art. 529

1. Should the applicant fail to lodge an appeal on time, such appeal shall be considered a new proposal for entry into the trade register, provided it present new facts and new documents be attached to it.
2. The registration court shall, in the case of point 1 of this article, act in accordance with article 518 point 3 of this law.

Erasure of an entry according to an altered decision

Art. 530

1. Should the appelate court alter the decision of the registration court for entry and reject the request for entry into the trade register, the registration court shall, as its official duty or at the request of the person having legal interest for thet, erase the entry made according to the altered decision.
2. The request for erasure of the entry from point 1 of this article shall be submitted within 15 days from the day of receipt of the appelate court’ s decision on alteration.

Rights of a person having legal interest

Art. 531

1. The person having legal interest may submit a request to the registration

court for erasure of the ungrounded definite entry within 30 days from the day when the entry had been acknowledged, and 60 days from the day of the entry made latest.

2. The registration court shall erase the ungrounded entry at a request of the person having legal interest or as its official duty ;

· if the entry had been made without submitting the prescribed document;

· if after the reaching of the decision for entry the prescribed or other conditions for performing of activities change, and

· in other cases in which the entry had been not allowed or had been forbidden later.

3. A procedure for erasure of an ungrounded decision made may be applied within two years from the date of the entry latest.

Hearing for establishing the decisive facts

Art. 532

1. The registration court shall as its official duty, i.e. after the receipt of the request, inform the subject of the entry of the intention for erasure of the ungrounded entry by preparing a request and an invitation to present its attitude within the stipulated term and to submit the prescribed document if necessary.

2. In the case from point 1 of this article the court shall schedule a hearing for establishing the decisive facts, inviting the applicant, if the procedure had been applied at his request, the enterprise, and other persons when necessary.

3. Afther the established facts have been estimated, the court shall reach a decision on erasing the definite entry or discontinue the procedure of erasure of the entry.

4. The ungrounded entry shall be erased after the decision has become valid.

Declaring an entry null and void

Art. 533

1. If an entry has been made on the basis of a false document,, if the document states inaccurate data, if the document is issued in an irregular procedure, if the action for which the data are being entered had been illegaly carried out, or if there are other reasons stipulated by law, a complaint may be lodged for the entry to be declared null and void.

2. A complaint may be lodged by a person having legal interest to annul the entry.

3. A complaint shall be lodged within 30 days from the day when the complainant had found out the reasons for annulment, but may not be lodged

after the expiry of three years from the date of the entry.

Annulment of the definite entry

Art. 534

1. When upon a valid decision the definite entry has been annuled, the court shall be obliged to submit the said valid decision to the registration court within 15 days.
2. The registration court shall, as its official duty, reach a decision on entry of the adnotation of the annulment of the entry upon the valid decision if the enterprise ceases to exist according to the law. The decision shall contain the name and the seat of the court and the number and the date of the decision for annulment of the entry.
3. The decision from point 2 of this article shall be sent to the enterprise and to the competent state body for reaching a decision on applying a regular liquidation procedure, i.e. bringing a proposal for applying a bankruptcy procedure.
4. In other cases the registration court shall, upon a valid decision and as its official duty, reach a decision on erasure of the annulment of the definite entry.
5. The decision from point 4 of this article shall be sent to the competent state body by the registration court.

Actions of the registartion court as its official duty

Art. 535

1. The registration court shall, as its official duty, erase the entry of:
· the prenotation that had not been justified within the stipulated term, and within six months from the day of the entry of the prenotation latest;
· the adnotation, when the time for prevention of performing certain activity expires, i.e. the time for limiting the authorization in the legal dealings and expiry of the term of office of the temporary organ and
· the activity i.e. the activities, when the time for which the approval of performing such activity had been given expires, the approval being stipulated by law.

Additional term for new submittings

Art. 536

1. Should the enterprise, after the entry into the trade register, fail to submit data, documents and evidence prescribed by this law to the registartion court, the court shall be obliged to determine an additional term to the enterprise for submitting the said documents.
2. Should the enterprise fail to follow the instructions within the term from point 1 of this article, the registration court shall be authorized to reach a decision for forbidding performance of the subject of work of the enterprise. The limitation shall cease on the day when the enterprise submits the required documents.

Division five

BUSINESS BOOKS AND ANNUAL BALANCE OF ACCOUNTS

First sub-division

Business books

The obligation to keep business books

Art.537

1. Each tradesman,in accordance with the principles of correctly kept accounting,shall keep business books which shall make obvious all undertaken trade legal dealings ,the state of the capital assets, resources, obligations,incomes and expenses.The business books shall be kept in the manner so that any third person - an expert,while reviewing the books may acquire a general review and insight into the tradesman' s work concerning the property and financial situation of his enterprise.
2. The tradesman is obliged to keep a copy of each business letter sent. The kept copy must be identical to the original sent.
3. The business books shall be kept by the principle of double accounting.

Keeping of business books

Art.538

1. The tradesman shall keep the business books in Macedonian language ,with Arabic numerals and shall express amounts in denars.Should he use abbreviations,codes,marks or symbols ,he must clearly explain their meaning.
2. All data registered in the business books and other reports must be

complete,on-time,accurate and to be presented by order,i.e. to precisely express the time order of happening.The business books are kept on the basis of credible accounting documents.

3. A registered data in the business books must not be changed in a way that shall further make impossible the determining of the original registered contents.Changes or amendments made in a way that the original registered contents can not be differentiated from the change or amendment ,is also contrary to this Law.

4. Business books and other reports may be kept in a conventional way (on cards) or on electronic media , so can their storage,provided that the principles of regularly kept accounting must be obeyed. The tradesman is obliged ,regardless of the way of keeping of the business books,to provide access to them at any time,to keep them and protect them within the term prescribed and guarantee that they may be presented any time.

The Minister of Finance shall prescribe the form and the contents of the business books and reports.

Inventory

Art.539

1. Each tradesman,before starting to rung the enterprise,shall take an accurate inventory of all his property. The inventory shall separately list the immovables,the outstandings and obligations,the money,securities and other movables stating the value of each part of property separately.

2. The state of assets and obligations in accounting shall be adjusted at least once a year with the real state established by an inventory on the 31st of December.

3. The inventory shall be made by the tradesman every business year lasting for one calendar year.

4. The obligation for taking an inventory shall apply to all entities considered to be tradesmen according to the form ,as well as to the individual tradesman.

5. The part of property of same or similar type may be presented together as a group and be evaluated at their average value

6. The tradesman shall take the inventory and adjustment of the state also in case of change in prices of goods and services,status changes;start of a procedure for regular liquidation and other cases stipulated for by law.

7. The Minister of Finance shall prescribe the manner and the terms for taking of inventory and adjustment of the accounting and the real state.

Storing of balances

Art.540

1. Each tradesman shall be obliged to properly and correctly keep the following :

· the business books,inventory lists,documents on the basis of which records have been kept in accounting ,the accounting reports (balances) and the working reports;

· the business letters (received and sent);

· documents mentioned in points 1 and 2 may be stored in any electronic media,enabling visual presentation and access within the whole period prsecribed for storage. The storage terms are prescribed by the Minister of Finance.

Presentation in court procedures

Art.541

1. In the course of a court procedure the court may at proposal or by duty order to one or to the other party or to both of them, to present the business books for inspection.

2. The obligation of point 1 of this article does not change the regulations of a civil suit procedure according to which the opposite lawsuit party is obliged to submit documents and evidence.

Use of excerpts of the business books in court trials

Art.542

If the business books had been presented for inspection in a court trial,the contents shall be reviewed in the presence of the parties to the extent that they refer to the very dispute ,and if necessary ,excerpts shall be made. The rest of the contents of the business books shall be presented for inspection to the court to the extent for him to decide whether they had been kept neatly,cotrrectly and legally.

Presentation for inspection in special cases

Art.543

In case of liquidation, bankruptcy , adjustment of accounts or division of joint property,at the court' s request, the persons responsible for keeping of the business books are obliged to present to the court the business books for inspection.

Business books for the subsidiaries

Art.544

1. The subsidiary shall keep business books,but shall not prepare the annual balance of accounts.
2. The subsidiary of a foreign enterprise shall prepare annual balance of accounts.

Chief accountant

Art.545

1. The tradesman shall entrust the keeping of the business books to an expert - the chief accountant.
2. The chief accountant shall be directly liable to the managing organ and to the tradesman,i.e. the individual tradesman.
3. The chief accountant shall sign the payment documents and the accounting reports.
4. In case of removal from office of the chief accountant,an enactment of takeover of duty shall be made.
5. The tradesman is obliged to register the chief accountant in the Ministry of Finance.
6. The Ministry of Finance keeps a register of chief accountants from point 5 of this article.

Discharging of the duty of a chief accountant

Art.546

1. Should the tradesman fail to establish the duty of a chief accountant, the rights and liabilities shall be , assumed by the person actually discharging those duties.
2. The tradesmen may ,according to a contract ,entrust the accounting operations to external authorized legal entities and physical persons.

Annual balance

Art.547

1. Each tradesman prior to starting with the activities,prior to division,merging or joining ,going of the enterprise into bankruptcy or liquidation ,shall be obliged to prepare an initial balance of state.
2. At the end of each business year,the tradesman shall prepare a balance of

state and a balance of success (annual balance sheet).
3. The balance of state and the balance of success make the annual balance of accounts (annual balance sheet).

Signatures

Art.548

The annual balance sheet shall be signed by the chief accountant and the tradesman, and the date of preparing it shall be stated.

Preparation of the annual balance sheet

Art.549

1. The annual balance sheet shall be prepared according to the principles of accurate and correct keeping of business books.
2. The annual balance and the reports give the true and real picture of the assets,obligations,receipts and expenses and the financial result.
3. Should the reports from points 2 of this article fail to provide a true and real picture ,the tradesman shall be obliged to give additional information’ s.

Order of paragraphs in the balance of state i.e. of success

Art.550

1. The order of paragraphs in the balance of state and in the balance of success especially the form accepted for their presentation must not be changed in a year to another.
2. The minister of Finance shall prescribe the form and the contents of the balance tables.

Contents of the annual report

Art.551

1. The annual report must provide a true and real review of the development

of the business activities of the tradesman and his financial state.
2. The report shall contain also information' s on :
· the state of the enterprise during the past year and all important events that had happened after the expiry of the business year the report refers to ;
· the possible future development of the business activities;
· the activities in the sphere of research and development and
· connected to purchasing new shares .

Second sub-division

Annual balance sheet

Annual balance sheets of the enterprises

Art.552

1. The Board of directors i.e. the Managing Board or the manager i.e. the managers of the enterprise shall be obliged after the expiration of each business year to prepare an annual balance sheet and airport on the work of the enterprise in the past business year.
2. The term for preparation of the annual balance sheet from point 1 of this Article may not exceed one year after the expiry of the business year , unless it is prolonged by the competent organ to three months.
3. The agreement of the enterprise and the statute may prescribe,beside the annual balances set forth in point 1 of this article, balance sheets for shorter periods of the business year to be prepared. On the basis of the periodical balance sheets dividends nor rewards may be paid.
4. The annual balance sheets shall be submitted to the Public Income Administration and to the bearer of the payment operations the enterprise has an account with, by the end of February the following year.
Balance of state before division,merging and joining

Art.553

1. The enterprise shall,prior to division,merging or joining,with the last day of the month inclusive ,prepare a balance of state.
2. The enterprise shall prepare a balance of state according to the state on the day of starting of the liquidation procedure or bankruptcy.

Contents of the annual balance sheets

Art.554

1. The annual balance sheets shall comprise accounting statements and

explanations attached to the. The explanations of the accounting statements shall contain:

· information about the methods used in evaluation of the positions in the accounting statements;

· separation of the synthetic data from the accounting statements providing easier understanding and analyzing;

· data on the work of the subsidiaries especially of the subsidiaries abroad.

Contents of the working report

Art.555

The working report shall present the state of the enterprise in the previous business year,the important events that had happened between the day of expiry of the business year and the date it has been submitted ,the activities in the field of research and development as well as the estimates for further development of the enterprise.. The report must be in compliance with the principles of conscientious submitting of balances ,and submitting of a report may be omitted only if it is to the interest of the Republic of Macedonia. The working report of the enterprise shall be signed by all members of the managing organ i.e. by all managers.Those who do not approve of the report shall present their opinion separately and state the reasons for it.

Review of an annual balance sheet

Art.556

1. The annual balance sheets and the working reports of the enterprise shall be reviewed at least one month prior to the meeting of the body of the founders or other body or organ authorized by them for approval.

2. The annual balance sheets of all joint-stock companies shall be exposed to reviewing ,as well as those of the enterprises which according to this Law are obliged to prepare consolidated reports, and of the enterprises whose securities are rated at the exchange.

3. Also annual balance sheets of limited liability companies meeting two of the following three conditions are exposed to reviewing:

· the average number of employees to be higher of 150;

· the annual income to exceed 6.000.000,00 DEM. in denar countervalue ; or

· the average value of the assets at the beginning and at the end of the business year to exceed 1.500.000,00 DEM. in denar countervalue.

Method of reviewing of the annual balance sheet

Art.557

1. The reviewing of the annual balance sheets shall be made by one or more inspectors of the annual balance sheets. Should the reviewing ,in cases prescribed by this Law,fail to be carried out,the annual balance sheets may not be approved.
2. The inspectors of the annual balance sheets shall be appointed by the Assembly of the founders,and should the assembly not be established,the appointing shall be made by an unanimous decisions of all founders.
3. The inspectors shall be appointed before the expiry of the business year for which the reviewing is carried out.
4. The board of directors,i.e. the managing board,the manager i.e. the managers of the enterprise are obliged to enable the inspectors review the books and documents of the enterprise as well as the property,the cashier' s office and the state of the securities.
5. The inspectors of the annual balance sheets may require explanation and evidence from the managing organ i.e. from the manager or the managers ,necessary for a regular reviewing.

Written report of the inspectors of the annual balance sheets

Art.558

1. The inspectors of the annual balance sheets shall submit a written report on the results of the reviewing. The report shall determine whether the accounting activities ,the annual balance sheets and the annual report correspond to the provisions of the law and whether the managing organ i.e. the manager or the managers have provided explanation and submitted evidence. The positions from the annual balance sheets shall be analyzed and explained to the extent deemed necessary.
2. Should during performing their duties the inspectors discover facts showing possible endangering of the enterprise or great damages to its development,or should they discover serious violation of the law or of the agreement of the enterprise i.e. the statute ,made by the managing organ or by the manager i.e. the manager,they shall submit a report.
3. The inspectors of the annual balance sheets shall sign the reports and submit them to the managing organ i.e. to the manager i.e. the managers of the enterprise.

An obligation for the reviewing report to be presented to the supervisory board

Art.559

1. In enterprises where a supervisory board is established,the managing board

i.e. the manager i.e. the managers of the enterprise shall submit the annual balance sheet and the reviewing report to the supervisory board. Also ,a draft-decision for distribution of the profit according to the annual balance sheet shall be submitted to the supervisory board,which shall be submitted to the assembly of the founders or to the founders, for decision.

3. The supervisory board is obliged to check the annual balance sheets and the draft-decision for use of the profit. At the request of the supervisory board the inspectors of the annual balance sheets are obliged to attend and to participate in the supervisory board' s work.

3. The supervisory board shall submit a written report on the results of the supervision to the assembly of the founders i.e. to the founders. The report shall contain the methods of supervision and the scope of the supervision over the managing with the enterprise in the course of the previous business year. The report shall also comprise the results of the reviewing carried out by the inspectors of the annual balance sheets and the objections on the annual balances sheets and the annual report and shall suggest whether they should be approved or not.

Third sub-division

Evaluation of the positions in the accounting statements and announcement of the annual balance sheets and the business report

Distribution of the profit

Art.560

1. The assembly of the founders or the founders shall decide on the use of the profit according to the annual balance sheets.

2. The decision on the use of the profit shall point out each separate purpose of the use,the following in particular :

- the profit according to the balance of success;
- the amount which shall be paid to the founders;
- the amounts that should be entered into the statutory reserves of the enterprise ;
- the possible transfer of the profit to the following year and
- the additional expenses according to the decision.

Compulsory general reserve
(general surplus fund)

Art.561

1. The enterprise shall have a compulsory surplus fund raised by taking hold resources of the net profit .This reserve shall be calculated and earmarked as a percent determined by the agreement i.e. the statute of the enterprise and may not amount less than 15% of the profit ,until the reserves of the enterprise reach an amount equal to one fifth of the basic capital assets. Should the reserve generated that way reduce ,it must be supplemented the same way.
2. Until the general reserve exceeds the minimum amount prescribed by the law i.e. the agreement i.e. the statute of the enterprise ,it may be used for covering of losses only.
3. When the general reserve exceeds the minimum amount after covering of all losses according to the annual balance sheets,upon a decision of the assembly of the founders or all founders ,the excess may be used for supplementing of the dividend,should it fail to reach the minimum amount for the business year prescribed by this law or the non -paid amount of the basic capital assets stipulated by the agreement i.e. the statute of the enterprise .
4. Amounts entered into the reserve by supplementary payments of the founders,i.e. in case of increasing of the basic capital assets for particular benefit or for priority right to the existing shares,may not be used for supplementing of the dividend.

Special reserves intended for covering of losses
or other expenses

Art.562

1. The agreement i.e. the statute of the enterprise may stipulate for generating of special reserves for covering of certain losses or other expenses. The aim,the organization and the manner of use of the reserves shall be specified by the agreement i.e. the statute of the enterprise ,and may be changed only upon change of the agreement i.e. the statute of the enterprise.
2. Should the agreement i.e. the statute of the enterprise stipulate reserves for pension,insurance against risk or charity purposes of the employees of the enterprise,their purpose ,the manner of generating and investing of such resources ,the organization and the use shall be strictly specified .
3. The reserves from point 2 of this article shall be separated from the general property of the enterprise ,they shall be managed separately and the accounts for them shall be kept separately from the other accounts of the enterprise.

Dividend

Art.563

1. After the approval of the annual balance sheets and confirming of the existence of profit ,the assembly of the founders or the founders themselves shall determine the share that shall be awarded to the founders as dividend. The manner of payment of the dividend shall be prescribed by the assembly ,and in case they have not been established, by the managing organ i.e. the manager or the managers.
2. The dividend shall be paid within nine months after the expiration of the business year latest. By exception, the court may prolong this term
3. Should the managing organ,the supervisory board i.e. the manager or the managers after the expiration of the business year and prior to the adoption of the annual balance sheets ,acknowledge the fact that the property state of the enterprise has aggravated seriously due to the losses ,it shall inform the assembly of the founders i.e. the founders. In such case,the share of the profit arising from the balance of success shall not be distributed,but transferred to the account of the current business year instead.
4. If deemed necessary,for the reason of safety of the enterprise or for more even dividend ,before determining of the amount of the dividend , the assembly of the founders or the founders may decide upon generating of a special reserve prescribed by the agreement i.e. the statute of the enterprise.

Dividend in money or in shares ,i.e.deposits

Art.564

1. In joint-stock companies and in limited liability companies,the agreement i.e. the statute of the company may stipulate for the possibility for each shareholder i.e. owner of a deposit, for a part of the dividend to be distributed or of the advance payments over the dividend ,to receive the dividend i.e. the advance payment over the dividend in money or in shares i.e.deposits.
2. The offer for payment of the dividend or the advance payments over the dividends in shares i.e. deposits must be presented to all shareholders i.e. owners of deposits at the same time.

Announcement of the adopted reports and their inspection

Art.565

1. Copies of the adopted annual balance sheets with the working reports of the enterprise ,as well as copies of the reports of reviewing of the annual

balance sheets shall be submitted by the managing board i.e. the manager or the managers, to the Public Income Administration and the registration court within thirty days from the day of their adoption and present them for inspection in the business premises. The right to inspection in the enterprise or at the court is granted to each founder

2. The registration court may allow third parties inspect the annual balance sheets ,should they make their legal interest probable.

3. An enterprise with banking , other credit activities and insurance as subject of work shall announce the balance of success within 15 days from the session of the assembly and in a manner prescribed by law,and in the "Official Gazette of the Republic of Macedonia ".

4. The obligation for announcement from point 3 of this article shall apply also to all big enterprises.

5. Once the enterprise announces an annual balance sheet in the press,although not obliged,may announce it as it has been announced by the assembly i.e. the founders ,in full and without changes and amendments.

Division six

PARTICIPATION IN OTHER TRADE ENTERPRISES
(ASSOCIATED ENTERPRISES)

First sub-division

Enterprise with significant participation ,majority participation and mutual participation

Kinds of association ,establishing of relations between enterprises

Art.566

Independent enterprises may associate and establish mutual relations as :

· an enterprise having significant participation,major participation or majority right to decision-making and mutual participation in another enterprise;

· dependent ,ruling enterprises and enterprises acting jointly.

An enterprise with significant participation

Art.567

1. Participation is considered significant when an enterprise has acquired participation in a deposit i.e. shares in another enterprise, representing

more than one fourth of the basic capital assets of the other enterprise,or when the other enterprise possesses more than one fourth of all votes in the assembly of the founders,and the acquired participation is not considered a majority one.

An enterprise with majority participation and enterprise with majority right to decision-making in another enterprise

Art.568

1. Participation is considered a majority one when an enterprise has acquired a deposit i.e. shares in another enterprise,which represents more than one half of its basic capital assets,or when it possesses more than half of the votes in the assembly of the founders of the other enterprises.
2. The enterprise possessing the majority of the shares i.e.the majority of votes in another enterprise is considered ,according to this law , an enterprise with majority share ,and the other is considered an enterprise of majority ownership.
3. The deposits i.e. the shares belonging to the limited liability companies.the joint-stock companies and the limited partnership joint-stock companies ,shall be determined according to the ratio of the nominal amount of the shares to the nominal amount of the basic capital assets. When the capital enterprises are concerned,the own shares are reduced from the nominal amount of the basic capital assets. The deposits,i.e. the shares belonging to another for the account of the enterprise are equalized with the own deposits i.e. plain shares of the enterprise.
4. The number of votes in the assembly of the founders in another enterprise belonging to the enterprise with majority share,shall be determined according to the number of votes that may be acquired from the deposits i.e. shares belonging to it according to the total votes. from total votes ,the votes for the own deposits are reduced ,as well as from the deposits i.e. shares belonging to another for the account of the enterprise.
5. As a deposit i.e. shares belonging to the enterprise is considered also the deposit i.e. the shares dependent on it or ,for its account or fro the account of the enterprise dependent on it are held by other enterprise,and if the enterprise belongs to an individual enterprise,the deposit i.e. the shares otherwise belonging to his property are considered deposit i.e. shares of the enterprise.

Obligation of an enterprise with majority share

Art.569

1. Within three months from the day of announcement of the majority share in the “Official Gazette of the Republic of enterprise which has acquired a majority share shall be obliged ,at the request of any owner of a deposit or a shareholder of the dependent enterprise and to the choice of the owner of a deposit or a shareholder :

· to purchase its deposit,i.e. its shares ,at least at the price offered by the owner of the deposit i.e. the shareholder; or

· to provide payment of prescribed dividend to the owner of the deposit i.e. the shareholder,

2. Non- obeying the term from point 1 of this article shall result in losing of the right.

Enterprises with mutual participation

Art.570

1. Should two enterprises acquire deposits,i.e. shares ,so that each enterprise has a deposit i.e. share participating with more than one fourth in the basic capital assets of the other enterprise or should the other enterprise posses more than one fourth of the votes in the assembly of the founders,there is mutual participation.In order to determine whether an enterprise possesses a deposit i.e. shares participating with more than one fourth of the basic capital assets in another enterprise,the provisions of article 568 points 3 and 5 of this law.

2. Should one of the enterprises with mutual deposits i.e. shares have majority participation with a deposit ,i.e. should it participate with more than half of the total shares in another enterprise or should an enterprise have direct or indirect influence over another enterprise , the first enterprise shall be considered a ruling enterprise and the second shall be the dependent one.

3. Should each of the enterprise with mutual deposits i.e. shares posses majority share with a deposit,i.e. majority of votes in the other enterprise or should each of those enterprises have direct or indirect influence over the other enterprise,both enterprises shall be considered ruling and mutually dependent ones.

Second sub-division

A dependent and ruling enterprise

The concept of a dependent enterprise

Art.571

1. A dependent enterprise shall be a legally independent enterprise ,on which another enterprise (ruling enterprise) exerts direct or indirect prevailing influence.

The concept of a ruling enterprise

Art.572

1. The enterprise possessing majority share i.e. more than half of all shares in another enterprise shall be considered a ruling enterprise.

Trade enterprise owned by a foreign person

Art.573

A trade enterprise which is mostly or fully owned by a foreign person may not acquire majority participation in another enterprise.In case of violation of this provision the enterprise may not exercise its right in the dependent enterprise arising from the ownership over the deposit i.e. the shares.

A holding enterprise

Art.574

1. The trade enterprise possessing majority share in another legally independent enterprise ,and aiming at any form of participation in other enterprises or their managing,with or without performance of its own manufacturing or trading activity ,shall be an enterprise with majority share (a holding enterprise).
2. For the holding enterprise the provisions of article 571 of this law shall be applied.

Subject of the holding

Art.575

1. The following activities may be subject of the holding :
· establishing,managing and sale of participation in domestic and foreign enterprises;
· obtaining,managing and sale of bonds ;
· obtaining,estimating and sale of patents,renouncement of licenses for use of patents to the enterprises the holding participates in ;
· financing of the enterprises the holding participates in.
2. The holding may not :

· participate in an enterprise which is not a legal entity;
· acquire (obtain)licenses ,which have not been obtained for use in the enterprises dependent on it and
· to acquire immovables which is not indispensable for its work. Acquiring of shares i.e. deposits from enterprises with immovables is allowed.
3. The holding may grant loans to enterprises on which it has a ruling influence only.

Enterprises acting jointly

Art.576

1. Mutually acting enterprises shall be the enterprises having concluded an agreement in order to acquire or to renounce the rights to vote or to exercise the rights to vote aiming at pursuing of joint policy toward the enterprise.
2. The enterprises acting jointly shall have a joint and several liability for their obligations arising from the law.

Third sub-division

Statements and information' s about participation
in other enterprises

The obligation to inform

Art.577

1. Should an enterprise acquire deposits i.e. shares which participate with more than one fourth in the basic capital assets in another enterprise with the seat in the Republic of Macedonia ,or should it acquire at least one fourth of all votes in the assembly of the founders ,it is obliged to inform about it in the report on the work in the current business year ,submitted to the founders or to the shareholders
2. The managing board or the manager i.e. the managers ,shall inform the enterprise in its report on the work and the results of the whole enterprise as well as of the enterprises in which it has significant,majority or mutual participation. When this enterprise prepares and announces consolidate balance of accounts,the information about it shall be included into the report on managing of the group of enterprises exposed to consolidation.

Informing of the enterprise in which another enterprise has acquired a deposit i.e. shares

Art.578

1. An enterprise having acquired a deposit i.e. shares participating with more than one fourth in the basic capital assets in another enterprise with a seat in the Republic of Macedonia or has acquired at least one fourth of all votes in the assembly of the founders ,must immediately inform the other enterprise about it in writing.
2. The enterprise from point 1 of this article shall be obliged to inform the enterprise in which it has acquired a deposit i.e. shares ,about the deposit i.e. shares ,in the following cases :
· when the enterprise or another enterprise dependent on it or someone else keeps them for its account or for the account of the enterprise dependent on it and may require for the deposit i.e. the shares to be transferred to it; and
· when the obligation for undertaking of the deposit i.e. shares has been undertaken by the enterprise or another enterprise dependent on it ,or someone else working for the account of the enterprise or for an enterprise dependent on it.
3. Should the extent of participation ,for which according to the points 1 and 2 of this article informing is obligatory ,be reduced, the enterprise shall immediately inform the other enterprise about it.
4. The information shall contain details about the number and the type of shares i.e. the amount of the deposit acquired,as well as about the right to vote arising from them
Enterprises in which shares ,deposits and
the right to vote are equalized

Art.579

1. The shares,deposits and the rights to vote in the assembly of the founders are equalized with the shares,deposits and the rights to vote possessed by :
· other enterprises for the account of this enterprise;
· enterprises dependent on this enterprise ,and
· third parties acting jointly with the enterprise.
· 2. The shares ,deposits and the right to vote possessed by one or more enterprises listed in point 1 of this article, shall be assigned to it at its request ,according to an agreement.

The obligation of the enterprise with ruling influence to inform the enterprises it has the influence on

Art.580

1. The enterprise with ruling influence on another enterprise shall be obliged to inform all its enterprises it has influence on ,about the amount of participation it has directly or indirectly in the basic capital assets of the separate enterprises ,as well as about the change of the amount.
2. The informing shall be done within one month counting from the day the influence according to shares or a deposit acquired before has been acknowledged ,or from the day they had been acquired or abalienated.

The obligation for announcing of the existence of participation

Art.581

1. The existence of the participation shall be immediately announced in the newspaper of the enterprise ,pointing out the enterprise the participation belongs to.
2. Should the enterprise be informed that the participation has decreased under the limit prescribed for the significant i.e. the majority participation, it shall be immediately announced in the newspaper of the enterprise.
3. The enterprise having acquired majority participation shall be obliged to announce it in the "Official Gazette of the Republic of Macedonia".

Manner of exercising of the rights from shares and deposits belonging to the enterprise in another enterprise

Art.582

The rights from shares and deposits belonging to the enterprise obliged,according to this law,to inform the enterprise in which those shares i.e. deposits have been acquired,may not be exercised by the enterprise dependent on it ,another party for the account of the enterprise or someone else for the account of the dependent enterprise ,for the time in which the enterprise had been obliged to do the informing ,and has failed to do it.

The obligation for proving of the existence of participation

Art.583

The enterprise that has been informed in compliance with article 580 of this law may at any time require proving of the existence of participation .

Fourth sub-division

Running and liability of an enterprise with majority participation

Relations between an enterprise with majority participation and a dependent enterprise

Art.584

The enterprise with majority participation may not use its influence in order to lead the dependent enterprise into performing actions harmful for the enterprise or undertaking or missing to undertake certain actions ,unless the enterprise with majority participation undertakes to compensate the damages.

Report of the managing organ of the enterprise
on the relations between the associated enterprises

Art.585

1. The managing organ or the manager i.e. the managers of the dependent enterprise shall be obliged in the first three months of the business year to prepare a report on the relations with the enterprise with majority share.The report shall contain all legal dealings taken in the previous year by the dependent enterprise associated with the enterprise with majority participation ,on the basis of an invitation or to the interest of these enterprises ,as well as all other measures which,on the basis of an invitation or to the interest of these enterprises ,it has taken or had missed to take. Within the frame of the legal dealings in the report payments and counter-payments shall be quoted,and within the other dealings the reasons for their taking shall be quoted and the gained profit or the damage to the enterprise as a result.While compensating the damage , the manner of the actual compensation shall be cited,and also everything t hat the enterprise had been provided with to place a legal request.
2. The report shall be prepared in accordance with the principles of a conscientious and accurate submitting of a report.
3. The competent managing organ of the enterprise shall be obliged to point out in the report whether damage has been done ,to explain the circumstances and the reasons that had caused the damage, and make a statement whether the damage has been paid for. The statement shall be included into the report on the work of the enterprise.

Control carried out by inspectors

Art.586

1. The report on the relations between the enterprise with majority participation and the dependent one shall be submitted to the inspectors together with the annual balance sheet and the business report. The inspectors

shall undertake to check whether:
· the data from the report are accurate;
· in the legal dealings cited in the report according to the circumstances and the time they had been concluded the value of the payments had been inappropriately high,and if so,whether the balance in value had been compensated or not;
· in the measures cited in the report there are circumstances which would lead to a drastically different estimate from the one given by the competent managing organ;
2. The inspector shall be obliged to submit a written report on the results of the control. Should he establish the fact that the report on the relations between the enterprise with majority participation and the dependent one is incomplete ,he shall cite it in his report. The inspector shall sign the report and submit it to the competent managing organ of the enterprise.
3. If according to the inspector’s opinion there are no objections to the reports,he shall make a statement in his report that the data in the reports are accurate,that in the legal dealings listed in the report according to the circumstances and the time in which they had been concluded the amounts of payments had not been inappropriately high,i.e. that the difference in value has been compensated and there are no circumstances which would lead to a drastically different estimate from the one given by the competent managing organ of the enterprise.
4. Should there be objections or should the inspector consider the report on the relations between the enterprise with majority participation and the dependent enterprise to be incomplete, he shall limit his statement to it or refuse to make a statement. If the competent managing organ of the enterprise confirms that damage has been done because of certain legal dealings of the enterprise or measures without being compensated,it shall be quoted in the statement,and it shall be limited to the other legal dealings or measures.
5. The inspector shall sign the statement and cite the place and the day he has made it. The statement shall be entered into the inspector’s report.

Control by a supervisory board.

Art.587

1. If the enterprise has a supervisory board the managing board is obliged to submit to it the report on the relations between the enterprise with majority participation and the dependent one as well as the inspector’s report.Each member of the supervisory board has the right to access to the reports. Unless otherwise decided upon,the reports shall be submitted to each member of the supervisory board.
2. The supervisory board shall be obliged to review the report on the relations between the enterprise with majority participation and the dependent one and to inform the assembly of the founders of the joint-stock company

about it. The supervisory board shall assume a position in the report concerning the report on the relations between the associated enterprises submitted by the inspector.

4. At the end of the report the supervisory board shall be obliged to make a statement whether there are objections to the statement of the managing board made by it at the end of its report on the relations with the associated enterprises.

Liability of the organs of the enterprise
with majority participation

Art.588

1. The members of the managing organ,the managers i.e. the manager of the dependent enterprise ,beside the persons obliged for compensation according to this law, shall have a joint and several liability should due to non-fulfillment of their obligations have failed to point out the harmful legal dealing or the harmful activity in the report on the relations between the enterprise with majority participation and the dependent one,or had failed to point out that damage has been done to the enterprise due to certain legal dealing and it has not been compensated. In case of a dispute they shall be obliged to prove that they had acted with the attention of an accurate and conscientious tradesman,which is expected from them.

2. The members of the supervisory board of the enterprise ,beside the persons obliged fro compensation,shall have a joint and several liability for violation of their obligation to check the reports due to the harmful legal dealing or the harmful activity,or the obligation fro submitting of the report to the assembly of the founders on the results of the check.

3. There shall be no obligation for compensation of damage should the undertaken activity base on a decision reached by the assembly of the joint-stock company,i.e.the assembly of the founders,which is in conformity with the law.

Liability of the enterprise with majority participation
and its legal representatives

Art.589

1. Should the enterprise with majority enterprise lead a dependent enterprise to undertake a legal dealing or activity i.e. to miss to undertake such dealing to its own damage ,and should it fail to compensate the damage by the end of the business year or to give priority to the dependent enterprise in the right to compensation of damage,the enterprise with majority participation shall have to compensate the whole damage done to the dependent enterprise.

The request for compensation of a damage may be submitted by the founders in the name and for the account of the dependent enterprise or separately,regardless of the damage caused to them with the damage done to the enterprise.

2. Beside the enterprise with majority participation ,joint and several liability for the damage shall have also the legal representatives of the dependent enterprise for the legal dealings i.e. actions they should have undertaken,i.e. they had failed to undertake.

3. The obligation for compensation shall not exist should the accurate and conscientious tradesman of the independent enterprise undertake or fail to undertake the same legal dealing i.e. action.

4. Should the damage fail to be compensated within the course of the business year, the manner and the term of compensating must be determined by the end of the business year latest.

5. To the liability of the legal representatives shall accordingly be applied the provisions of this law about the liability of the representatives of the enterprise.

Fifth sub-division

Consolidated annual accounts

Consolidated annual accounts,report on the managing and the work of the group of enterprises

Art.590

1. Every year the enterprise shall prepare and announce consolidated annual accounts and a report on the work of the group of enterprises,should it have majority participation in one or more enterprises.

2. All enterprises with seats in the Republic of Macedonia or abroad,whose shares with more than a half belong to another enterprise or enterprises shall be entered into the consolidated annual accounts.

Conditions under which exception is made
to the entering into consolidated annual accounts

1. Exception may be made to the entering into the consolidated annual accounts if due to the little importance of a certain enterprise the review of the property state and the profit of the enterprise with majority participation is not questioned.Exception may be made also when by entering of the enterprise with majority participation a wrong picture of the property state and profit of the enterprise with majority participation would be got.

2. In consolidated annual accounts also enterprises without majority

ownership may be entered,should the entrance lead to a true picture of the property state and the profit of the enterprise with majority share.

Composition of the consolidated annual accounts

Art.592

1. The consolidate annual accounts shall contain a consolidated balance of the state,a consolidated balance of success and notes to the accounts. These consolidated balances shall be presented as a whole.
2. The consolidated accounts shall be clear, and in conformity with this law and the accounting standards.
3. The consolidated accounts must give a true and complete summary of the outstandings and the obligations ,the financial state,the profit or the balance of success in the enterprises of majority ownership taken as a whole.

Total integration of an annual balance of accounts

Art.593

The annual balance of accounts of the enterprises with majority ownership shall be entered into the consolidated annual accounts by total integration.

Profit or loss in consolidation

Art.594

The profit or loss belonging to the shares or deposits in the enterprises of majority ownership entered in the consolidation,possessed by a person not being an enterprise included into the consolidation,shall be presented in the consolidated account of success and the losses as a separate entry with a separate title.

Contents of the consolidated accounts

Art.595

1. The consolidated accounts shall present the outstandings and the obligations and the financial situation,the profit and the losses in the enterprises of majority ownership included in the consolidation as they were one uniform enterprise,the following in particular :
· if the outstandings and the obligations between the enterprises included

into the consolidation are deleted from the consolidated accounts;
· if the income and the expenses connected to the transactions between the enterprises included in the consolidation had been entered into the accounting value of the property and had been deleted from the consolidated accounts;
· if the profit and the losses as a result of the transactions between the enterprises included in the consolidation have been entered into the accounting value of the property and have been deleted from the consolidated accounts.
2. The provision of point 1 of this article shall not be applied in cases when the transactions had been concluded within the frame of the regular work and ordinary market conditions and when deleting of the profit and the losses should cause huge expenses. Non applying of the provisions from point 1 of this article must be quoted in the notes to the consolidated accounts; also the important consequences from the non-applying of the provisions to the picture of property,obligations,financial state ,profit and losses of the enterprises included in the consolidation and taken as a whole.

Date on which consolidated accounts must be prepared

Art. 596

1. The consolidated accounts must be prepared on the very date when the annual balance sheets of the majority share enterprise are prepare.
2. The consolidated annual accounts may be prepared on another date,should the balance of state of a bigger and more important enterprise included in the consolidation be taken into consideration. This fact must be cited in the notes to the consolidated annual accounts by quoting the reasons for that.

Contents of the report on the managing and the work
of the group of enterprises

Art.597

The report on the managing and the work of a group of enterprises included in consolidation shall present the state of the whole of enterprises exposed to consolidation ,their estimate development,the important events that had happened from the date of conclusion of the consolidation to the date on which the consolidated accounts have been prepared,as well as the activities concerning research and development.

Inspection of the consolidated annual accounts

Art.598

1. The consolidated annual accounts shall be submitted to one or more persons

authorized for inspection of annual balances of accounts.
2. The person or persons authorized for inspection of the consolidated accounts shall determine whether the annual work on the managing and the work is in accordance with the consolidated accounts for the same business year.
3. The enterprise shall be obliged to submit the consolidated accounts with the report on the managing and the work for the current business year to the organ or to the institution prescribed by law by March 31st the following year latest.

Announcement of the consolidated accounts

Art.599

The approved consolidated accounts together with the report on the managing and the work and the inspector’ s i.e. the inspectors’ opinion shall be announced in the same manner and under same conditions as the annual balance sheets of the enterprises.

Division seven
ECONOMIC COMMUNITY OF INTEREST

The concept of an economic community of interest

Art. 600

1. Two or more physical persons and legal entities may, between themselves and for a definite period of time, an economic community of interest in order to make easier and more advanced the performing of the economic activities consisting the subject of their work and to increase or improve their results.
2. the economic community of interest may not be a member of another economic community of interest.

Activities

Art. 601

The subject of work of the economic community of interest may be only related to the economic activities performed by the members and render assistance to those activities.

The conditions for establishing

Art. 602

1. The economic community of interest may not make and distribute a profit.
2. The rights of the members of the economic community of interest may not be expressed in securities.
3. A provision in the founding agreement or a decision opposite to the points 1 and 2 of this article shall be null and void.

Status of a legal entity

Art. 603

An economic community of interest shall acquire the status of a legal entity on the day of its entry into the trade register.

Responsibility of the members

Art. 604

1. The members of an economic community of interest shall have a joint and several liability with their property for the obligations, unless otherwise agreed upon with the third - contractual party.
2. A creditor may settle its outstandings against a member of an economic community of interest after it has declared it delayed with an extrajudicial enactment.

Contents of the founding agreement

Art. 605

1. An economic community of interest shall be founded with an agreement for founding of the economic community of interest (hereinafter : agreement for the community).
2. The agreement for the community shall determine its organization. the agreement shall be prepared in writing and shall be announced in a manner for announcing the agreements of the enterprises.
3. The agreement for the community shall contain provisions on :
· the title of the economic community of interest which, at the beginning or at the end contains the words “the economic community of interest”, unless those words are otherwise contained in the title of the community.
· the name, the trade name or the title, the legal form, the seats of the enterprises and, should there be such, the number of the entry into the trade register of each member of the economic community of interest;
· the term of the economic community of interest;

· the subject of work of the economic community of interest;
· the manner of decision-making and managing;
· joining the community, leaving and expelling from the economic community of interest;
· the control over the work of the economic community of interest and
· other issues of interest and regulation of the economic community of interest.

4. All changes of the agreement of the community shall be made and announced under the same conditions as those for the very agreement.

Members and their acceptance

Art. 606

1. Members of an economic community of interest may be persons performing any of the activities provided by article 1 of this law. Also persons engaged in free occupations which do not have the status of tradesmen may be members of an economic community of interest.

2. The economic community of interest within its term may accept new members. The decision about accepting a new member shall be reached unanimously by the assembly of the economic community of interest.

3. The new member shall be liable for the obligations of the economic community of interest, including those that had arisen from the work prior to its acceptance to the economic community of interest. Only upon a decision on acceptance to the economic community of interest the new members may be relieved from the liability of the economic community of interest for the obligations that had arisen prior to its acceptance.

Withdrawing or expelling a member

Art. 607

1. A member of the economic community of interest may withdraw itself in accordance with the conditions stipulated by the agreement for the community and provided it has fulfilled its obligations prescribed by the agreement or the enactments of the assembly. Should the agreement for the community not stipulate conditions for withdrawing from the economic community of interest, the withdrawal shall be made upon agreement.

2. A member of the economic community of interest may be expelled for reasons set forth in the agreement for the community, and in case it seriously neglects its obligations or it causes a serious discontinuation of the work of the economic community of work or if there is a serious danger of discontinuation of the work of the economic community of interest. At the other members' request, a decision on expelling of a member shall be reached

by the court in an extrajudicial procedure.

Assembly of the members of an economic community of interest

Art. 608

1. The members of the economic community of interest shall decide on the common issues at the assembly of the members of the economic community of interest.
2. The composition of the assembly shall be determined in the agreement for the community.
3. The assembly shall authorized to make all decisions, including the decision on early dismissal or prolongation of the term under the conditions set forth by the agreement for the community.
4. The agreement of the community may provide for all decisions or some of them to be reached by quorum and majority prescribed by it. Should the agreement not prescribe the quorum and the majority deciding, the decisions shall be made unanimously.
5. The agreement for the community may stipulate for each number or for certain members to be given more votes, provided that one member may not have the majority of votes himself. Should the agreement not contain provisions on this issue, each member shall be represented by one vote only.
6. The assembly shall be convened at the request of at least one-fourth of the number of the members of the economic community of interest.

Management of an economic community of interest

Art. 609

1. The economic community of interest shall be managed by one or more managers appointed in the manner and under the conditions set forth in the agreement for the community.
2. Unless otherwise provided by the agreement for the community, the assembly shall organize the management of the economic community of interest and shall appoint a president and stipulate the authorizations and the conditions for his removal from office.

Representation of an economic community of interest

Art. 610

1. In the relations with third parties the economic community of interest shall act through the manager appointed by the agreement for the community.
2. The manager from point 1 of this article may undertake rights and liabilities in the legal dealings within the subject of the subject of work.

3. For the liabilities undertaken by the manager with regard to third parties, the economic community of interest shall be liable without limitation.

Supervision

Art. 611

The members of the community shall make supervision over the work of the economic community of interest in the manner and under conditions stipulated by the agreement for the community.

Transformation of am enterprise, i.e. of an economic community of interest

Art. 612

An enterprise the subject of work of which corresponds to the definition of an economic community of interest may be transformed into such without termination or establishing a new legal entity.

Termination

Art. 613

The economic community of interest shall cease to exist upon:
· expire of the time it has been established for;
· realization or abolishing of the subject of work;
· a decision of its members under the conditions provided by the agreement for the community.
· court’ s decision

Special conditions for termination of the economic community of interest related to the status of its member

Art. 614

Should one of the members become incapable, has gone bankruptcy or has been forbidden to manage the work of a trade enterprise, the economic community of interest shall cease to exist if its continuation has not been provided by the

agreement for the community or its members decide on the issue.

Liquidation

Art. 615

After the termination of an economic community of interest, liquidation follows. The legal subjectivity of the economic community of interest shall remain for the needs of the liquidation.

The manner in which the liquidation is carried out

Art. 616

1. The liquidation shall be carried out under the conditions and in the manner stipulated by the agreement for the community.
2. Should the agreement from point 1 of this article not contain provisions, the assembly of the members of the economic community of interest shall appoint a liquidator. Should the assembly fail to appoint him, the liquidator shall be appointed by the court.
3. After the payment of the debts, the excess assets shall be distributed among the members, under conditions provided by the agreement for the community.
4. Should the agreement of point 1 of this article not contain provisions on the manner in which the liquidation has been carried out, the distribution shall be made to equal shares.

Division eight
MERGING AND DIVISION
First sub-division

Merging and division of enterprises

Art.617

1. One or more enterprises may ,by merging, transfer their property to an existing enterprise or to the enterprise thay are founding.
2. An enterprise may, by division ,transfer its property to several existing enterprises or to the enterprise they are founding.
3. The possibilities from point 1 and 2 of this Article may be used by an enterprise to which a liquidation procedure has been applied ,provided that

the founders have not yet started the division of its property.
4. The founders of the enterprises transferring their property within the frame of activities set forth in points 1 and 2 of this Article ,shall receive shares from the enterprise i.e. enterprises - users ,and,if required,balance of money not exceeding ten percent of the nominal value of the received shares.

Merging and division of enterprises of different form

Art.618

1. The activities set forth in Art.617 may be carried out also between enterprise of different form.
2. Each enterprise interested,shall decide on merging and division of the enterprise ,according to the conditions prescribed by this Law concerning the change of the company agreement ,i.e. the Statute.
3. Should by merging or division a new enterprise be founded ,the establishing shall be carried out in compliance with the provisions of this Law referring to establishing of the relevant form of enterprise.

Termination of an enterprise without liquidation and
uniform transfer of its property

Art.619

1. By merging and division,the enterprise shall cease to exist without liquidation and uniform transfer of its property shall be made to the enterprises-users ,with a state of accounts on the day of completion of the merging i.e. division procedure , so that the founders of the enterprise that has ceased to exist shall aquire the status of founders of the enterprises-users ,under conditions prescribed by the articles of merging or division.
2. Exchange of deposits and shares of the enterprise-user for deposits and shares of an enterprise ceasing to exist may not be made when the deposits and shares are in posession of :
· the enterprise-user or a person acting in his own name ,for the account of that enterprise;
· the enterprise ceasing to exist or a person acting in his name ,but for the account of that enterprise.

Term in which legal consequences appear

Art.620

1. When by merging or division one or more enterprises have been established,the legal consequences from the merging or division shall appear on the day of entry into the trade register.
2. By exception from point 1 of this Article,the agreement of the enterprise or the statute may stipulate for the legal consequences from merging or division to appear in another term,which can not be determined untill the day of ending of the current business year .

Decision on increase of the obligations of the shareholders

Art.621

Should as a consequence of possible merging or division ,the obligations of the founders or shareholders of one or more enterprises increase,the decision on merging or division shall be reached upon all founders' and shareholders' consent.

Merging or division plan

Art.622

1. Enterprises which according to Art.618 take part into the merging or division procedure ,prepare a plan for merging or division.
2. The plan from point 1 of this Article is prepared by the manager i.e. the managers of the enterprise in writing. The plan shall particularly contain the following data :
· the form ,the trade name and seat of all enterprises-participants in the merging i.e. division;
· the objectives and conditions of the merging i.e.division;
· the value of the assets and liablities intended to be transferred to the enterprises;
· the manners of undertaking of the deposits or shares ,the date on which these deposits and shares shall give the right to participation in the distribution of profit and the date from which the accounting operations of the accepted enterprise or the divided enterprise shall be considered completed by the enterprise i.e. the enterprises - users of the share;
· the date on which the estimates of the enterprises interested shall be stopped ,meaning the estimates used for establishing conditions for the merging i.e. division;
· the relation of exchange of rights of the enterprises ,and .when required,the amount of the difference in value of the deposits i.e. shares; the rights recognized to the founders having special rights and to bearers to securities which are not shares,and , special benefits,if any.
3. The merging i.e. division plan shall be submitted to the registration court in the seat of the merging i.e. dividing enterprisesand shall be

announced latest one month prior to the assembly which shall decide on merging i.e. division.
4. Enterprises participating in the merging and division procedures are obliged to submit to the registration court a statement listing all activities carried out in the course of merging i.e. division and confirming that those activities had been carried out in conformity with the law and the agreement i.e. the statute of the enterprise. The registration court shall check whether the statement has been made in accordance with the provisions of this article.

Second sub-division

Merging i.e. division of joint-stock companies

A decision on merging

Art.623

1. Merging of two or more joint-stock companies shall be carried out in a manner and under conditions set forth in this sub-division.
2. A decision on merging of a joint-stock company shall be reached by the assembly of the enterprise merging and under the conditions set forth in this sub-division.
3. If the company has issued more kinds of shares,the decision on merging shall be confirmed by the shareholders - bearers of each kind of shares by voting.
4. The managing organ of each company merging,shall prepare a plan presenting and elaborating the conditions for merging,the legal and the economic base for merging,and especially the share exchange ratio and the difficulties in evaluation. All shareholders shall have access to the plan.

Written report on the conditions for merging

Art.624

1. One or more experts appointed by the registration court in a non-trial procedure ,shall review the conditions for merging and prepare a written report.
2. The experts shall evaluate whether the share exchange ratio is fair and whether the merging procedure has been carried out in compliance with the law;shall present the method i.e. the methods used for evaluation of the proposed ratio for the exchange of shares and evaluate their compatibility in the certain case;shall present the amounts relulting from the used methods and their opinion about the sugnificance of each of the methods in determining of

the value;shall cite special difficulties,if any. The report,i.e. the the reports of the experts shall be presented to the shareholders for inspection.

Conditions under which a written report is not prepared

Art.625

In cases when from the day of submittin og the merging plan to the day of completion of the merging procedure the accepting enterprise permanently and fully possesses the shares representing the whole basic capital assets of the accepted enterprise,the assembly shall not reach a decision on merging by the accepted enterprises ,nor prepare the report stipulated for in article 624 of this law.

Incporporation of a new enterprise with deposits
of the merging enterprises

Art.626

1. When merging is carried out by incorporating of a new enterprise,the incorporation may be made only with the deposit of the merging enterprises.
2. The statute of the new enterprise shall be confirmed by the assemblies of the enterprises ceasing to exist by the merging.
3. Approval of the merging by the assembly of the new enterprise shall be null and void.

The accepting enterprise - debtor of the creditors
of the accepted enterprise

Art. 627

1. The accepting enterprise shall be a debtor of the creditors of the accepted enterprise.
2. The creditors of the enterprises taking part in the merging procedure and whose outstandings have been made before the announcement of the merging plan and which have not still been submitted by the time of announcement, may act against the merging within 30 days from the date of announcement of the entry of the merging plan into the trade register.
3. The court may decide to reject the opposition or order payment of an outstanding debt or providing of a warranty ,should the enterprise offer one and should it be considered suffiecient to be paid.
4. Opposition by one of the creditors does not stop the merging procedure.
5. The provisions of this article does not exclude applying of the agreements according to which the creditor may demand immediate payment of his outstandings in case of merging of the enterprise -debtor with another

enterprise.

Application of the provisions on merging to division of a joint-stock company

Art.628

1. Division of a joint-stock company shall be made in a manner and under conditions set forth by this sub-division.
2. The articles 623,624 and 625 of this Law shall be appled also to division of a joint-stock company.

Division by investing in new joint-stock companies

Art.629

1. When division is made by investing in new joint-stock companies ,each of the new companies may be founded with the deposit of the divided enterprise.
2. When the shares of each of the new companies are divided among the shareholders of the divided enterprise in proportion to their rights in the basic capital assets of the enterprise,the report from article 624 shall not be prepared.
3. The statutes of the new companies shall be approved by the assembly of the divided enterprise. Approval of the division by the assemblies of the new companies is not required.

Expiration of the term for annulment

Art.642

1. A claim for annulment of the entry of an enterprise into the trade register or enactments or decisions reached agter its founding shall expire in three years counting from the day the reasons of invalidity occured.
2. A claim for annulment of merging or division shall expire in six months counting from the date of the last entry into the trade register.

Liquidation of an enterprise on the basis of its invalidity

When invalidity of an enterprise is declared, liquidation shall be carried out in conformity with the agreement or the statute of the enterprise and the provisions from division eight of this head.

Announcement of a final decidion on invalidity

Art.644

1. Once the decision on declaring invalidity of merging i.e. division of an enterprise has become final, it shall be announced.

2. The decision prom point 1 of this article has no legal effect over the rights and obligations of the enterprises to which property has been transferred ,from the day when merging i.e. division took place to the day the decision declaring invalidity has been announced.

Invalidity toward third conscientious parties

Art.645

The enterprise or the founders must not point out invalidity toward third conscientious parties. Invalidity arising from business incapability or lack of will may be pointed out also toward third parties by an busines incapable founder or by his lagal representatives ,or by the founders who had made the statement of will by mistake ,under deceit or force .

Compensation of damages based on annulment

Art.646

The claim for compensation of damages based on annulment of the enterprise or the enactments and decisions reached after it has been founded shall expire in three years from the date the decision on annulment has become valid.

Division ten

LIQUIDATION OF THE ENTERPRISE

Liquidation of the enterprise

Art.647

1. Should a bankruptcy procedure not be applied ,after the enterprise has ceased to exist, liquidation procedure shall be implemented.
2. Unless something else arises from the provisions of this law or from the aim of liquidation,up to the completion of the liquidation, the provisions of this law concerning enterprises that have not ceased to exist shall be applied.

Liquidation of different types of enterprises

Art.648

1. Liquidation procedure of a public company shall be carried out by all the founders as liquidators ,and of a limited partnership company by all the complementary partners, unless upon agreement the founders have entrusted the liquidation to certain founders or to other persons. Two or more successors of a founder shall be obliged to appoint a joint representative.

2. Liquidation of a limited liability company and of a joint-stock company shall be carried out by the members of the managing organ i.e. the managers of the company as liquidators. In the company agreement or the statute or by the assembly od the founders,other physical persons or legal entities may be appointed liquidators.

Liquidators

Art.649

1. At the request of the founders i.e. the shareholders whose joint share is twentieth part of the basic capital assets, the registration court shall appoint liquidators.
2. The founders i.e. the shareholders from point 1 of this article shall be obliged to prove that they have possessed deposits i.e. shares for at least three months. For that purpose ,a solemn statement before the court or a public notary shall be sufficient. Against the decision ,a complaint may be lodged immediately.
3. The liquidators appointed by the court shall be entitled to payment of expenses and to a reward for their work as liquidators. Should the liquidators appointed by the court and the enterprise approve ,the court shall determine the amounts for covering of expenses and the rewards.A complaint may be lodged against the court’ s decision.
4. The liquidators who have not been appointed by the court may be recalled by the founders i.e. the assembly of the enterprise.

Entry into the trade register

Art.650

1. The first liquidators,the founders,teh managing organ i.e. the managers of the enterprise shall apply for entry into the trade register. Each change for the sake of entry into the trade register shall be registered by the liquidators themselves. Should authorizations for representing of the liauidators be prescribed,they shall be entered into the trade register.

2. Appointing and recalling of the liquidators by the court shall be entered into the trade register as an official responsibility.
3. The liquidators shall deposit their signatures in the court,unless they have done it as members of the managing organ or as managers.

Announcement of the liquidation

Art.651

The first liquidators,after the entry into the trade register shall immediately , three times, in intervals not shorter than 15 days nor longer than 30 days ,announce liquidation of the enterprise. They shall hereby invite the creditors to report their outstandings within a term which may not exceed three months from the day of the last announcement. Creditors familiar to the enterprise shall be individually informed of the liquidation.
Rights and liabilities of the liquidators

Art.652

1. The liquidators shall be obliged to complete the deals in course ,to collect the outstandings of the enterprise,to capitalize the rest of the property ,to pay the obligations toward the creditors. They may also conclude new deals should the liquidation require so.
2. The liquidators may upon the founders' i.e. the shareholders' or the creditors' consent transfer certain facilities of the liquidation property to certain shareholders and founders,provided that the rights of the other shareholders and creditors are not violated.
3. The liquidators shall, within the frame of their activity ,have the rights and liabilities of the managing organ i.e. the managers of the enterprise. If a supervisory board is established,the liquidators shall be under its control.

Representing of the enterprise being liquidated

Art.653

1. The liquidators shall represent the enterprise.
2. In case more liquidators have been appointed,they shall jointly represent the enterprise unless otherwise stipulated for by the agreement i.e. the statute of the enterprise. If the obligation of making statement is prescribed, it may be made before one of the liquidators.
3. Liquidators entitled to joint representation may authorize a liquidator or certain liquidators for underatking of particular dealings or particular kinds of dealings.
4. An individual liquidator may authorize particular persons for undertaking of particular dealings or particular kinds of dealings.

5. The authorization for representation from points 3 and 4 of this article may not be limited.
6. The liquidators shall place signatures by adding the words" under liquidation" to the title of the enterprise.

Balance of appliance of the liquidation procedure

Art.654

1. The liquidators shall prepare a balance of the start of the liquidation procedure (balance of appliance of a liquidation procedure) and a report in which they shall clear up the balance of appliance of the liquidation procedure,as well as annual balance sheets at the end of each year and a report on the work of the enterprise,on approving of the work of the liquidators and of the supervisory board if established in the enterprise.
2. The founders and the assembly of the enterprise shall decide on the balance of appliance of the liquidation procedure,on the annual balance sheets and the report on the work of the enterprise,on approving of the work of the liquidators and of the supervisory board,if established in the enterprise.

Distribution of the property remaining after payment of the obligations to the creditors

Art.656

1. The property remaining after payment of the obligations to the creditors shall be distributed among the founders i.e. the shareholders.
2. The total amount shall be distributed according to the of the nominal amounts of the deposits i.e.shares ratio ,unless otherwise stipulated for by the agreement i.e. the statute of the enterprise and unless shares exist with different rights in the course of distribution of the rest of the property of the enterprise.

Term for distribution of the property remaining after payment of the obligations to the creditors

Art.656

1. The property of the enterprise may be distributed after the expiry of six months from the day when third announcement of the invitaion to the creditors has been made.
2. Should one of the creditors familiar to the enterprise not reply,the

amount due shall be deposited with the registration court.
3. If any of the obligation can not be paid or is debatable,distribution may be started after a warranty has been provided for the creditor.

Submitting and keeping of the documents

Art.657

1. Once the liquidation has been completed,the liquidators shall submit the annual balance sheets and the report to the founders i.e. the asembly of the founders.
2. Beside the application for deleting of the enterprise from the trade register,the liquidators shall also submit the approved annual balance sheets and reports,as well as a copy of the decisions of the founders and the assembly of the founders which releases the liquidators.
3. The books and the enactment shall be kept for ten years after the enterprise has been deleted form the trade register,in the place determined by the registration court. The founders i.e the shareholders and other persons who will justify their interest,may upon court' s authorization, have access to the books and the enactments and to require copies and exerpts thereof.

Occurrence of property after the enterprise has been deleted

Art.658

1. Should after the enterprise has been deleted property occur,the registration court shall,at the request of any person having legal interest ,again invite the creditors or appoint new ones acting according to the provisions of this law concerning liquidation.
2. Should against the deleted enterprise any legal claim be realized,claim for renewal or claim due to annulment in particular,the court shall appoint a trustee of the former enterprise. Against persons responsible for the obligations of the former enterprise complaints may be lodged ,according to their responsibility ,provided the case has not expired.

Conditions under which a decision may be reached
on prolongation of the existance of the enterprise

Art.659

1. If the enterprise has ceased to exist upon expiry of the term determined by the agreement i.e. the statute of the enterprise or upon a founders' decision , the assembly of the founders may reach a decision on prolongation of the existance of the enterprise until the start of distribution of the property among the founders .e. shareholders .
2. The decision from point 1 of this article shall be reached upon the consent of all founders of the limited liability company i.e. by tho-thirds majority of the shareholders representing the basic capital assets in the assembly fo the enterprise.
3. The provisions from points 1 and 2 of this article shall be applied also should the enterprise cease to exist once a bakkruptcy procedure has been applied ,and it has been stopped upon the court' s decision on settling of the creditors in the bankruptcy.
4. The liquidators shall apply for entry of the prolongation of the existance of the enterprise into the trade register.In the course of applying for entry ,they shall be obliged to prove the fact that the distribution of the property among the founders i.e. shareholders has not yet been started
5. The decision on prolongation of the existance of the enterprise shall take effect after it has been entered into the trade register.

Head seven

STATE- OWNED ENTERPRISES AND ENTERPRISES
WITH PARTICIPATION OF THE STATE

Types and concept

Art.660

1. The Republic of Macedonia may establish limited liability companies and joint-stock companies of state ownership.
2. The enterprises of state ownership are the enterprises in which the Republic of Macedonia has acquired all deposits i.e. shares.

Groups of enterprises and enterprises with participation
of the state

Art.661

1. The state-owned enterprises may found other limited liability companies or joint-stock companies and establish forms of relating of enterprises managing or comprising and coordinating their activity and work.
2. Republic of Macedonia may acquire a deposit and shares in enterprises (enterprises with participation of the state).Should the participation of the Republic of Macedonia be lower than 10 percent ,the provision from this head shall not be applied,except for the cases when strictly prescribed by law.

Manner of founding and acquiring of a deposit,i.e. shares

Art.662

1. Founding of state-owned enterprises and acquiring of deposits i.e. shares in an enterprise with participation of the state shall be decided upon by the Government of the Republic of Macedonia.
2. Should there be legal interest confirmed by law,the Republic of Macedonia may require from an enterprise to offer it deposits or shares for sale thus acquiring special rights in managing of the enterprise.

Entry into the trade register and its announcement

Art.663

1. The establishing of a state-owned enterprise shall be applied for entry into the trade register and its announcement within 30 days from the day of establishing,i.e. from the day of acquiring of all deposits or shares. The Republic of Macedonia as an owner of a deposit i.e. as a shareholder ,shall not be liable for the obligations of the enterprise.
2. Should the Republic of Macedonia as owner of a deposit i.e. as a shareholder fail to enter the acquiring of deposits i.e. shares into the trade register starting from the moment of acquiring of all deposits i.e. shares,it shall have unlimited liability for the obligations of the enterprise.
3. Should due to permanent insolvency over the state-owned enterprise a liquidation or bankruptcy procedure be applied,the Republic of Macedonia as owner of the deposit i.e. shareholder,shall have unlimited liability for all obligations of the enterprise that have occured after the entry of the enterprise into the trade register.

Organs of the enterprise

Art.664

1. To the organization and the work of the state-owned enterprise,unless

otherwise stipulated for, the provisions of this law concerning limited liabilities company shall be applied.

2. In the limited liability company the activities coming within the competence of the assembly of the founders shall be performed by the Republic of Macedonia as a sole shareholder.

3. The rights from point 2 of this article shall be exercised by the Government of the Republic Macedonia on behalf of the Republic of Macedonia.

4. According to the articles on foundation i.e. undertaking of deposits, the rights from point 2 of this article may be performed by a public enterprise also.

Single-level i.e.double-level managing system

Art.665

1. The foundation articles ,i.e. the articles on transformation of an enterprise shall determine the person that shall manage the state-owned limited liability company ,and should a managing board be formed,it shall nominate its members.

2. The foundation articles i.e. the articles on transformation of a state-owned joint-stock company shall determine the managing system (single-level or double-level) , shall nominate the members of the first supervisory board i.e. of the board of directors and set forth their term of office.

3. The managing of a state-owned enterprise may ,upon an agreement on managing, be entrusted to one or more managers,in a manner prescribed by the foundation articles ,i.e. articles on transformation.The agreement shall be concluded by the Government of the Republic of Macedonia. The agreement shall set forth the rights and the liabilities of the manager in the course of managing of the enterprise.

Managing board

Art.666

1. The articles on foundation i.e. transformation of a state-owned enterprise may stipulate for the enterprise to be managed by a managing board of at least five members, consisting of representatives of the owner of a deposit,i.e. the shareholder, and of representatives of the employees as well as members

nominated as experts.
2. The members of the managing board shall be appointed by the Government of the Republic of Macedonia as owner of the deposit i.e. as shareholder,with an enactment. The president of the managing board shall perform the functions of a general manager,unless the articles on foundation i.e. transformation of the enterprise strictly prescribe appointing of a general manager.
3. The employees may be represented by at most one -third of the members of the managing board. The emloyees' representatives shall be proposed be the employees' council or by one-tenth of the emloyees.

Participation in the organs of the enterprises in which
the Republic of Macedonia
has a share in the basic capital assets

Art.667

1. In the managing board i.e. in the board of directors of the enterprises in which the share is higher than 10% of the basic capital assets, the Republic of Macedonia shall have the number of representatives proportionate to its share in the basic capital assets.
2. The representatives of the Republic of Macedonia in the managing board i.e. in the directors, council shall have the smae rights as the rest of the members.

Control in the state-owned enterprises and
in enterprises with state participation

Art.668

1. The state-owned enterprises and enterprises with at least 50% participation of the state in the basic capital assets shall be exposed to economis and financial control by the state. With regard to the organization and performance of the economic and financial control by the state,the provisions of the law regulating the operation of public enterprises shall be applied i.e. the provisions dealing with economic and financial control over the public enterprises.

2. The annual balance sheets and the report on the work of the state-owned enterprises and enterprises with participation of the state of more than 50% of the basic capital assets shall be reviewed and approved by the commission for approving of annual balance sheets of public enterprises according to the law regulating the operation of the public enterprises.
3. With respect to the work of the commission from point 2 of this article

the provisions of the law regulating the operation of the public enterprise shall be applied.

Head eight

SECRET ENTERPRISE

Secret founder and deposit

Art.669

1. A secret enterprise is established with an agreement according to which a person (secret founder) invests i.e. participates with a property deposit into an enterprise of another person - owner of the enterprise (public founder) thus acquiring the right to share of the profit and the losses of the owner of the enterprise.
2. The deposit of the secret founder may consist in money,objects and rights expressed in monetary value.

Subjectivity of the enterprise

Art.670

1. The secret enterprise shall have no subjectivity and shall have no trade name.
2. The secret enterprise shall exist only in the relations between the founders and shall not appear in the relations with third parties. Only the owner of the enterprise shall appear in legal dealings and run the secret enterprise and shall be the sole bearer of all rights and liabilities arising from teh operation of the secret enterprise.

Regulation of relations by mutual agreement

Art.671

1. The founders shall freely agree on the objectives ,forms , scope of interests and conditions required for the work of the secret enterprise.
2. The owner of the enterprise and one or more secret founders in the course of performance of activities shall be obliged to act with the attention that they pay to their issues. That does not relieve them from the responsibility for negligence.

Agreement regulating the relations

Art.672

1. The relations between the founders shall be regulated by an agreement.
2. To the relations between the owner of the enterprise and the secret founder the provisions of the agreement shall be applied,unless otherwise stipulated for by this law.

Deposit of the secret founder

Art.673

1. Unless otherwise provided, the deposit of the secret founder is considered to be property owned by the enterprise.
2. The secret founder shall not be obliged to increase the deposit or to supplement it should it be decreased due to losses of the secret enterprise.

Covering of a loss

Art.674

1. The secret enterprise shall participate in covering of the loss,unless otherwise stipulated for.
2. The secret founders shall participate in the loss up to the amount of the invested deposit or of the one which has not yet been entered.
3. If the share of the secret founder in the profit and in the loss is not prescribed by an agreement ,in case of a dispute the share shall be determined by the court in a non-trial procedure.

Calculation of profit i.e loss

Art.675

1. At the end of each business year the owner of the enterprise shall calculate the profit i.e. the losses and shall pay the share to the secret founder .
2. The secret founder shall not be obliged to pay back the received profit because of further losses. As an exception,should the deposit be decreased due to a loss, the profit shall be used for covering thereof.
3. The profit that has not been undertaken by the secret founder shall not

increase his deposit.

Right to copies and access to the books and enactments

Art.676

1. The secret founder shall have the right to request copies of the annual balance sheets and checking of their regularity and accuracy by comparing them to the books and enactments.
2. At a request of the secret founder ,the court may ,in a non-trial procedure at any time, order for the annual balance sheets to be submitted to the secret founder or other explanations ,books and enactments provided .
3. The rights of the secret founder from points 1 and 2 of this article may not be excluded by agreement nor limited.

Relations to third parties

Art.677

1. Each founder shall establish contractual relation with third parties in his personal name.
2. The founder shall be liable in cases when without an agreement with the other founders he reveals their names to third parties.
3. The name of the secret founder must not be present in the trade name of the owner of the enterprise,but if it does,and the secret founder had known or must have known that,he shall have joint and several liability with the owner of the enterprise toward the creditors for the obligations arisen from the work of the secret enterprise.

Termination

Art. 678

1. The secret enterprise shall be terminated :
1. should the term it has been founded for expire;
2. upon an agreement of the founders
3. upon achieving of the objectives set forth in the agreement for the secret enterprise or should achieving of the objectives become impossible ,regardless of the fact if the agreement has been concluded for a definite or indefinite period of time;
4. upon death of the owner of the enterprise,i.e.upon ceasing of the owner of

the enterprise who is not a physical person.,unless otherwise stipulated for by the agreement;
once bankrputcy procedurs have been applied to the enterprise or to a secret founder.
2. In cases from point 1 of this article , the termination shall be a result of legal force,unless otherwise provided for by the agreement.
3. Death of a secret founder does shall not lead to termination of the enterprise.

Regulation of the relations when the enterprise has not ceased to exist by bankruptcy

Art.679

If the enterprise has ceased to exist for other reasons,and not for bankruptcy ,the owner shall be obliged to make an estimate with the secret founder and to pay its outstandings in money ,unless agreed otherwise.

Bankruptcy procedure

Art.680
1. Should a bankruptcy procedure be applied to the enterprise,the secret founder shall be obliged to enter the part of the deposit already arrived.
2. Should part of the loss exceed the share coming to the secret founder, for the entered deposit or a deposit already arrived at the moment of appliance of the bankruptcy procedures,he may effectuate his outstandings as a bankruptcy creditor.
3. The part of the deposit,which up to the appliance of the bankruptcy procedure has yet not arrived,the secret founder ,no matter of the amount of the share of the loss coming to him ,must not enter it into the bankruptcy mass.

Refuting of repayment or release

Art.681

1. If according to an agreement concluded between the owner of the enterprise and the secret founder during the last year prior to applying of the bankruptcy procedure, the deposit has not been repaid to the secret founder partially or in whole ,or his share in the loss has been relased in whole or partially ,the bankruptcy administrator may refute the repayment or the release ,no matter whether the repayment or the release has been carried out due to termination or without termination of the enterprise.

2. Th refuting from point 1 of this article shall be excluded if the bankruptcy has arisen due to the circumstances ocurring after the agreement for repayment or release.
3. With respect to the other issues,the provisions conecrning the bankruptcy proceedings shall be applied.

Part three

FOREIGN TRADE ENTERPRISE AND FOREIGN INDIVIDUAL TRADESMAN

Division one

FOREIGN TRADE ENTERPRISE AND FOREIGN INDIVIDUAL TRADESMAN

The concept of a foreign trade enterprise and a foreign individual tradesman

Art.682

1. According to this law, a foreign trade enterprise shall be every enterprise founded according to the law of the country where its seat has been registered ,out of the territory of theRepublic of Macedonia.
2. According to this law,a foreign individual enterprise shall be every physical person recognized as such out of the territory of the Republic of Macedonia in the country he is a citizen of , he has registered the seat and runs the work of the enterprise in.

Criteria for belonging

Art.683

1. A trade enterprise ,with the seat being in a location out of the Republic of Macedonia ,according to this law belongs to the state its seat is located in.
2. Should the seat of the enterprise in compliance with point 1 of this article be not located in the Republic of Macedonia,the enterprise shall be considered to be a domestic one when it is actually managed from a location in the Republic of Macedonia or when it deals with trade activity fully or mostly being performed in the Republic of Macedonia.

3. A trade enterprise , with the seat not being determined by the agreement i.e. the statute ,shall belong to the state where the place from which it is really managed from is located.

The position in the work

Art.684

1. The foreign trade enterprises and the foreign individual tradesmen shall operate according to the conditions prescribed by law and shall be equalized in their operation on the territory of the Republic of Macedonia with the domesttic physical persons and legal entities,unless otherwise provided for by a state contract or by law for particular types of enterprises and for foreign individual tradesmen with particular subject of work.
2. The foreign trade enterprises and the foreign individual tradesmen may not perform activities on the territory of the Republic of Macedonia unless a subsidiary has been estableshed.

Rules of the related enterprise

Art.685

1. To foreign trade enterprise ,the form of which is not set forth by this law,the provisions concerning trade enterprises of most related form shall be applied. The similarity shall be estimated according to the manner in which the founders enter their deposits into the enterprise,according to the manner and the scope of responsibility of the founders for the obligations and according to the organization.
2. If the foreign enterprise can not be categorized in any form of a trade enterprise stipulated for by this law,the provisions regulating the joint-stock companies shall be applied.
Legal subjectivity

Art.687

1. The lagal and the business capability (legal subjectivity) of the foreign trade enterprise shall be estimated according to the law of the state the enterprise belongs to.
2. The business capability may not exceed, nor the liability may be lower than, the one recognized by the law regulations of the Republic of Macedonia,i.e. the one prescribed to the domestic enterprises of same or similar form and subject of work,nor a foreign enterprise may ,with respect to

the legal dealings it has concluded and to be realized in the Republic of Macedonia, claim incapability if the domestic enterprise of same or similar form and subject of work may not claim one.

Application of law

Art.687

1. In the course of its work in the Republic of Macedonia ,the foreign enterprise shall operate according to the laws of the Reoublic of Macedonia.
2. A foreign enterprise with an organization unit in the Republic of Macedonia entered into the trade register,woth respect of the deals it has conclude or has to carry out in the Republic of Macedonia,has legal and business capability as a domestic legal entity of same or similar form and subject fo work ,although according to the state it belongs to,it would not have existed or would not have had such business capability.

Ownership over immovables

Art.688

1. The foreign enterprise i.e. a foreign individual tradesman my acquire oqnership over buildings and limited object rights over immovables for performing his activity.
2. The foreign enterprise i.e. a foreign individual tradesman,including his organization unit in the Republic of Macedonia,may not acquire ownership of land.
3. The foreign enterprise i.e. a foreign individual tradesman,may acquire ownership over an appartment or a housing facility only in a manner prescribed by law.

Favourable treatment

Art.689

Once the Republic of Macedonia has accepted an international agreement providing more favourable conditions for performing trade activities by a foreign person, the more favourable conditions of the international agreement shall be applied.
Units of foreign enterprises

Art.690

1. The foreign enterprise has a right,through its subsidiary,to performing of

all activities according to the form and subject of work, to acquire and undertake obligations,to have access to the courts and other organs of the Republic of Macedonia under same conditions as the domestic enterprises of same or similar form and subject of work ,unless otherwise prescribed by law.
2. The foreign enterprise has the right to founding of representative offices as its organization units or to perform activities in other manner,to undertake obligations, to exercise the right to acces to the courts and other rgans of the Republic of Macedonia under the conditions stipulated by law.
3. The legal existance and the scope of its legal capabilities in case of suspicion or contest shall be proved by the foreign enterprise.

Licence for establishing of an organization unit

Art.691

The foreign enterprise i.e. a foreign individual tradesman shall receive a licence for establishing of a subsidiary,representative office and other organization unit in the Republic of Macedonia issued by the competent ministry for foreign economic relations within 30 days counting from the date of submitting of an application. Should the licence not be issued within the term ,it is considered not to be approved.

Division two

SUBSIDIARIES AND REPRESENTATIVE OFFICES

Subsidiaries

Art.692

1. The foreign enterprise,i.e. the foreign individual tradesman,may establish a subsidiary in the Republic of Macedonia provided it has been entered in the register of the state in which its seat has been located for at least 2 years.
2. Should the foreign enterprise establish several subsidiaries in the Republic of Macedonia,the application for entry into the trade register shall point out the main subsidiary.
3. A foreign individual tradesman may establish one subsidiary only.

Several subsidiaries

Art.693

1. Should the foreign enterprise establish more subsidiaries in the Republic of Macedonia,in the application for entry in the trade register it shall point out the subsidiary which with respect to the operation in the Republic of Macedonia is considered to be the main subsidiary (macedonian head office).
2. The other subsidiaries established by the foreign enterprise in the Republic of Macedonia shall be considered subsidiaries to the main subsidiary.
3. The trade name of the subsidiary shall point out the main subsidiary i.e. it shall contain the order number of the other subsidiaries according to their sequence.

Entry into the trade register

Art.694

1. The foreign enterprise i.e. the foreign individual tradesman shall apply for entry of its subsidiary into the trade register with the competent court according to the seat of the subsidiary and the form of the enterprise.
2. The application shall be accompanied by the following documents :
1. certificate of the entry of the founder into the register indicating the contents and the date of entry;
2. copy of the agreement i.e. the statute of the enterprise,verified by a state organ authorized for that according to the regulation of the state the enterprise belongs to ,as well as a certificate by the foreign authorities of the validity of the submitted agreement.Should according to the regulations of the state the enterprise belongs to a written agreement i.e. a statute not be required ,a certificate by the competent diplomatic-consular office in the Republic of Macedonia shall be attached ,proving the existance of the enterprise ,its subsidiaries and the type of liability for the obligations;
3. a list of persons the representation of the enterprise in the Republic of Macedonia has been entrusted to,pointing out their name and surname,occupation,place of residence and citizenship.The list shall be accompanied by a proof that those persons have been appointed according to the enactments of the enterprise,i.e. the agreement of the enterprise,the statute and the legal regulations of the state the enterprise belongs to;
4. a decision of the competent organ of the enterprise on establishing of a subsidiary;
5. a verified copy of the approved annual balance sheets and the report of the

managing organ for the last two years ,if so is possible according to the form of the enterprise and the legal regulations in the state the enterprise belongs to;
6. decription of activities that shall be performed by the subsidiary and
7. licence issued by the competent ministry for foreign economic relations.
3. The founder in the Republic of Macedonia must not operate through the subsidiary prior to its entry into the trade register.
4. The entry of other organization units into the register (agencies ,representative offices etc) shall be carried out in a manner and in compliance with the conditions prescribed by the enactment from article 660 ,point 2 of this law.

Acting in legal dealings

Art.696

The subsidiary shall act in the name and for the account of the foreign enterprise i.e. the foreign individual enterprise ,so that it shall use the trade name ,the seat and the name of the subsidiary.

Liability in the legal proceedings

Art.697

1. For each subsidiary the enterprise shall appoint one or more agents ,who with respect to that subsidiary shall represent its work in the Republic of Macedonia. The foreign enterprise may appoint the same agents for more subsidiaries.
2. According to this law,the agents of the main subsidiary shall be the agents of the other subsidiaries even when other agents have been appointed for them.
3. All agents must permanently reside in the Republic of Macedonia.

Business books

Art.698

1. The foreign enterprise according to the form and the subject of work ,i.e. the foreign individual tradesman .shall be obliged to keep business books for the work through the subsidiary.
2. Should for the domestic enterprises i.e. the individual tradesman there be an obligation fro publishing of the annual balance sheets ,the agents shall be obliged to publish them both for the whole enterprise and for the work of the

subsidiaries.

Termination of a subsidiary

Art.699

1. The subsidiary of the foreign enterprise i.e. the foreign individual tradesman shall cease to exist once the time it has been established for ,or the license has been issued for expires, i.e. when the foreign individual tradesman or the registration court decide for the subsidiary to cease to exist or when the competent state organ approving establishing of a subsidiary decides so.

2. The registration court may decide for the subsidiary to cease to exist also in the following cases:

· should it establish the fact that the enterprise i.e. the foreign individual tradesman in the state it belongs to has ceased to exist for any reasons or it has been forbidden to perform the subject of work it has been performing in the Republic of Macedonia;

· should the enterprise i.e. the foreign individual tradesman within three months of the court' s invitation fail to appoint agents of the subsidiary in compliance with the legal regulation, with the statute i.e. the agreement of the enterprise or with the licence;

· should the enterprise i.e. the foreign individual tradesman had been obliged to,but failed to enter assets,or has fully or partially withdrawn from entering assets ,and

· should the creditor prove that he cannot settle his outstandings arising from the work of the enterprise i.e. the foreign individual tradesman who have established the subsidiary in the Republic of Macedonia.

3. Should the main subsidiary cease to exist and the other subsidiaries continue to operate ,the enterprise shall determine a new subsidiary and shall apply for its entry into the trade register.

Liquidation of a subsidiary

Art.700

1. Should the enterprise or the foreign individual tradesman fail to appoint liquidators,the liquidation shall be carried out by the agents ,unless it ceases to exist by bankruptcy ro merging.

2. The creditors claiming outstandings arisen from the work of the enterprise through the subsidiary that has ceased to exist,they shall have the right to priority in the liquidation before the other creditors.

3. When the subsidiary has ceased to exist due to termination of the enterprise ,the liquidation must not be carried out should the subsidiary with

all its property in the Republic of Macedonia within six months from the termination of the enterprise transform into a trade enterprise of the form prescribed by this law and with the seat in the Republic of Macedonia , or, should it be undertaken with all its property by any trade enterprise or legal entity i.e. physical person in the Republic of Macedonia.

Liability for damages

Art.701

1. The provisions of this law concerning the liability for damages applicable to the domestic enterprises according to their form shall be correspondingly applied to the subsidiaries of the enterprises i.e. the foreign individual tradesman. The agents and the liquidators with respect of the liability shall be equalized with the members of the managing organ and the liquidators of a joint-stock company i.e. a limited liability company.
2. The provisions of this law concerning the liability for damages of the managers and the liquidators of a limited liability company shall be correspondingly applied to a public company or a limited partnership company ,unless ,should they be founders ,bear more strict liability.
3. The persons who as agents offend the provosions of this law ,shall have a joint and several liability. The enterprise i.e. the individual tradesman shall also have a joint and several liability.

Representative office

Art.702

1. A foreign trade enterprise entitled to perform trade activities according to the national legislation , may establish a representative office in the Republic of Macedonia.
2. The representative office shall not be a legal entity nor may perform trade activities.
3 The representative office from point 1 of this article shall be registered with the ministry competent for foreign economic relations.
4. To the deals concluded by the foreign enterprise with physical persons and legal entities in the Republic of Macedonia for the needs of the registered representative office ,the laws and regulations for conclusion of legal deals between physical persons and legal entities in the Republic of Macedonia shall be applied.

Part four

PENALTY PROVISIONS

Art.703

1. A fine for economic infraction from 50 to 150 wages shall be levied upon a public company should it start performing its activities prior to the entry into the trade register (art.52).
2. Beside the fine form point 1 of this article,a protective measure shall be pronounced - prevention from performance of activities for a period of one to five years and depriving the enterprise form the profit gained by the economic infraction.

Art.704

1. A fine for economic infraction from 80 to 240 wages shall be levied upon the limited liability company in the following cases:
· should the company faild to pay the expenses and the rewards for participation in founding of the company from the profit according to art.121 point 3.
· should the company fail to obey the prescribed term for payment of the non-paid amount of the money deposit (art.126 poin 3).
· should the property of the company necessary for keeping of the basic capital assets be paid to a founder (art.138 point 1).
· should the company fail to keep a book of shares according to article 143 points 1 and 2.
· should the company purchase part of property in opposition to article 146 point 3
· should it mention the increase of the basic capital assets in its business statements and regulations prior to publishing of the decision in the trade register (article 198 point 3)., and
· should it make payment to the founders on the basis of decrease of the basic capital assets prior to the entry of the changes in the company agreement into the trade register (article 205 point 2).
2. Beside the fine from point 1 of this article , a protective measure shall be pronounced - prevention from performance of activities for a period from three to eight years.
3. For economic infraction from point 1 of this article the responsible person of the company shall also be fined five to ten wages.
4. Beside the fine from point 2 of this article a protective measure shall be pronounced - prevention for election of a manager,member of board of directors,of a supervisory board and of a managing board and prevention from performance of the function of a reposnsible accountant for a period from

three to eight years.

Art.705

1. A fine for economic infraction from 80 to 250 wages shall be levied upon a joint-stock company in the following cases:
· should it guarantee or pay interest to the shareholders (article 283 point 2)
· should it fail to apply for entry into the trade register of the decision on increasing of the basic capital assets ,the increase of the basic capital assets made,the decision on conditional increasing of the basic capital assets (art.391 point 1,art.393point 1 and art.397 point 1) and
· should it fail to apply for entry into the trade register of the decision for decreasing fo the basic capital assets and the decrease of the basic capital assets made (art.416 point 1 and art.418 point 1).
2. Beside the fine from point 1 of this article a protective measure shall be pronounced - prevention form performance of activities for a period from three to eight years .
3. For economic infraction also the responsible person in the company shall be fined five to ten wages.
4. Beside the fine from point 2 of this article,a protective measure shall be pronounced - prevention from election for a manager,member of a board of directors,of a supervisory board and of a managing board ,and from performance of the function of a responsible accountant for a period from three to ieght years.

Art.706

1. For economic infraction the tradesman shall be fined 120 to 250 wages should he :
· conclude contracts and perform other activities in trading of goods and rendering of services outside the limits of the subject fo work entered into the trade register (art.444 point 1);
· fail to keep business books according to art.537,538 points 1 ,2 and 3 and art.698;
· fail to make inventory in compliance with art.539;
· fail to keep the business documents in an appropriate and correct manner in accordance with article 540 and
· fail to prepare and announce annual balance sheets and consolidated annual balance sheets according to the provisions from the articles 552,590,592 and 596.
2. For economic infraction from point 1 of this article also the responsible person in the company shall be fined five to ten wages.
3. Beside the fine from point 2 of this article a protective measure shall be pronounced - prevention from election as a manager,member of a board of

directors,of a supervisory board and of a managing board and prevention from performance of activities as a responsible accountant for a period from three to eight years.

Art.707

1. A fine of 80 to 230 wages for economic infraction shall be levied upon the enterprise should :
· the managing board of the enterprise has been constituted in opposition to the provisions of this law (article 323);
· there be a supervisory board constituted in opposition to the provisions of article 323 of this law;
· it perform activities outside the limits of the subject of work entered into the trade register (article 440 point 3);
· it,in the course of work , fail to use the trade name as it has been entered into the trade register (article 454);
· without a strict consent of the leaving founder or his successors ,the old trade name be used (article 457)
· it fail to perform the activities from article 484 point 2;
· it fail to report the change of seat with the court in the trade register of which it has been entered (art.494 point 1);
· it make changes in the annual balance sheets with decision on use of the profit (article 560 point 3) and
· it decrease the compulsory general reserve inder the lowest prescribed amount and fail to use it as prescibed (article 561)
2. For economic infraction from point 1 of this article also the reposnsible person in the enterprise shall be fined five to ten wages.
3. Beside the fine fro economic infraction from point 1 provision 1 of this article a protective measure shall be pronounced - depriving the enterprise of the property profit gained by the economic infraction ,and for an economic infraction from point 1 provision 5 of this article a protective measure shall be pronounced - prevention of performance of the activities for a period of six months to five years.

Art.708

A fine from 80 to 250 wages for economic infraction shall be levied upon a foreign tradesman should he perform activities on the territory of the Republic of Macedonia without establishing of a subsidiary.

Art.709

A fine from 1 to 15 wages for economic infraction shall be levied upon an individual tradesman should he:

· register more than one trade name (art.10 point 3);
· make the transfer of the trade name to a third party in opposition to the provisions of this law (art.12 point 2) and
· fail to report the termination of the enterprise to the competent organ for public income (art.15 point 1)

Art.710

1. A fine for economic infraction from 5 to 250 wages shall be levied upon a public company should it :
· perform activities related to ceratin occupation and among the founders or the employees there be none with corresponding qualification;
· deprive the founders not being managers of the rights from article 68 points 1,2, and 3.
2. For economic infraction from point 1 of this article also the responsible person in the public company shall be fined one to three wages.
3. beside the fine from point 2 of this article a protective measure shall be pronounced- prevention from election as manager,member of board of directors ,of a supervisory board and a managing board and prevention from performance of activities of a responsible accountant for a period of three to six years.

Art.711

1. A fine for offence from 5 to 250 wages shall be levied upon the enterprise should it;
· fail to keep a book of decisions and provide access to the book of decisions according article 172 points 1 and 2;
· prevent a shareholder from the access to the register of shares (art.289 point 4) and
· fail to carry out the actions from art. 484 point 2 within the prescribed term.
2. For offence from point 1 of this raticle also the responsible person in the enterprise shall be fined one to three wages.
3. Beside the fine from point 2 of this article,a protective measure shall be pronounced - prevention from election for a manager,member of a board of directors,of a supervisory board and of a managing board and prevention from performance of the function of a responsible accountant for the period from six months to one year.

Part five

TRANSITIONAL AND CLOSING PROVISIONS

Art.712

This Law shall be applied to the trade enterprises which shall be established on the territory of the Republic of Macedonia starting from the date it has taken effect.Founding procedures prior to its taking effect shall not be repeated.

Art.713

1. The enterprises established prior to the date this Law has taken effect shall be obliged to apply its provisions starting December 31st 1998 ,i.e. from the date of announcement ,according to this Law,of the changes of the agreement of the enterprise i.e. the statute of the enterprise made for their adjustment with the provisions of this Law ,should the announcement be made prior to December 31st 1998.

2. The enterprises from point 1 of this article shall be obliged to adjust the foundation enactments,the agreement of the enterprise i.e. the statute of the enterprise with the provisions of this law before December 31st 1998. The adjustment may be carried out by cancelling,change and substitution ,if necessary,of the provisions of the agreement i.e. the statute of the enterprise opposed to the imperative provisions of this law and by entering of ammendments prescribed by this law. The decisions on adjustment may be reached by plain majority of votes of the shares presented at the assembly of the enterprise i.e. of deposits presented at the assembly of founders,unless the decision changes the provisions of the agreement i.e. the statute of the enterprise opposed to this law.In case of a transformation of the enterprise and increase of its basic capital assets ,except for the case of incorporation of the reserves and the profit into the basic capital assets,the decision of adjustment of the provisions of the agreement i.e. the statute of the enterprise shall be reached within a procedure for change and ammendments to the agreement i.e. the statute of the enterprise prescibed by law i.e. the agreement or the statute.

3. Should the enactments of the enterprise be in accordance with the provisions of this law and no adjustment be needed,the assembly of the enterprise i.e. the assembly of the founders shall reach a decision determining the fact that no adjustment of the agreement i.e. the statute with this law is needed. The decision shall be announced in a manner prescribed by this law concerning announcement of decisions on change and ammendments to the agreement i.e. the statute of the enterprise.The said enterprises shall apply this law from the date of announcement of the decision,provided it has been announced before december 31st 1998 .

Art.714

1. Should the enterprise fail to make adjustment of the agreement i.e. the statute of the enterprise with the provisions of this law,their provisions opposing the provisions of this law shall be null and void counting from december 31st 1998 .
2. Should the enterprises fail to increase the basic capital assets at least up to the lowest amount prescribed by this law,a limited liability company i.e. a joint-stock company with basic capital assets lower than the minimum amount prescribed by this law shall cease its work and shall be transformed into another form of enterprise for which no minimum basic capital assets exceeding the existing one is prescribed by this law.
3. The enterprises which shall not adjust their enactments and work with the provisions of this law shall cease to exist after the axpiry of the term prescribed by this law. The liquidation shall be carried out by the registration court according to the provisions of this law.

Art.716

The enterprises shall be obliged to appoint the organs of the enterprises according to this law within three months from the date of entry into the trade register of the chenges in the agreement i.e. the statute for adjustment to this law.

Art.717

The decisions on adjustment of the agreement i.e. the statute of the enterprise to the provisions of this law shall be reached in compliance with their existing enactments.

Art.718

1. On the date this law has taken effect ,the following types of enterprises shall continue their operation in the manner and under the conditions they have been entered into the trade register :
· socially-owned enterprises,public enterprises,joint-stock companies,limited liability companies and the state-owned enterprises employing disabled persons;
· the joint-stock companies,the limited liability companies ,the limited partnership companies , the joint- stock limited partnership companies ,the companies of unlimited joint and several liability of the members and enterprises for employment of disabled persons of mixed ownership;
· cooperative enterprises,joint-stock companies, the limited liability companies ,the limited partnership companies ,the joint-stock limited partnership companies , the companies with unlimited,joint and several

liability of the members and the enterprises for employment of disabled persons of cooperative ownership ,and
· the private enterprises,joint-stockcompanies,limited liability companies,the limited partnership companies,the joint-stock limited partnership companies,the companies of unlimited joint and several lliability of the members, the shops and farms with the status of a legal entity.

Art.719

1. On the date this law has taken effect, the Enterprise Law (“Official Gazette of the SFRYu No.77/88,40/89,46/90 and 61/90 and “Official Gazette of the Republic of Macedonia” No. 15/93) becomes invalid.
2. The provisions of the Enterprise Law shall continue to apply to the socially-owned enterprises,teh public enterprises and the cooperative enterprises until, in a manner and under conditions prescribed by another law, they are transformed into any of the enterprises set forth by this law.
3. The provisions of the Enterpris4e law shall continue to apply also to the private enterprises,until,in a manner and under conditions prescribed by this and another law,they are transformed into any of the companies or continue to operate as individual tradesmen in compliance with this law.

Art.720

1. In managing of the socially -owned joint-stock companies and limited liability companies or the said companies ofmixed ownership,which,according to the socially-owned capital bear shares or deposits ,also representatives of the socially-owned capital shall participate in proportion to the share belonging to the socially-owned capital in the total permanent capital of the company,unless otherwise provided for by the foundation enactment i.e. the statute of the company.
2. The rights with respect to the appointement and removal from office of the representatives of the socially-owned capital after January 1st shall be exercised by the Agency of the Republic of Macedonia for transformation of the enterprises with socially-owned capital .For a representative of the socially-owned capital,the Agency must not appoint a person possessing a deposit or a share in the enterprise.The appointing shall be carried out by the Managing Board of the Agency.

Art.721

1. The enterprises established before this Law has been passed as socially-owned,cooperative,private enterprises and enterprises for employment of

disabled persons shall continue to use the trade name entered into the trade register prior to passing of this Law.
2. An enterprise from point 1 of this article changing the subject of its work which up to the date this law has taken effect had been entered into the trade register ,by performing the same or a similar subject of work,as well as a legal person already entered into the trade register with the same registration court or under the same or similar trade name,at the moment of entry into the register of the change of the subject of work shall submit an application for change of the trade name to the registration court according to the provisions of this law.
3. Up to passing of a law prescribing special conditions for founding of the enterprises employing disabled persons and for the benefits they shall use in their work,the corresponding provisions of the Enterprise Law shall be applied.

Art.722

The provisiosn of this law concerning business books and annual balance sheets shall be applied after passing of the accounting principles and accounting standards,and the provisions ofthis law concerning reviewing of the annual balance sheets of the trade enterprise shall be applied after passing of laws regulating the reviewing.

Art.723

1. Parts of the enterprises enjoying special authorizations in the legal dealings entered into the court register on the day of start of application of this law shall continue to operate under conditions and in manners which have been entered into the court register up to the day of their entry into the trade register,as subsidiaries of the enterprises according to this law.
2. Should within the term prescribed by this law the enterprises from point 1 of this article fail to adjust their enactments and fail to submit an application for entry of the parts of the enterprise with special authorizations in the legal dealings to the court,the court shall officialy delete them from the court register.

Art.724

1. The existing joint-stock companies bearing their own shares must abalienate them or annul them by december the 31st 1998 latest.
2. The limited liability companies bearing their own deposits must abalienate them by december the 31st 1998 latest.
3. The joint-stock companies where the capital assets has more than one half of the total shares shall be obliged to adjust the ratio of the shares with

the right to vote, to this law by december the 31st 1998 latest.

Art.725

1. Up to the term from which the public notaries shall start performing their function according to this law,the notary work prescribed by this law shall be performed by the advocates.
2. Up to the term determined in point 1 of this article ,the documents for the notary work prepared by the advocates shall be verified before the court according to the valid regulations.

Art.726

On the date this law has taken effect ,the following laws shall become invalid :
· The Law on the procedure for entry into the court register (“Official Gazette of the SFRYu” No. 13/83 and 17/90);
· The Foreign Investments Law (“Official Gazette of the Republic of Macedonia” No.31/93) ;
· The Law on independent performance of activities with personal labour (“Official Gazette of the SRM” No. 18/89),except for the provisions regulating the performance of crafts activities;
· the provisions of the Law on forced squaring of accounts,bankruptcy and liquidation (‘Official Gazette of the SFRYu , No. 84/89) referring to the liquidation of the enterprises and
· The Securities Law -head II (“Official Gazette of the Republic of Macedonia “ No. 5/93).

Art.727

The Minister of Justice shall ,within 60 days from the date this law has taken effect ,pass the regulations for the trade register according to the authorizations prescribed by this law.

Art.728

This Law shall take effect on the thirtieth day of its publishing in the “Official Gazette of the Republic of Macedonia” .