

Facts Sheet on Company Law

This fact sheet aims to indicate some important information about the Draft Company Law. More detailed information on this draft law can be obtained from the following website: www.economy.gov.mk.

Attitudes toward previous law expressed on the focus group meeting and the public debates:

"Over-normative text, non-functional solutions"
"Complicated procedure for registration of company"
"Charter capital for establishing the company of 2.500 Euro is too low"
"This law shall be a legal framework for every person and commercial entity that pursues commercial activities"

Main Novelties

- *Significant decrease of the number of articles*
- *Clear definitions enabling consistency of terms' interpretation*
- *Introducing new category-small scope commercial activity*
- *Simplification of the registration procedure*
 - Strict contents of the registration form for entry and the enclosures;
 - Determination of the contents of the founding documents;
 - Obligation of the authorised person for submission of the registration form within a determined time period;
 - Strict deadlines for action of the registration courts upon filing of the registration form;
 - Decreasing the role of the courts to the supervision of the fulfilment of the formal requirements for registration;
 - Legal determination of the condition for annulment of the registration;
- *Establishment of the one-stop-shop system*
- *Increase of the charter capital of limited liability (5.000 EURO) and joint stock companies (25.000-50.000 EURO)*
- *Publicity, transparency and uniqueness of the Commercial Register*
- *Disclosure of company's data and documents that must be kept permanently and available to the company's shareholders and members*
- *Protection of minority shareholders rights*
 - Right to court protection;
 - Right to information on the company's activities;
 - Right to inspection of the company's documents;
 - Right to request convening of the members/shareholders meetings;
 - Right to propose items on the meeting agenda;
 - Right to appoint auditors;
 - Right to claim compensation of damages;
 - Nullity of the shareholders agreements.
- *Regulation of the shares free of charge or issued at preferential price and treasury shares*
- *Strict regulation of the concepts of related companies, transformation of the company and statutory changes (mergers, acquisitions and division)*
- *Introduction of major transactions and interested party transactions*

Introduction of 'one-stop-shop system' is perceived as extremely positive "save money, time, and nerves."

Co-ordination and Consultative Law-making Process

- Co-operation between the Ministry of economy, national experts, DTL Experts and experts from the USAID funded Macedonia Corporate Governance and Company Law Project.
- Transparent process: around 20 public debates organised with the participation of more than 700 representatives of the business community, lawyers' association, judges association, notary chamber, unions, appraisers, auditors, representatives of the Stock Exchange, Securities Commission, Central Depositor, banks, insurance companies.
- Significant percentage of the participants' remarks and suggestions taken into consideration by the drafters.

Transposition of EU Directives

DTL ensured transposition of the EU Directives:

- **First Directive**
 - sets out publicity requirements and disclosure of companies' documents
 - seeks to restrict to the greatest possible extent the grounds on which obligations entered into in the name of the company are not valid
 - seeks to limit the cases in which nullity can arise
- **Second Directive**
 - sets out rules relating to the formation of companies and the maintenance and alteration of their capital
- **Third and Sixth Directive**
 - set out requirements relating to mergers and divisions respectively
- **Fourth Directive**
 - seeks to achieve the coordination of national provisions concerning the presentation and content of annual accounts and annual reports, the valuation methods used therein and their publication
- **Seventh Directive**
 - the aim of the 7th Dir. is to protect the interests subsisting in companies with share capital by coordinating the legislation governing consolidated accounts
- **Eight Directive**
 - seeks to ensure that auditors have equivalent minimum qualifications
- **Eleventh Directive**
 - sets out disclosure requirements in respect of branches
 - seeks to stop a lacuna in the system of protection of third parties by the mandatory disclosure of certain information relating to companies
- **Twelfth Directive**
 - seeks to ensure third party protection, whilst intending to complement Community initiatives to encourage the creation and development of small and medium sized enterprises
- DTL clarified and enhanced provisions pertaining to **Economic Interest Grouping**