

COMPANY LAW OF FEDERATION OF BIH

NOTE: This text contains the original Company Law of the FBiH , Official Gazette of FBiH No. 81/15 (page 1-95) and Laws on Changes and Amendments of the Company Law of the FBiH, Official Gazette of FBiH No. 75/21 (page 95-97)

SECTION ONE: COMMON PROVISIONS

I– GENERAL PROVISIONS

Article 1 (Common Provisions)

This Law shall govern the founding, operation, management and termination of companies (hereinafter referred to as company) in the Federation of Bosnia and Herzegovina (hereinafter referred to as the Federation).

Article 2 (Company)

- (1) Company is a legal entity which independently performs the activity of manufacturing and sale of goods and provision of services in the market for the purpose of gaining profit.
- (2) (2) Company may be formed by local and foreign natural persons and legal entities, unless otherwise provided by law.

Article 3 (Forms of Companies)

- (1) Company may be organized in one of the following forms: a) general partnership; b) limited partnership; c) joint stock company; d) limited liability company.
- (2) Provisions of this law in which the word “company” is used without providing the full name of one of the forms referred to in paragraph 1 of this Article, shall apply to all companies.

Article 4 (Legal Capacity)

- (1) Company shall acquire the capacity of a legal entity as of the date of its registration into the Company Register as provided by the Law on Business Registration in Federation of Bosnia and Herzegovina (hereinafter referred to as Company Register).
- (2) Company shall be liable for its liabilities with its entire property.
- (3) No person may act in the name of the company before its registration into the Company Register.
- (4) Any person acting contrary to the provision of paragraph 3 of this Article shall cover all the incurred liabilities with his/her total property, and in case more than one person acting in such a manner they shall be jointly and severally liable.

Article 5
(Liability)

- (1) Each member in a general partnership, as well as general partner in a limited partnership shall be jointly and severally liable with his/her entire property for the liabilities of the company.
- (2) General partner in limited partnership, shareholder of a joint stock company, owner of membership interests in a limited liability company, as well as limited liability partner shall not be liable for company's liabilities unless he/she: a) uses the company for achieving a personal goal that is not consistent with the goals of other company members and the company as a whole; b) manages the company assets as his/her personal assets; c) uses the company to commit fraud or cause damage to his/her creditors; d) affects a decrease of the company's assets in his/her own favor, or in favor of third persons, or affects the company to assume liabilities although he/she had known or should have known that the company is not and will not be capable of fulfilling its liabilities.

Article 6
(Activity)

- (1) Company shall start to perform its activity after the registration into the Company Register and publication of the registration in accordance with the law which governs company registration.
- (2) Those activities which under the law may be performed only with an approval, permission or another enactment of a competent authority may be performed on the basis of the approval, permission or another enactment from the competent authority.
- (3) If the law or another regulation does not establish the requirements for obtaining the approval, permission or another enactment from the competent authority referred to in paragraph 2 of this article, the Federation ministries shall determine such requirements in accordance with this law, each within its scope of competence.
- (4) Those activities which, under separate law, are carried out in a particular form of a company may not be performed in another form of a company.

Article 7
(Conducting other activities)

- (1) Company may conduct business only within the activity entered into the Company Register.
- (2) A company may conduct other business that is normally conducted alongside the activities entered into the Company Register, to the extent and in the manner necessary for its operations, and does not constitute conduct of such business as a regular activity. Article 8 (Validity of activities) Business concluded by a person, who is authorized to represent the company by the virtue of his/her position or otherwise, shall be valid for a third person, even if the concluded business is outside of the activity entered into the Company Register, unless the third person had known or should have known that such business is outside of the activity of the company.

Article 9
(Head office)

- (1) Company head office is the place which is entered into the Company Register as the head office.

(2) The head office shall be identified under the founding charter or the statute.

Article 10
(Branch offices)

(1) A company, domestic or foreign, may form one or more branch offices outside the place of the head office in which it conducts its activities.

(2) Branch office shall be formed under a decision on founding adopted by the competent company body in accordance with the company founding charter or the statute.

(3) Branch offices shall not have the capacity of a legal entity.

(4) Branch office shall have a place of operations and a representative, and shall conduct business with third persons in the name and on behalf of the company.

(5) Branch offices of a domestic company shall be entered into the Company Register in the registration court in which the company is Registered.

(6) Branch offices of a foreign company shall be entered into the Company Register within the registration court in whose territory the branch office is located.

II - COMPANY NAME

Article 11
(Definition)

(1) Company name is the name under which the company operates.

(2) Company name must be displayed at the company's business premises.

Article 12
(Elements)

(1) The company name of a general partnership must contain the family name of at least one of the partners, with designation that there are more partners and the designation "d.n.o."

(2) The company name of a limited partnership must contain the family name of at least one of the general partners and the designation "k.d." and may not contain the names of the limited partners.

(3) The company name of a limited liability company must contain the designation "d.o.o."

(4) The company name of a joint stock company must contain the designation "d.d."

(5) The company name referred to in paragraphs 1 and 2 of this Article must contain the company name of another company that is a member of a general partnership or of a general partner within a limited partnership.

Article 13
(Language)

(1) The company name must be written in one of the languages that are in the official use in the Federation, and the translation into a foreign language may be used only together with the company name in one of the languages that are in the official use in the Federation.

(2) The company name may contain foreign words that are common or if there is no appropriate word for them in a language that is in the official use in the Federation.

Article 14
(Additional elements)

(1) The company name may contain additional elements which more specifically designate the company and its head office.

(2) The company may use an abbreviated company name which must contain designations that distinguish it from other company names, as well as the designation of the form of the company.

(3) The company name of the branch office must contain the full name of the company, designation of its branch office status as well as the location of the branch office.

Article 15
(Prohibited elements)

The company name may not contain:

a) words and designations which are contrary to the law;

b) protected trademarks or servicemarks of other legal entities and natural persons;

c) official symbols and signs;

d) names or signs of foreign countries or international organizations;

e) words and designations that could create confusion with regard to type and scope of operations or that could lead to mistaken identity with another company's name or sign or that could violate rights of other persons.

Article 16
(Optional elements)

(1) The company name may contain words "Bosnia and Herzegovina" and its derivatives and abbreviations on the basis of the approval from the competent authority specified under a separate law.

(2) The company name may contain word "Federation" and its derivatives and abbreviations solely on the basis of an approval from the competent authority specified under a separate law.

(3) The company name may contain the name of the canton, city or municipality and its derivatives and abbreviations solely on the basis of an approval from the competent cantonal or municipal authority specified under a separate law, in the territory in which the company has its head office.

(4) The company name may contain the first name and family name of the person who is not a founder of the company only upon authorization of the person concerned or his/her legal successors.

(5) Upon request of the bodies and persons referred to in paragraphs 1, 2, 3 and 4 of this Article, the court of registration shall delete from the Register the words and names entered as additional elements of the company name.

Article 17
(Name of the company member as an element of the company name)

(1) If the company name of a general partnership or a limited liability partnership contains the family name which is already contained in a previously registered company name, a name or another additional element that distinguishes it from the already registered company name must be entered into the company name.

(2) If the family name of the person remained within the company name after termination of his/her membership in the company, the court will delete his/her family name from company name in the Company Register upon his/her request or request of his/her successors.

Article 18

(Principle of exclusivity of the company name)

(1) The company name must be clearly distinguished from other companies' names.

(2) The court of registration shall refuse to register into Company Register a company, the name of which is contrary to the provisions of this law or which is not clearly distinguished from already registered company names in the Federation.

(3) In case it considers that a company name of another company is not clearly distinguished from its previously registered company name, any company is entitled to request termination of use and deletion from the Company Register of the name of the other company and compensation of the suffered damages through lawsuit before the court within three years from the day of registration of the disputed company name into the Company Register.

Article 19

(Principle of primacy)

(1) If same company names or company names which are mutually not clearly distinguished are submitted to the court for the purpose of registration into the Register, the court shall enter that company which had been submitted the first.

(2) Notwithstanding the provisions of paragraph 1 of this article, the company name that was submitted the second shall be registered, if the applicant subsequently proves that at the time that at the time of the first application, he/she used that specific company name or its important elements in the market as the designation of his/her company or as a trademark or servicemark to designate his/her products or services and that he/she had done so before the first applicant.

Article 20

(Mandatory registration into the Company Register)

(1) The company name and the abbreviated company name shall be entered into the Company Register.

(2) (2) The company shall be required to use the full or abbreviated company name, as entered into the Company Register, in its operations.

Article 21

(Business Correspondence)

All business correspondence and purchase orders must contain:

- a) full company name and address of the company's head office;
- b) full company name and address of the company's branch office;
- c) name and head office of the institution with which the company is entered into the Register;
- d) number of the account with the name and the head office of the financial institution with which the company holds the account, if the company has multiple accounts, for each of them;
- e) company's tax identification number.

Article 22
(Transfer of company name)

The company name may be transferred only in case of the transfer of the company.

III - REPRESENTATION

Article 23
(Representation)

- (1) The company shall be represented by the management.
- (2) The management shall organize the work and manage operations, represent the company and be responsible for the legality of company operations.
- (3) The management shall consist of persons authorized under the founding charter or statute of the company, in accordance with the law, to manage company operations.
- (4) The company may also be represented by other persons specified in the founding charter or statute, in accordance with the law.
- (5) The persons authorized for representation shall be entered into the Company Register.

Article 24
(Authorized Persons)

- (1) The person holding authorizations for representation which are entered into Company Register, shall be authorized to undertake all actions and conduct all business in the name and on behalf of the company within the scope of authorizations entered into the Company Register.
- (2) The person holding authorizations for representation who exceeds the limitations on authorizations referred to in paragraph 1 of this Article shall be liable for the damages caused therewith to the company or the third person with whom the business has been concluded.

Article 25
(Liability)

- (1) The person entrusted with conducting specific work within the activity of the company, shall be authorized to undertake all the actions and conclude business which are normally performed or which arise alongside the work entrusted.
- (2) The company shall be liable for obligations incurred in its name by a person it has authorized by exceeding the authorizations, if the third person had not known or could not have known about the exceeding of the authorizations.

Article 26
(Procuration)

- (1) Procuration is a written authorization for undertaking all legal actions and operations in the name and on behalf of the company, except for the transfer of or imposing encumbrances on real property, unless such authorization has been expressly granted. (
- 2) Procuration may be granted only for a branch office, which shall be expressly entered in the Company Register, and in the course of the procurator's conduct of business, and otherwise the procuration shall be considered to be granted for the company as a whole.

- (3) Procuration may be granted to any adult person with full business capacity regardless of duties and activities conducted, unless otherwise provided under the founding charter or the statute of the company. (4) Procuration may not be granted to a legal person.
- (5) Procuration shall not be transferable.

Article 27
(Granting procuration)

- (1) The company may grant procuration to one or more natural persons in accordance with the founding charter or the statute.
- (2) Procuration may be granted simultaneously for several persons who jointly represent the company, and the declaration of intent of the third person granted only to one of them shall be legally valid.

Article 28
(Joint Procuration)

- (1) If the procuration is granted to two or more persons without designation that it is a joint procuration, each of those persons shall be the procurist who independently represents the company within the scope of authorizations specified by law.
- (2) Procuration granted to two or more persons shall be considered a joint procuration only if expressly provided so by the procuration.
- (3) Declarations of intent or legal actions made by joint procurists shall cause legal consequences only if done jointly by all joint procurists.
- (4) Declarations of intent or legal actions done by one of joint procurists shall be valid only with the express previous consent, or express subsequent consent of other joint procurists.
- (5) Declaration of intent or legal action done towards one of the procurists shall have legal effect as being made towards all of them.
- (6) Knowledge of legally deciding facts or fault of one joint procurist shall cause legal consequences for the provider of the procuration regardless of the knowledge or fault of other joint procurists.

Article 29
(Procuration limitation)

- (1) Limitation on procuration which is not foreseen under this law shall have no effect towards third persons, regardless of the fact whether the third person knew about it or had to know about it.
- (2) Limitation on procuration imposed on operations of one or more branch offices shall have effect towards the third persons only if entered into the Company Register.

Article 30
(Procurist Authorization)

The procurist may not act as a second party to a contract and enter into contracts on his own name and on his own behalf, in his own name and on behalf of other persons, or in the name of

and on behalf of other persons with the company without a separate authorization from the company.

Article 31

(Procuration initiation and termination)

(1) The company shall be required to report granting and termination of procuracy for registration into the Company Register.

(2) Procurist shall deposit his/her signature with the registration of court, and in the course of representing the company he/she shall be required to accompany his/her signature with designation that he/she acts as a procurist.

(3) Procuracy shall end by revocation by the company and resignation by the procurist.

Article 32

(Persons with special duties towards the company)

(1) Special duties towards the company shall be had by:

a) members of a general partnership and general partners in a limited liability partnership

b) member of a limited liability company who owns substantial share in the company's share capital or member of a limited liability company who is a controlling member of the company in the sense of related parties,

c) shareholder who owns substantial share in the company's share capital or shareholder who is a controlling shareholder in the sense of related parties

d) members of management, chairperson and members of the Supervisory Boards, representatives and procurators,

e) liquidation trustee

(2) Substantial share in the company's equity in the sense of paragraph 1, items b) and c) shall constitute the share of at least 20% in the company's equity.

(3) Controlling member or shareholder of the company in the sense of paragraph 1, items b) and c) shall constitute persons with more than 50% of voting rights based on common shares or that possess controlling influence in managing and leading the activities of the company.

(4) Persons referred to in paragraph 1 of this Article shall carry out their work conscientiously, with diligence of a prudent businessman and in a reasonable conviction of acting in the best interest of the company (hereinafter referred to as to attractive nuisance).

(5) Person who acts with diligence of a prudent businessman shall not be liable for the damages which occur to the company from such judgment.

Article 33

(Filing a Lawsuit)

The company may file a lawsuit against the persons referred to in Article 32, paragraph 1, items d) and e) of this Law for compensation of damages that such person causes to the company by a breach of duty of prudence referred to in Article 32, paragraph 4 of this law.

Article 34

(Duty to disclose transactions and actions which involve personal interest)

(1) Personal interest shall exist if the person referred to in article 32, paragraph 1 of this law or a member of his family:

a) is a contracting party in a legal transaction with the company,

b) has a financial relationship with the person in the legal transaction who concludes a contract with the company or who has financial interests in that transaction, based on which it may be expected to influence his/her actions contrary to the company's interest,

c) is under a controlling influence of the party in the legal transaction or the person who has a financial interest in the legal transaction or action so that it can be justifiably expected to influence his/her actions contrary to the company's interest .

(2) Family members of the person referred to in paragraph 1 of this Article shall be considered to be:

a) his/her spouse, parent, brother or sister of that spouse,

b) his/her child, parent, brother or sister,

c) his/her cognate in a straight line and lateral line to the second degree of consanguinity, adoptive parent and adoptee, in-laws inclusive of the first degree,

d) other persons who live in a joint household with that person.

(3) Persons referred to in Article 32 paragraph 1 and the paragraph 2 of this Article shall be considered related persons in the sense of this law (hereinafter referred to as related persons).

(4) For all operations referred to in paragraph 1 of this Article, the related persons shall present all the facts or obtain prior approval of the company's competent body, in accordance with the statute.

Article 35

(Lawsuit for approving transactions which involve private interest)

(1) Company may file a lawsuit against the person referred to in Article 32, paragraph 1 of this law who had a personal interest in a legal transaction and seek compensation of damages if no prior approval for that legal transaction has been obtained or if the competent body of the company has not been presented with all the facts pertinent for making the decision to approve the legal transaction.

(2) If the respondent is a member of the management, the company shall be represented by a person appointed by the competent body of the company, in accordance with the company's statute.

Article 36

(Duty to avoid conflict of interest)

(1) Persons referred to in article 32, paragraph 1 of this law may not in their interest or in the interest of the parties related to them: a) use company's assets, b) use information which they have obtained in such capacity which are not publicly available, c) misuse their position in the company, d) use opportunities to conclude business which arise for the company.

(2) The duty to avoid conflict of interest shall exist regardless of whether the company was in the position to use the assets, information or concluded business referred to in paragraph 1 of this Article.

Article 37

(Lawsuit for breaching the duty to avoid conflict of interest)

(1) Company may file a lawsuit against the person referred to in Article 32 paragraph 1 of this law who breach the duty to avoid conflict of interest referred to in Article 36 of this Law, by which it may claim: a) compensation of damage, or b) transfer to the company of the benefit which such person or related party referred to in Article 34, paragraph 3 of the Law has attained as the outcome from such breach of duty

(2) If the respondent is a member of the management, the company shall be represented by a person appointed by the competent body of the company, in accordance with the company's statute.

IV - BUSINESS SECRET AND BAN ON COMPETITION

Article 38

(Business secret)

Information on operations that would clearly cause significant damage to the company if they came into possession of a third person without the company's consent shall be deemed business secret.

Article 39

(Information considered as business secret)

(1) The competent body of the company shall be required to define in writing which information shall have the character of business secret and the persons responsible for their use and protection.

(2) Data which is public under law and other regulations and data on violations of law and other regulations may not be defined as business secret.

Article 40

(Ban on Competition)

(1) General partner, limited partner, shareholder and member of management or Supervisory Board of a limited liability company, member of Supervisory Board or management of a joint stock company and procurist, may not take part in that capacity or as employee of another company or independent entrepreneur in the activity which is or could be in a competitive relationship with the activity of the first mentioned company without the approval of the company's competent body in accordance with the company statute.

(2) The founding charter or the statute of the company may set the duration of the ban even after the termination of the capacity referred to in paragraph 1 of this article for two years at most.

Article 41

(Compensation of damage)

The company may seek compensation of damage and assignment of concluded business, or transfer of realized benefits or rights from the concluded business from the person who violates

the ban on competition within three months from learning about the violation and not later than three years from the committed violation of the ban on competition.

Article 42
(Organization of labor unions activities)

Company employees may organize a labor union or employee council in accordance with the Labor Law and the Law on Employee Council.

Article 43
(Ban on non-labor union activities)

No organizations may be established and any activities conducted that do not have the character of a labor union and labor union activities and employee council in accordance with the Labor Law and the Law on Employee Council.

V – EQUITY AND CONTRIBUTIONS

Article 44
(Equity)

- (1) Equity of the company is the amount of the capital registered by the members of the company pursuant to the founding charter.
- (2) Changes to the equity shall be registered pursuant to the statute or amendments to the statute.
- (3) Limited liability company and joint stock company shall have the equity at least in the amount specified under this law.
- (4) Higher amount of equity may be specified under separate laws for companies which perform special activities.
- (5) Part of the equity which is equal to cash contributions may be paid fully or partially (subscribed, unpaid equity).
- (6) Equity of the company may be increased or decreased.
- (7) In case of decrease of equity, the equity may not be decreased below the amount of the minimum equity specified under this law.

Article 45
(Contributions)

- (1) Equity in the course of founding of the company shall be secured by contributions of the members in cash, things and rights, whose value can be expressed in monetary terms.
- (2) The contribution in things and rights shall be expressed in monetary terms and must be contributed in full before the company is entered into the Company Register.

Article 46
(Value of contributions)

(1) The value of contributions in things and rights must be specified in the founding charter or the statute of the company, if not determined otherwise by this law.

(2) The value of contributions in things and rights in a limited liability company and a joint stock company shall be determined on the basis of the assessment accepted by the agreement between all the founders.

Article 47

(Assessment of the Value of contributions)

The assessment referred to in article 46, paragraph 2 of this law must include the description, manner of expressing and assessed value of contributions and an assessment whether the contribution corresponds to the price of subscribed shares of a joint stock company or membership interests in a limited liability company that are paid by that contribution.

Article 48

(Obligation to settle the contracted value of contributions)

(1) In the event that the assessed value of contributions in things and rights does not reach the agreed amount by the time of the registration of company into the Company Register or by the time of the agreed deadline for payment in case of accession to the company, member of the company who committed to that contribution shall be required to pay the difference in cash.

(2) If the company has not acquired ownership over a thing which the member was under the obligation to enter as a contribution, the member of the company must pay in cash the worth of that thing, and the company must return it to him/her.

Article 49

(Members' rights)

The contribution shall give the member the right to share or membership interest within the company.

Article 50

(Business books and financial statements)

The company shall be required to maintain business books and prepare financial statements in accordance with law and other regulations.

VI – ASSOCIATED COMPANIES

Article 51

(Definition)

(1) Associated companies shall consist of two or more companies in accordance with this law, which are mutually affiliated, namely by: a) share in equity or membership interests (equity-related companies), b) contract (contract-related companies), and c) equity and contract (mixed related companies).

(2) Associated companies referred to in paragraph 1 of this Article shall include one parent and one or several subsidiary companies.

(3) Associated companies shall be organized as concern, holding, business association or another form of organization in accordance with this law.

(4) Associated companies shall be affiliated in accordance with regulations which govern maintenance of competition.

Article 52

(Parent and subsidiary company)

(1) If a company has majority share in the share capital of another company or if it has the right to appoint majority of members in the Supervisory Board or have a majority of votes in the General Agreement pursuant to a contract concluded with the other company, such company shall be considered the parent and the other company a subsidiary.

(2) A parent company with majority share in the equity shall be that company which, directly or indirectly through another company, on the basis of more than 50% share in the equity of another company has more than 50% of the votes in the General Meeting of the subsidiary company.

(3) Direct share in the equity which belongs to the parent company or another person who holds such share on its behalf shall be determined on the basis of the ratio of the nominal amount of such share to the total equity of the subsidiary company.

(4) In determining the share referred to in paragraph 3 of this article, own shares and membership interests of the subsidiary and shares and membership interests held by a third person on behalf of the subsidiary company shall be subtracted from the total equity.

(5) Indirect share in the equity which belongs to the parent company shall include shares and membership interests which belong to the company which is dependent upon it or which belong to a second party on behalf of the company or on behalf of the company which is dependent upon it (subsidiary companies). (6) A subsidiary company may obtain shares and membership interests in the parent company and exercise its right to vote on the basis of the shares and membership interests which are already at its disposal, in accordance with the provision of this law on company with mutual shares.

Article 53

(Companies with mutual shares)

Companies with mutual shares in the equity shall be related parties where each company has a share in the equity of the other company.

Article 54

(Holding)

If the parent and one or more subsidiary companies, pursuant to a concluded contract on running of the business, are unified under a common running of the business by the parent company, they shall constitute a holding, while individual companies shall be holding companies.

Article 55

(Concern)

If the parent company, pursuant to a concluded contract on running of the business, performs other activities in addition to the common running of the business of the subsidiaries, they shall constitute a concern, and the individual companies shall be concern companies.

Article 56

(Establishment of Legally Independent Companies)

Holding and concern, in accordance with Articles 54 and 55 of this Law may be also formed by legally independent companies, which are not dependant on each other.

Article 57

(Common provisions for associated companies)

(1) A parent company shall be jointly and severally liable to creditors in the bankruptcy procedure of a subsidiary company, if the bankruptcy was caused by binding orders, decisions or instructions of the parent company.

(2) If the parent company brings the subsidiary company into a position to execute a detrimental legal business or to act or fail to act to its detriment, it shall compensate the subsidiary company for the damages caused on such grounds.

(3) Request for compensation of damages referred to in paragraph 2 of this article, in the name of the subsidiary company, may be filed by shareholders and members of the subsidiary company who own or represent at least 10% of the share capital of that company or smaller part determined in the statute, as well as the creditors of the company whose claims amount to more than 10% of the share capital of the subsidiary company.

(4) In addition to the parent company, members of the management of the parent company who have brought the subsidiary company position to execute a detrimental legal business or to act or fail to act to its detriment shall be liable as joint debtors.

(5) Members of the management of the subsidiary company shall likewise be liable as joint debtors if they have breached their duties, unless they had acted under the instructions of the parent company's management.

Article 58

(Association of companies)

(1) An association of companies is an economic interest group that may be formed by two or more companies to improve, promote and harmonize the performance of their activities.

(2) Association of companies shall not be formed to gain profit.

(3) Association of companies shall be a legal entity.

(4) Association of companies shall be Registered in a Company Register in accordance with the provisions of the law which govern the registration of business entities.

(5) Designation "poslovno udruženje" shall be stated in the company name.

(6) Association of companies shall make transactions in the payments operations in its name and on behalf of its members and in the name and on behalf of its members.

(7) For the obligations assumed in the payments operations, the association of companies shall be liable with its property and its members shall be liable in the manner specified in the founding agreement or the contract with a third person.

(8) The founding agreement shall determine the name, time of founding and duration, goal and activity, head office, management, representation, liability, accession, withdrawal, making of

transactions in the payments operations, exclusion, property, supervision, termination as well as other matters of importance for achievement of the goals of founding the business association.

Article 59
(Other forms of company affiliation)

Companies may affiliate by means of agreement into other forms of affiliation (consortium, franchising, community of companies, commercial union, business system, pool and others).

VII – COMPANY REGISTER

Article 60
(Company Register)

- (1) Information about the company set forth in this Law shall be entered into Company Register.
- (2) Company Register shall comprise the data register and documents register.
- (3) Registration into the Company Register and publication of the registration shall be performed in accordance with the Law of Registration of Business Entities.
- (4) Changes to company data and documents shall be registered into the Company Register.

Article 61
(Company's data and documents)

- (1) It shall be deemed that third persons know of the registered data about the company after these have been published or upon publication of excerpts from such data or documents pursuant to which the registration had been carried out containing a reference to them.
- (2) In case the data and documents submitted into the register file or registered in the Company Register are different from the published data, the published data shall not be binding for third persons, but that may refer to published data unless the company to which they pertain proves that third persons had known or could have known about the data and documents submitted into the register file or Registered in the Company Register.

Article 62
(Nullity of registration)

- (1) Unless otherwise determined in the Law of Registration of Business Entities, the registration of founding of a business entity shall be null if:
 - a) the number of founders is smaller than the number set forth in this law,
 - b) there is no legal and business capacity of all the founders,
 - c) the founding charter is not composed in the prescribed form,
 - d) the founding charter does not contain the data on the business name of the company, value and type of contribution of each founder or the amount of share capital prescribed by this law or about the activity of the company,
 - e) the minimum amount of the contribution has not been paid in accordance with this law
 - f) the activity of the company is unlawful or contrary to public interest,
 - g) the company founder or one of the founders is a member in the existing general partnership or a general partner in a limited liability partnership,

h) the company founder or one of the founders is sole member of a limited liability company over which bankruptcy or liquidation proceedings have been initiated or against which a lawsuit referred to in article 355, paragraph 1, item 1) of this Law has been filed.

(2) If it is possible to remove the cause of nullity of the company registration, the competent court shall after the proceedings for determining nullity have been initiated set the deadline of maximum 90 days to remove the shortcoming and during that time stay the proceedings.

Article 63

(Courts, administration and other institutions competences)

Courts, administrative authorities and other institutions, authorized by law to approve and supervise founding and operations of companies, issuance and trade of securities shall be required to report in writing without delay to the Company Register any findings obtained in the course of exercising the competences which challenge the completeness and accuracy of data and documents Registered in the Company Register.

VIII - MERGER, ACQUISITION, DIVISION, TRANSFORMATION AND TERMINATION OF A COMPANY

Article 64

(Definition of merger, acquisition, division and transformation of the company)

(1) Two or more companies may merge by transferring assets and liabilities without implementation of the liquidation proceedings and founding a new company which becomes their legal successor.

(2) A company may be acquired by transferring assets and liabilities without carrying out the liquidation proceedings onto another company, which becomes its legal successor.

(3) A company may be divided by transferring assets and liabilities without implementation of the liquidation proceedings onto two or more companies, which become its legal successors, with joint liability for its obligations in one of the following ways: by acquisition, whereby the company which is divided transfers the total assets and liabilities onto two or more existing companies, or, by founding of new companies, whereby the company which is divided transfers the total assets and liabilities onto two or more new companies.

(4) In cases of merger, acquisition or division, in the sense of provisions of paragraphs 1 through 3 of this Article, shareholders or owners of membership interests of the merged, acquired or divided company shall receive shares (membership interests) of the successor company, with the option of payment in cash of up to 10% total nominal value of shares (membership interests) which the successor companies issue on those grounds.

(5) Any company, excluding a general partnership and an open joint stock company, may transform. (6) Open joint stock company may be divided, in accordance with paragraph 3 of this article, by acquisition with two or more existing open joint stock companies or division into two or more existing open joint stock companies.

Article 65

(Decision on merger, acquisition, division and transformation of the company)

(1) Decision on merger, acquisition, division or transformation of the company in a limited liability partnership and a general partnership shall be made by company members, while such decision in a limited liability company and joint stock company shall be made by the company's General Meeting, in the manner determined in the articles of incorporation or the statute, in accordance with the law.

(2) In the process of merger, an equivalent decision must be made by all the companies which merge, and in the process of acquisition, an equivalent decision must be made by the company which is acquired and the company which is acquiring.

Article 66
(Reorganization plan)

(1) The decision on merger, acquisition, division or transformation of the company shall be passed on the basis of the reorganization plan, which the management and Supervisory Board or another body, authorized under the founding charter or the statute, of each participating company must prepare and notify the shareholders or the members of the company and company creditors thereof at least 30 days prior to the date of making of the decision.

(2) The company shall be required to publish the decision on intended reorganization in the media.

Article 67
(Obligatory elements of the reorganization plan)

(1) The reorganization plan must contain:

- a) form, company name and head office of the participating companies and the successor companies;
- b) ownership rights of shareholders or the members of predecessor companies within the successor company;
- c) description, assessment and distribution of assets and liabilities of the predecessor companies, which are transferred to the successor companies, with the auditor's report;
- d) date from which shareholders or members may partake in profit sharing and requirements which affect that right;
- e) date from which the transactions of the predecessor company shall be presented in accounting terms for the successor company.

(2) In the case of a division of the company, alongside the elements referred to in paragraph 1 of this Article, the reorganization plan must contain the following additional elements:

- a) rights swapping ratio;
- b) terms for allocation of shares or membership interests and the amount of cash payments;
- c) rights in successor companies which belong to the shareholders or members of the divided company which contained special rights and well as the rights of owners of other securities of the divided company; and
- d) description and allocation of assets and liabilities which are transferred onto each successor company.

Article 68
(Other mandatory content of the reorganization plan)

The reorganization plan must contain written auditor's report on accounting statements of the participating companies, which shall also include:

- a) indication of the methods used to determine the swapping ratio;
- b) auditor's opinion on whether an appropriate method has been employed, along with an indication of the values that would be arrived at using other methods and an opinion on the relative importance of each of the methods in determining the swapping ratio;
- c) description of the problems with valuation that the auditor has encountered, if any.

Article 69

(Liability of the management and other persons and auditors)

Members of the company's management and other persons who have prepared the reorganization plan and the auditors who carried out the review and expressed their opinion for the participating companies, shall be jointly and severally liable to the participating companies and their shareholders or members for damages, if they failed to act according to the rules of the profession in determining the rights swapping ratio for merger, acquisition, division or transformation of the company.

Article 70

(Copies)

Before making the decision on the reorganization plan, management of the participating company shall be required to provide to each shareholder or company member, upon his/her request, access to or copies of the reorganization plan, annual financial statements of the participating companies for the three previous years, extraordinary financial statement for the three months prior to preparation of the reorganization plan, if the data contained within it are older than six months, with reports and audit opinion.

Article 71

(Registration of reorganization into the Company Register)

Concurrently with the registration of the company created by company merger, acquisition by another company and division of the company into several new companies into the Company Register, the termination of the company that was merged, acquired or divided shall be entered into the Company Register.

Article 72

(Termination of the company)

- (1) Company shall terminate with the loss of the property of a legal person.
- (2) Company shall terminate as of the day of the registration of its termination into the Company Register.
- (3) Unless provided otherwise by this law, liquidation proceedings shall be conducted upon termination of the company.

Article 73

(Cases of Termination)

Company shall terminate in the case of: a) expiration of the period for which it has been founded; b) merger, acquisition and division; c) finalization of the bankruptcy proceedings or denial of the request for initiating the bankruptcy proceedings due to lack of assets; d) termination pursuant to the court decision; e) decision of the company General Meeting.

Article 74
(Other Cases of Termination)

(1) Company may terminate under a court decision made on the basis of the request of the competent authorities or person who proves his/her legal interest, in the event that:

- a) the highest body identified in the founding charter or statute fails to meet and fails to exercise its authorities or if the body, the prior mandate of which had expired, has not been selected for more than two years;
- b) the company has not been making revenues for more than two years;
- c) the company has had the approval for performing the activity revoked;
- d) the statutory requirements for further existence of the company in the form Registered into the Company Register do no longer exist.

(2) Before making the decision on termination of the company, court may set a deadline for removal of the causes due to which making of the decision was proposed.

Article 75
(Liquidation)

If all assets upon termination of the company have not been transferred to a legal successor, liquidation shall be carried out in accordance with a separate law, unless provided otherwise by this law.

SECTION TWO: GENERAL PARTNERSHIP

Article 76
(Definition and founding)

General partnership shall be a company consisting of at least two members who are jointly and severally liable for the company's liabilities.

Article 77
(Founding Agreement)

(1) General partnership shall be founded under a founding agreement.

(2) The founding agreement for a general partnership must contain first name, family name and the address of domicile or name and head office of the company members, company name, head office and activity of the company and rights and responsibilities of its members.

(3) Any amendments to the agreement shall be made with the consent of all the members.

Article 78
(Application for Registration)

Application for registration of a general partnership into the Company Register shall be signed by all company members.

Article 79
(Members' contributions)

- (1) Contributions of members into a general partnership may be in money, things, rights and performed services.
- (2) The value of contributions in things, rights and services shall be determined in the company's founding agreement.
- (3) Contributions of members shall be of equal value.
- (4) Each member shall pay or contribute his/her contribution within the time frame determined by the agreement, and in case the deadline was not agreed, not later than two months after the registration of the founding of the company into the Company Register.
- (5) Members' contributions shall become assets of the company.

Article 80
(Management and representation)

- (1) Each member of a general partnership shall have the right and responsibility to manage the company, in accordance with the agreement.
- (2) It may be determined in the agreement that the company shall be entirely or partially managed by one or more members for a certain period of time the company, whereby other members forfeit the right to manage to the same extent.
- (3) Member of a general partnership may transfer his/her right to manage onto the person who is not a member of the company only with the consent of other members.
- (4) If all the members or several members have the right to manage the company, each of them has the right to manage operations.
- (5) If one of the members with managing rights is opposed to undertaking a certain action or carrying out a certain transaction, other members with the rights to manage have no right to undertake the action or carry out the transaction.
- (6) If the agreement specifies that company members who are authorized to manage may only act jointly, each action and transaction may be carried out only with the consent of all authorized members.

Article 81
(Decision Making)

If the agreement specifies that a decision on certain issues must be made jointly by all of the general partnership members, such issues shall be decided upon by consent of all company members.

Article 82
(Forfeiting rights)

A member of a general partnership may forfeit his/her right to manage for a certain period of time by written statement and transfer the right of complete management to other members, with their consent.

Article 83

(Authorization for management)

(1) The authorization for management of the general partnership granted to one or more members may be revoked with the consent of all other members, unless provided otherwise by the agreement.

(2) After the authorization is revoked, until a new agreement about the authorization is reached between the members, the members shall manage the company in accordance with article 80 paragraph 1 of this law .

Article 84

(Obligations and rights of members)

(1) The member authorized to manage the general partnership shall be required to inform other members about all operations upon their request.

(2) Each company member shall have the right to access the company's business books and documents.

Article 85

(Representation)

(1) A general partnership shall be represented by each member, unless provided for otherwise by the agreement.

(2) If only some of the members are authorized to jointly or individually to represent the company under the agreement, other members may not represent the company.

(3) Members authorized to jointly represent the company, may authorize one among them in writing for executing certain operations.

(4) Each member shall be jointly and severally liable to third persons for the company liabilities, unless the third person in the course of concluding the legal business with one of the members knew that this member is not authorized to represent the company.

Article 86

(Profit and loss)

Members in a general partnership shall partake in sharing of profits and coverage of loss in equal amounts, unless provided for otherwise by the agreement.

Article 87

(Ban on competitive activities)

Members in a general partnership may perform other work and activities and thereby create liabilities with the consent of all other members, unless provided for otherwise by the agreement.

Article 88

(Extent of the members' liability)

- (1) Any person who joins a general partnership shall also be liable for company liabilities incurred prior to his/her accession.
- (2) A member who settled the liability of the company that was incurred before his/her accession, shall have the right to be compensated by other partners for the settled company liability and expenses suffered by him thereby.
- (3) A member who withdraws the company which continues with operations, shall be liable only for company liabilities incurred up until the date of registration of his withdrawal into the Company Register.

Article 89

(Withdrawal from the company and joining the company)

- (1) Any member of a general partnership may withdraw from the partnership.
- (2) The company may be joined by a new member.
- (3) Withdrawal of a member from the company and joining of a new member to the company shall be governed by agreement.
- (4) A company member may transfer his/her rights and responsibilities onto third persons only with the consent of all other company members.

Article 90

(Termination of the company)

General partnership shall terminate, in addition to the grounds and means referred to in Articles 73 and 74 of this Law in the case:

- a) in the event that one member submits notification in writing on his withdrawal and cancellation of the agreement concluded for an unlimited period, not later than six months before the end of calendar year, unless otherwise provided by the agreement;
- b) death of a member, unless the successor of the deceased becomes a new member under the agreement;
- c) termination of a legal person as a company member;
- d) bankruptcy of one of the company members;
- e) loss or limitation of legal capacity of one of the company members;
- f) court decision on termination of the company.

Article 91

(Options to amend the agreement and right to settlement)

- (1) In instances referred to in Article 90, items 1 through 5 of this law, other members in a general partnership may make changes to the agreement and continue the operations.
- (2) Member whose membership terminated or his/her successor or legal successor shall have the right to settlement of his/her contributions, which shall be calculated in the same way as the membership interest in the assets remaining after the liquidation.

Article 92

(Successors)

- (1) If the company continues to exist after the death of one of the members, his/her successor may request in writing to become his/her successor in the company, not later than 30 days from the day of coming into effect of the decision on succession.
- (2) By accepting the membership in the company, the successor shall assume all the rights and responsibilities of the deceased member as of the date of his/her death.
- (3) Successor of a deceased who did not accept membership in the company shall have the right to seek the settlement of the contribution, and in case of multiple successors, the ownership rights of the deceased member in the company assets shall be divided among the successors in the ratio determined in the last will or court decision on legal succession.
- (4) Successor who accepted company membership shall be compensated in proportion to his/her share in the succession.
- (5) Successors who accept company membership shall become members with ownership rights in proportion to their share in the inherited assets of the deceased member.

**Article 93
(Liquidation)**

- (1) In case of liquidation of a general partnership, the members shall have the right to a proportional part of the remaining company assets after the liquidation.
- (2) Company assets after the liquidation shall be divided among the members first up to the amount of their respective paid contributions, and then to equal parts.
- (3) Company assets remaining after the liquidation that is not sufficient for the repayment of paid contributions, shall be divided among members proportionately to contributions, unless provided for otherwise in the agreement.

SECTION THREE: LIMITED PARTNERSHIP

**Article 94.
(Definition and founding)**

- (1) A company in which one or more members are jointly and severally liable for the company liabilities with their entire property (general partners), and one or more members are liable for company liabilities only up to the amount of their contributions as Registered into Company Register (limited partners) shall be a limited partnership.
- (2) Provisions of this law on general partnerships shall likewise apply to a limited partnership, unless otherwise provided by other provisions of this law.
- (3) Limited partnership may be transformed into a limited partnership with shares.

**Article 95
(Founding)**

Limited partnership shall be formed by agreement, which must contain:

- a) name of the company and the head office of the company;
- b) first name, family name and the address of the domicile, or company name and head office of members;
- c) designation as to which members are general partners and which are limited partners;

- d) type and amount of contributions for each member; and
- e) activity of the limited partnership.

Article 96

(Amendments to founding agreement)

- (1) Amendments to the founding agreement of a limited liability partnership shall require consent of all members.
- (2) The agreement may determine that the transfer of ownership rights onto another person does not require consent of all members.

Article 97

(Application for registration)

The application for registration of founding of a limited liability partnership shall be signed by all members.

Article 98

(Management and Representation)

- (1) Operations of a limited partnership shall be managed by general partners.
- (2) A limited partner shall have right of access to business books and documents of the company, as well as to the annual financial statement.

Article 99

(Representation)

Each general partner shall represent the limited partnership, unless the agreement expressly provides for otherwise.

Article 100

(Limited partner)

- (1) A limited partner may represent the limited partnership only pursuant to a special authorization granted by consent of all the members.
- (2) A limited partner who concludes a contract in the name of the partnership without the authorization, shall be liable for the liabilities arising from that contract in the capacity of a general partner.

Article 101

(Profit)

- (1) Profit of limited partnership shall be divided into the part for general partners and the part for limited partners, in the proportion provided for in the agreement.
- (2) Part of the profit intended for the general partners shall be divided among them into equal parts.
- (3) Part of the profit intended for the limited partners shall be divided among them proportionately to paid contributions, unless the agreement provides for otherwise.

Article 102
(Termination of a limited partnership)

All members of limited partnership shall have the right to a proportionate membership interest in the company assets which remain after the liquidation.

Article 103
(Remaining assets)

(1) If the assets which remain after the liquidation of the limited partnership is insufficient to repay the paid contributions, limited partners shall have the right of primacy to repayment of the contributions.

(2) The assets which remain after the repayment of contributions debt shall be divided among the company members using the profits distribution ratio.

(3) The agreement may determine a different way of distribution of the assets of limited partnership after the liquidation. Article 104 (Not termination) Limited partnership shall not terminate in case of death, loss or limitation of legal capacity, or compulsory sale and collection against the property of a limited partner.

SECTION FOUR: JOINT STOCK COMPANY

I – GENERAL PROVISIONS

Article 105
(General provisions)

(1) A joint stock company is a company whose share capital is divided into shares.

(2) Joint stock companies may be open or closed.

(3) Open joint stock companies shall be those companies whose shares have been issued by means of public offering and which meet one of the following criteria:

a) they are banks or insurance companies, or

b) they have share capital at least in the amount of 4,000,000.00 KM and at least 40 shareholders.

(4) Shares issued by means of public offering shall be deemed those shares issued in accordance with the Law on Securities Market.

(5) Open joint stock company may not limit the transfer of shares to third persons.

(6) Closed joint stock company shall become an open joint stock company after one of the criteria from paragraph 3 of this Article is met.

Article 106
(Liabilities of shareholders)

Joint stock company shall not be liable for the liabilities of its shareholders.

II - FOUNDING

Article
107 (Founders)

- (1) A joint stock company may be founded by one or more founders.
- (2) The founders must be shareholders in the joint stock company.

Article 108
(Founding and founding charter)

- (1) A joint stock company shall be formed by articles of incorporation, which must contain:
- a) first name and family name or company name, and the address of the domicile or the head office of founders;
 - b) company name and head office of the joint stock company;
 - c) activity; d) rights and responsibilities of founders;
 - e) amount of the share capital;
 - f) designation of the type, total number and nominal value of shares;
 - g) description of the rights contained within a share;
 - h) number of shares subscribed by each of the founders;
 - i) procedure and schedule of sale and the bank for payment of shares;
 - j) description and evaluation of the value of contributions in things and rights;
 - k) manner of charging the costs of founding;
 - l) consequences of failure to meet the obligations by the founders;
 - m) manner of settling disputes among the founders; and
 - n) first name and family name of the person that represents joint stock company in the founding proceedings.
- (2) The articles of incorporation must be signed by all founders or their proxies, and the signatures verified in accordance with the law.
- (3) Signatures of the proxies shall be accompanied with a certified written authorization.
- (4) In the event that a single founder is founding a joint stock company, the decision on founding of a joint stock company shall be the founding charter.

Article 109
(Purchasing of shares when founding)

In the course of founding of a joint stock company, all the shares may be purchased by the founders (hereinafter referred to as simultaneous founding), or the agreed number of shares may be purchased by founders and the remaining shares may be purchased by other persons on the basis of a public notification for subscription and payment (hereinafter referred to as successive founding), in accordance with the law that governs issuance and trade of securities.

Article 110
(Simultaneous formation)

- (1) Subscription to shares in the simultaneous founding is executed with the signing of the articles of incorporation by the founders.
- (2) Payment for the shares shall be performed pursuant to the decision of the Securities Commission in the Federation (hereinafter referred to as Commission) which determines a successful issuance of shares.
- (3) Subscription of shares shall be unconditional.

Article 111

(Successive formation)

The articles of incorporation for successive founding of a joint stock company, alongside the elements referred to in Article 108 of this Law, shall also mandatorily contain:

- a) place, time and manner of subscription of shares;
- b) place, time and manner of payment for shares;
- c) type of contribution by which the shares may be paid;
- d) procedure in case the subscribed amount exceeds the amount published in the public offer ;
- e) manner of setting of the price of shares upon completion of the subscription; and
- f) manner of convening of the founding General Meeting of the joint stock company.

Article 112

(Request for approval of the public offer)

(1) The founders shall submit to the Commission a request for approval of the public offer of shares, which they shall be required to accompany with:

- a) articles of incorporation;
- b) proposal of the joint stock company statute;
- c) proposal of the prospectus, in accordance with the law that governs issuance and sale of securities;
- d) the contract concluded between the founders and the Register of Securities in the Federation (hereinafter referred to as Register);
- e) the contract concluded between the founders and the bank on opening of a temporary account for depositing the payments for shares (hereinafter referred to as Depositor).

(2) The Commission shall issue a decision on the request referred to in paragraph 1 of this Article not later than 30 days from the day of receipt of the request.

Article 113

(Approval of the public offer)

(1) Upon receipt of the decision of the Commission on approval of the public offer of shares, the founders shall publish public notification for subscription and payment of shares, in accordance with the Law on Securities Market.

(2) The deadline for subscription of shares may not be longer than 90 days from the day of publication of the public notification.

(3) Subscription of shares shall be done by signing of the statement on subscription, in accordance with the law and regulations of the Commission.

Article 114

(Report on the total amount and number of subscribed and paid shares)

(1) The founders shall be under the obligation to publish a report on the total amount and number of subscribed and paid shares, at least in one national daily newspaper, not later than 8 days from the day of receipt of the decision of the Commission that determines that the issuance of shares was successful. (2) The report referred to in paragraph 1 of this Article must contain:

- a) first name and family name or company name and address of domicile or head office of the subscriber of shares ;
- b) class, number, and nominal value of the subscribed shares;

- c) information about the manner and schedule for payment for the subscribed shares;
- d) amount paid upon subscription of shares;
- e) list and assessed value of things and rights used to pay for the subscribed shares; and
- f) share price in the course of issuance.

Article 115

(Execution of payments)

- (1) For the executed payments for subscribed shares at the prices after the issuance, the founders shall be required to issue a temporary written certificate, which must contain class, number, nominal value and the price of the subscribed shares after the issuance.
- (2) The founders may not dispose of executed payments for shares.
- (3) Joint stock company shall dispose of money payments and contributions in things and rights after the company registration into the Company Register.
- (4) Fees and other founding costs may not be paid from the share capital.

Article 116

(Report on failed subscription)

- (1) If not all the shares referred to by article 114 paragraph 2, item 2 of this law were subscribed within the published deadline, the founders and other subscribers may subscribe to the remaining shares, not later than 15 days upon expiration of the published deadline for subscription.
- (2) If the founders and other subscribers fail to subscribe to all the shares, the founding of the joint stock company shall be deemed unsuccessful.
- (3) Under the circumstances referred to in paragraph 2 of this Article, the founders shall be bound to publish a report on unsuccessful founding of the joint stock company, including the data the on manner and schedule of reimbursement for the executed payments, in the manner of publishing the prospectus, not later than 15 days from the expiration of the deadline referred to in paragraph 1 of this Article.

Article 117

(Founding General Meeting)

- (1) The founders shall be required to convene the founding General Meeting not later than 60 days from the date of receipt of the decision of Commission which determines that the issuance of shares succeeded. (2) The founding General Meeting shall be convened by means of written invitation to each party subscribed to the shares in accordance with this law.
- (3) If the founding General Meeting is not convened within the deadline referred to in paragraph 1 of this Article, the subscription of shares shall become null and it shall be deemed that the joint stock company was not formed.
- (4) Under the circumstances referred to in paragraph 3 of this article, the founders shall be required to publish the report in accordance with Article 116, paragraph 3 of this law.

Article 118

(Other options and obligations of the founding general meeting)

(1) The founding General Meeting may make decisions if attended by, in person or through proxies, shareholders with more than half of the total number of voting shares.

(2) The founding General Meeting shall be opened and chaired until the time of the election of the General Meeting chairperson by the founder with the highest number of subscribed shares.

(3) If the quorum for decision making referred to in paragraph 1 of this Article is not reached after 60 minutes from the announced commencement time of the General Meeting, the founding General Meeting shall be postponed.

(4) The founders shall be required to reconvene the General Meeting in the manner referred to in Article 117, paragraph 2 of this Law within 3 days.

(5) In case of reconvening, the founding General Meeting may make decisions if more than one third of the total number of voting shares is represented.

Article 119

(Competences of the Founding General Meeting)

The founding General Meeting shall:

- a) adopt the report on founding;
- b) adopt the statute;
- c) elect the chairperson of the General Meeting;
- d) appoint members of Supervisory Board; and
- e) confirm the value of contributions in things and rights and determine number of shares issued on such basis.

Article 120

(Report on Founding)

The report on founding of a joint stock company must contain:

- a) number of subscribed shares;
- b) nominal value and price at which the shares have been subscribed;
- c) payments for subscribed shares done before the founding General Meeting;
- d) inventory and estimated value of each contribution in things and rights;
- e) data on subscribers excluded in accordance with Article 139 of this law.

Article 121

(Statute)

The statute of a joint stock company must contain:

- a) company name, head office and activity;
- b) amount of share capital, class, number and nominal value of shares;
- c) procedure in case of failure to pay for subscribed shares;
- d) manner of increasing and decreasing of the share capital;
- e) manner of formation and use of the reserve fund;
- f) manner of sharing of profit and payment of dividend;
- g) manner of loss coverage;
- h) number of votes by class of shares;
- i) manner of convening the General Meeting and decision making, composition and competencies of the board;

- j) composition, manner of appointment and dismissal, and authorities of the Supervisory Board and management of the company;
- k) procedure of acquisition, merger, division and transformation of the company;
- l) termination of company;
- m) procedure for amendments of the statute; and
- n) other elements prescribed by this law.

Article 122

(Registration into the Register of Issuers)

- (1) After the founding General Meeting has been held, in case of simultaneous or successive founding, management of the joint stock company shall be required to submit a request for registration into the Register of Issuers of securities at the Commission (hereinafter referred to as Register of Issuers) not later than 15 days from the day of the held founding General Meeting.
- (2) The request referred to in paragraph 1 of this Article shall be accompanied with:
- a) minutes from the founding General Meeting;
 - b) proof of payment of the full amount of the subscribed shares at the prices after the issuance;
 - c) decision on adoption of the statute, the statute and
 - d) decisions on selection of members in the Supervisory Board and management.
- (3) The information Registered into the Register of Issues shall be deemed publicly available.

Article 123

(Invalid shares)

- (1) The founders shall pronounce invalid those shares for which the payments due were not executed and which were have not been taken over and paid for by the founders or other subscribers before registration into the Register of Issuers.
- (2) The founders shall inform the Commission in writing on proclamation of the shares invalid in case referred to in paragraph 1 of this Article.

Article 124

(Application for registration)

Management of the joint stock company shall submit an application for registration of the joint stock company into the Company Register pursuant to the decision of the Commission on registration into the Register of Issuers.

III – SHARE CAPITAL

Article 125

(Share capital during foundation)

- (1) Share capital of a joint stock company shall be no less than 50.000 (fifty thousand) KM.
- (2) Nominal value of a single share may not be less than 1 (one) KM.

Article 126

(Total contributions)

If the share capital in the course of establishment of a joint stock company, in addition to contributions in money, is secured by contributions in things and rights, the total contributions in money may not be any less than the amount referred to in article 125, paragraph 1 of this law.

Article 127
(Successive founding)

(1) In case of successive founding, after the subscription of shares up to the amount of share capital contained in the public announcement for subscription and payment of shares, the founders shall refuse further subscription of shares if so determined under the articles of incorporation.

(2) As of the day of the decision referred to paragraph 1 of this Article, the founders shall have jointly and severally liability for reimbursement of funds paid over the amount of the share capital, with an interest calculated at the interest rate for sight deposits with the bank where payment of shares was executed.

Article 128
(Share Price)

(1) Share price in the course of the issuance may not be less than its nominal value.

(2) The difference in price in the course of the issuance above its nominal value shall constitute a share premium.

Article 129
(Increase of share capital)

(1) Increase of share capital shall be made pursuant to the decision which, upon proposal of the Supervisory Board, shall be adopted by the joint stock company's General Meeting by two-thirds majority of the represented voting shares, by each class of shares.

(2) Company share capital may be exceptionally increased by the amount of investment under a concluded sale and purchase agreement in the process of privatization, after the buyer performs all the obligations assumed in the agreement, in accordance with the provisions of this law and the Law on Securities Market.

Article 130
(Other options to increase share capital)

(1) Supervisory Board of the joint stock company may be authorized by statute or decision of the General Meeting to decide upon increase of share capital, namely:

- a) by issuance of new shares;
- b) from the reserve fund above the amount referred to in article 180, paragraph 3 of this law;
- c) by issuance of employee shares from profit;
- d) by transforming the creditors' claims into share capital of the debtor in accordance with the Law on Financial Consolidation of Companies.

(2) In the instances referred to in paragraph 1, items 1 and 2 of this Article, the increase of share capital may not exceed one third of the amount of share capital on the day of the decision.

(3) The authorization from the statute or decision of the General Meeting referred to in paragraph 1 of this article shall be valid no longer than five years and must contain the manner in which the things and rights that are contributed to pay for new shares are estimated.

Article 131
(Content of decisions)

Proposal of the decision referred to in article 129 and the decision referred to in article 130 of this law on the increase of share capital of the joint stock company must contain:

- a) reasons, volume and manner of increase;
- b) new nominal value of shares after the increase of share capital; c) class, number and nominal value of shares of the new issuance;
- d) deadline for subscription and price of shares in the course of the issuance or manner in which it is determined;
- e) description of the rights contained in the shares of the new issuance and consequences upon the rights contained in the shares of previous issuances;
- f) limitation or exclusion of the pre-emptive right to the shares in the new issuance; and
- g) options for payment of shares of the new issuance by contributing things and rights and the manner in which their value is estimated.

Article 132
(Decision on registration into the Register of Issuers)

- (1) Increase and decrease of the share capital shall be Registered in the Register of Issuers.
- (2) The decision on registration into the Register of Issuers shall be issued within 30 days from the date of filling of a proper request.
- (3) Increase and decrease of the share capital shall become legally valid upon registration of such change into the Register of Issuers.

Article 133
(Payment of shares)

- (1) Payment of shares of the new issuance in money may be done in installments, within a deadline not longer than six months from the day of adoption of the decision of the Commission on successful issuance of shares.
- (2) Paid installments shall first be used to settle the share premium for all the subscribed shares, and then the nominal value of individual shares.
- (3) Payment of shares may not be done by offsetting of claims towards the joint stock company.
- (4) Joint stock company may not give loans, credits or collaterals for acquisition of own shares.
- (5) In the procedure of restructuring or financial consolidation of a company, the shares from new issuance may also be paid for otherwise, if so prescribed in a separate law.

Article 134
(Release from the obligation of payment)

A subscriber may be released from the obligation to pay for the subscribed shares only in case of the decrease of company share capital before expiration of the deadline for payment of shares in installments, in proportion to the decrease. Article 135 (Interim certificate) For payments of

the nominal value of shares and share premium, the joint stock company shall issue a written interim share certificate (hereinafter referred to as interim certificate) which shall be valid until payment of share and it must contain:

- a) designation "interim certificate";
- b) company name and address of the head office of the joint stock company;
- c) amount of share capital; d) first name and family name or company name of the owner of the interim certificate;
- e) class and number of shares for which the interim certificate was issued;
- f) number and nominal value of the subscribed shares which were not paid in full;
- g) paid amount of the share price in the course of the issuance;
- h) deadline for payment of the full amount of the subscribed shares; and
- i) date of issuance of the interim certificate, with signature of the authorized person.

Article 136

(Transfer of interim certificate)

Transfer of the interim certificate shall be made by endorsement.

Article 137

(Exclusion)

(1) Supervisory Board shall make a decision on exclusion from the joint stock company of share subscriber who fails to pay the full price of shares in the course of the issuance within the deadline determined in the decision on issuance, which the company is required to immediately enter into the shareholder Register, publicly disclose and deliver by Registered mail to the subscriber.

(2) Subscriber of shares referred to in paragraph 1 of this Article shall return the interim certificate to the joint stock company, not later than 30 days from the day of the decision on exclusion from the joint stock company, and otherwise the Supervisory Board shall declare and publish its nullity in the manner used for convening the General Meeting determined by this law and the statute of the joint stock company.

Article 138

(New Interim Certificate)

(1) Supervisory Board shall issue a new interim certificate or issue shares to another person instead of the interim certificate that was declared null, in accordance with the decision of the General Meeting of the joint stock company.

(2) Revenues from new interim certificates and shares referred to in paragraph 1 of this article shall serve to settle the share premium, interests on late payments and expenses of publication of the decision and notifying the excluded shareholder, while the rest shall be paid to the excluded shareholder, up to the amount of payments made for the nominal value of shares.

Article 139

(Issuance of new shares)

(1) Share capital may be increased by issuance of new shares only if the shares from previous issuances have been paid in full.

(2) The provision of paragraph 1 of this Article shall not apply if the shares of the new issuance are paid for exclusively by contribution of things and rights into the joint stock company.

Article 140

(Decision on increase of share capital)

The decision on increase of share capital by issuance of new shares must contain:

- a) amount of increase of share capital;
- b) option for subscription of shares and manner of determining the amount subscribed above the increase of share capital defined by decision;
- c) class, number and nominal value of shares;
- d) rights contained in the share of the new class in case of issuance of shares of new class;
- e) place and deadline for subscription to shares;
- f) pre-emptive right, manner, place and deadline of subscription to shares based on that right ;
- g) price or manner of determining the share price in the course of the issuance which must be equal for all the subscribers;
- h) name of the depository bank in which the subscriber pays for the shares;
- i) in case of issuance by means of closed sale which foresees payment for the shares by transfer of things and rights, the description, manner of estimate and estimated value of things and rights used to pay for the shares, and the place, manner and deadline for turnover of things and transfer of rights used to pay for the shares.

Article 141

(Public Offer)

- (1) Increase of share capital by issuance of new shares shall be conducted through public offer, unless otherwise provided by the decision.
- (2) Joint stock company shall submit request for approval of the public offer of shares to the Commission in accordance with the law which regulates the securities market.
- (3) Subscription to shares of the new issuance shall be conducted pursuant to the decision of the Commission on approval of the public offer of shares and the published public call for subscription and payment of shares, or the report on the closed sale, in accordance with the provisions of this law and the law that governs issuance and trade of securities.

Article 142

(Payment of the shares of new issuance)

Payment of the shares of the new issuance shall be made within the deadlines determined in the decision, provided that the full amount of share premium and at least 30% of the nominal value of shares must be paid and items and rights used to pay for the shares must be contributed to the company in full before the registration of the increase of share capital into the Register of Issuers.

Article 143

(Dividends)

Right to a dividend on the basis of new shares shall be acquired for a year in which the share capital was increased, unless the statute of the joint stock company provides otherwise or the date of payment of dividend is determined in advance.

Article 144

(Increase of nominal value of shares)

- (1) Increase of share capital by increase of the nominal value of issued shares may be done only at the expense of the reserve fund, and only for the amount above the compulsory level of the reserve fund determined by provisions of this law.
- (2) Costs of the increase of the nominal value of shares shall be borne by the shareholders.

Article 145

(Free new shares)

- (1) Instead of increasing the nominal value of existing shares, joint stock company may issue free new shares.
- (2) Free shares shall contain the rights contained within ordinary shares.

Article 146

(Reporting of increase of the nominal value)

Joint stock company shall report the increase of the nominal value of shares and the issuance of free shares to the Register without delays, and not later than 3 days from the date of receiving the decisions from the Committee.

Article 147

(Conditional increase of share capital)

- (1) The General Meeting of the joint stock company shall make the decision on conditional increase of share capital in the case of:
 - a) issuance of convertible bonds and bonds with the pre-emptive right, to the extent of the rights which arise from these bonds;
 - b) merger and acquisition of a number of joint stock companies; and
 - c) subscription of new shares by the employees, in accordance with the plan for distribution of profits of the joint stock company.
- (2) Conditional increase of share capital may exceed 50% of the amount of the share capital entered into Register of Issuers on the day of making of the decision referred to in paragraph 1 of this Article only if such a decision was made by a two-thirds majority of the total number of represented voting shares, by each class of shares.

Article 148

(Decision on conditional increase)

- (1) The decision referred to in Article 147, paragraph 1 of this law must contain:
 - a) amount and reasons for conditional increase of the share capital;
 - b) designation that the increase is conditional on the basis of the right to exchange or the pre-emptive right, or subscription to shares by employees;

c) class, number, and nominal value of shares that can be issued on the basis of conditional increase of share capital.

(2) The decision on conditional increase of share capital shall determine the deadline for issuance of new shares on that basis, which may not be longer than five years from the day of making of the decision.

Article 149

(Request for approval of conditional increase)

(1) Joint stock company shall submit the request for approval of conditional increase of the share capital to the Commission not later than 30 days from the day of making of the decision referred to in article 147, paragraph 1 of this law.

(2) Subscription to convertible bonds and bonds with the pre-emptive right may be conducted after the receipt of the decision of the Commission and publication of the public call for subscription and payment.

Article 150

(Right to swap and pre-emptive right)

(1) The right to swap shall be exercised by written request to the joint stock company for swapping of bonds into shares.

(2) The pre-emptive right shall be realized by subscription to shares.

(3) Subscription to shares on the basis of the pre-emptive right shall be done in accordance with the provisions of Articles 139 through 142 of this law.

Article 151

(Request to enter implemented increase of capital)

Upon expiration of the deadline referred to in article 148, paragraph 2 of this law, the competent board shall submit the request for registration of the realized increase of share capital into the Register of Issuers.

Article 152

(Increase from own funds)

After the adoption of annual financial statement with a verified audit report, and the performed mandatory allocation into the reserve fund, the General Meeting may make a decision to use a portion of the profits to increase share capital.

Article 153

(Increase from the part of profit)

The decision referred to in article 152 of this law must contain the amount of increase of share capital and designation whether the increase is made through increase of nominal value of shares or issuance of new shares.

Article 154

(Increase from reserve fund)

- (1) Increase of share capital from own funds may be performed only from the reserve fund, in the amount above the mandatory level of reserve fund specified in the provisions of this law.
- (2) Portion of the reserve fund intended for compensation of loss may not be used for increase of share capital of the joint stock company from own funds.

Article 155
(Allocation of increased capital)

Increase of share capital from own funds shall be distributed across all shares in proportion to their nominal value.

Article 156
(Change of the nominal value)

Change of the nominal value of shares shall be Registered into the Register, on the basis of the application of the joint stock company and excerpt from the Register of Issuers.

Article 157
(Integrated increase)

- (1) In the course of the increase of share capital, the joint stock company shall pay from its own sources the portion of the price of shares after the issuance in case the shares which trade on the stock exchange or another regulated public market on the day after the decision is made have a price that is lower than the nominal value, or the increase of the share capital shall be done by subscription to shares by employees.
- (2) In the instance referred to in paragraph 1 of this article, payment of shares shall be made exclusively in money.

Article 158
(Decision on the increase)

The decision on the increase of share capital in accordance with Article 157 of this law must contain:

- a) amount of increase of the share capital;
- b) class, number and nominal value of shares;
- c) information referred to in Article 140 of this law;
- d) manner of sale of shares which have not been subscribed to based on the preemptive right;
- e) place and deadline for subscription to shares for shareholders without the preemptive right, share price in the course of the issuance or the manner in which it is determined;
- f) name of the bank at which the subscriber pays for shares after the issuance;
- g) description of the rights contained in the shares of the new class;
- h) option for subscription of shares above the amount defined in the decision on integrated increase;
- i) portion of the share price in the course of issuance which is paid by the company and the source of funds.

Article 159
(Subscribers)

Subscribers to shares issued on the basis of the integrated increase shall pay at least 50% of the share price before the registration of increase of share capital into the Register of Issuers.

Article 160
(Implementation on integrated increase)

Provisions of Article 139 paragraph 1, Article 140 paragraph 1, Article 152 and Article 154, paragraph 2 of this law shall apply to an integrated increase of share capital.

Article 161
(Decrease of share capital)

- (1) Decrease of share capital shall be carried out pursuant to the decision of the General Meeting made by two-thirds majority of the represented voting shares.
- (2) Decision on the decrease of share capital shall be made by separate voting for each class of shares and shall be published in at least one national daily newspaper, on two occasions within 30 days from the day on which it was made.
- (3) Share capital may not be decreased below the amount specified in Article 127, paragraph 1 of this law. (4) Decrease of share capital may not affect the meeting of obligations towards creditors of the joint stock company.

Article 162
(Decision on decrease of share capital)

- (1) The decision referred to in article 161 of this law must contain:
 - a) amount and reason for decrease of share capital;
 - b) manner of the decrease of the share capital; and
 - c) manner of cancellation of shares, price of the cancelled share or the manner in which it is determined.
- (2) Decrease of share capital by cancellation of shares may be conducted only if the option for cancellation is foreseen in the statute of joint stock company or the decision on the issuance of shares.
- (3) Cancellation of shares is carried out by purchase at a stock market or other regulated public market or by offer to shareholders, in accordance with the statute and the decision of the General Meeting on the decrease of share capital.

Article 163
(Request for decrease of share capital)

- (1) Joint stock company shall submit a request to the Commission for approval of the decrease of share capital, not later than 30 days from the day of making of the decision referred to in Article 161, paragraph 1 of this law.
- (2) The Commission shall make the decision about the request and Register the decrease of share capital into the Register of Issuers not later than 30 days from the day of submitting of the request referred to in paragraph 1 of this article, except in the instance referred to in Article 170 of this law.

(3) Joint stock company may not make payments based on the decrease of share capital or abandon the issuance of shares whose nominal value has not been paid fully before the registration of the decrease of share capital into the Register of Issuers.

Article 164

(Joint stock company and creditors)

(1) Joint stock company shall inform creditors on the decrease of share capital within 30 days from the day of registration of the decision into the Register of Issuers, in person or by means of mass media.

(2) Creditors may request collateralization of claims within 90 days from the day of the receipt of information referred to in paragraph 1 of this article or within 90 days from the day of second publication of the decision referred to in Article 161, paragraph 1 of this law.

(3) If the creditors and the joint stock company fail to reach an agreement on collateralization of claims, the creditors may initiate proceedings before the court.

Article 165

(Decrease of share capital and audit reports)

The provisions of Article 164 of this law shall not apply if:

a) company submits auditor's report with evidence which determines that the company has no creditors to the Commission;

b) decrease of share capital is conducted to compensate for loss; or

c) not more than 10% of the share capital is transferred into reserve fund for coverage of future losses. (2) The auditor who states incomplete or inaccurate data in the report referred to in paragraph 1 of this article shall be liable to the creditors for the liabilities of the joint stock company with the balance as of the day of submitting of the report and up to the amount of the decrease of share capital determined in the decision of the General Meeting.

(3) Joint stock company may not repurchase shares in case of the decrease of share capital in accordance with paragraph 1, items 2 and 3 of this Article.

Article 166

(Request to subscription into the Register of Issuers)

(1) Upon expiration of the deadline referred to in Article 163, paragraph 2 of this law, the joint stock company shall submit a request for registration into Register of Issuers to the Commission.

(2) The Commission shall Register the decrease of share capital into the Register of issuer only if the decision of the General Meeting on the decrease of share capital was published in accordance with Article 161, paragraph 1 of this law and if the company submits auditor's report referred to in Article 173 of this law or evidence on agreement with creditors on collateralization of their claims.

Article 167

(Procedure to decrease share capital)

(1) Decrease of share capital shall be carried out, in the first place, by cancellation of own shares held by the company on the day of making of the decision, and, then, by abandoning the issuance

of shares that have not been paid in full up until the day of making of the decision on the decrease of share capital.

(2) If the possibilities to decrease share capital in accordance with paragraph 1 of this Article are not in place or if their use does not achieve the amount of the decrease of share capital determined in the decision, the decrease of share capital up to the total amount determined in the decision shall be performed by decreasing the nominal value of share held by shareholders, down to the lowest amount determined in Article 125, paragraph 2 of this Law, or by repurchase and cancellation of shares held by shareholders.

Article 168

(Decrease by reducing the nominal value)

The decrease of share capital by decreasing the nominal value of shares shall apply to all the shares.

Article 169

(Suspension on trade)

Joint stock company shall report registration of suspension on trade of shares that are subject to cancellation to the Register immediately upon issuing such decision and not later than 3 days.

Article 170

(Cancellation of shares)

(1) Cancellation of shares must be completed not later than 10 days from the day of submitting the application referred to in article 169 of this law.

(2) Joint stock company shall pay for the cancelled shares not later than 90 days from the day of registration of the decrease of share capital into the Register of Issuers.

Article 171

(Results of cancellation)

Joint stock company shall inform the Commission in writing on the results of the cancellation of shares, within 8 days from the completion of the cancellation.

Article 172

(Recall of cancelled shares)

(1) Joint stock company shall, immediately after the registration of decrease of share capital into the Register of issuers at the Commission, submit an application to the Register for recall of the cancelled shares and recall of the suspension on trade of shares which have not been repurchased.

(2) The application referred to in paragraph 1 of this article shall be accompanied with an excerpt from the Register of Issuers on the registration of the decrease of share capital.

Article 173

(Decrease of share capital by cancelling shares)

Decrease of share capital by cancellation of shares may be conducted on the basis of the public offer to the shareholders for repurchase of shares, in accordance with the provisions of the law which governs the issuance and trade of securities and the statute of the joint stock company.

Article 174
(Public Offer)

The public offer referred to in Article 173 of this law must contain a designation as to whether all of the offered shares are being repurchased or up to a certain amount, and whether the shareholders cover the expenses of the cancellation. Article 175 (Obligation of General Meeting of the Joint stock Company) If the sum of nominal value of shares referred to in Article 174 of this law does not reach the amount of the decrease of the share capital determined by decision of the General Meeting of the joint stock company, the General Meeting of the joint stock company shall issue a decision by which it shall determine a decrease of the share capital in the amount of repurchased shares.

Article 176
(Results of cancelling shares)

Joint stock company shall inform the Commission in writing about the results of the cancellation of shares on the basis of the public offer, not later than eight days from the completion of the cancellation. (2) Joint stock company shall submit an application to the Register for recall of the cancelled shares immediately upon the registration of the decrease of share capital with the Commission.

Article 177
(Other types of decrease)

The decrease of share capital may be carried out by abandoning issuance of shares, up to the amount of nominal value of shares that has not been paid.

Article 178
(Concurrent increase and decrease of the Share capital)

The General Meeting of the joint stock company may adopt a decision on the increase simultaneously with a decision on the decrease of share capital, if the share capital is being decreased by abandoning the issuance of shares that have not been paid and for compensation of loss or transfer of share capital into reserve fund for coverage of future losses.

Article 179
(Option to increase share capital)

The company may increase share capital pursuant to the decision of the General Meeting referred to in article 178 of this law only upon completed registration of the decrease of share capital into the Register of Issuers.

Article 180
(Reserve Fund)

(1) Joint stock company must have a reserve fund.

(2) The reserve fund shall be created from profit and other sources, in accordance with this law and other regulations.

(3) The reserve fund shall amount to at least 25% of share capital of the joint stock company.

(4) Payments resulting from swapping of ordinary for priority shares referred to in Article 190, paragraph 2 of this law and from the difference from the nominal value up to the price of shares referred to in articles 192 and 193 of this law must be allocated to the reserve fund regardless of its level.

Article 181 (Allocation)

(1) At least 10% of the annual amount of net profit shall be allocated into the reserve fund until the reserve fund reaches amount referred to in Article 180, paragraph 3 of this law.

(2) If the reserve fund fails to reach the level referred to in article 180, paragraph 3 of this law with the allocations referred to in paragraph 1 of this article until the end of fifth business year, after the annual financial statement for the fifth and consecutive business years the joint stock company shall increase the allocations for these purposes to 20% of the annual amount of net profit, until the reserve fund reaches the level referred to in article 180 paragraph 3. of this law.

Article 182 (Usage of Reserve Funds)

(1) The reserve fund shall be used to cover losses and other unforeseen expenses in operations of the joint stock company.

(2) In case of the decrease of value of the reserve fund below 25% of the amount of share capital, the joint stock company shall make allocations in accordance with the provisions of article 181, paragraph 2 of this law.

(3) The reserve fund above the amount determined in article 180, paragraph 3 of this law, may also be used for:

- a) supplement to the dividends, up to 5% of the share capital;
- b) increase of nominal value of the shares in accordance with article 144 of this law; and
- c) issuance of free shares in case referred to in article 145 of this law.

Article 183 (Presentation of value)

Any joint stock company which presented the securities in its assets in the semiannual or annual financial statement in the value higher than in the previous report, shall present such difference as a special reserve for coverage of future differences in the exchange rate of securities.

Article 184 (Reserves)

(1) Joint stock company may also allocate special reserves for the needs of employees which shall be placed on a separate account.

(2) The manner of allocation and use of the reserves referred to in paragraph 1 of this Article shall be determined in the statute of the joint stock company.

(3) Employees may also participate in management of these reserves, in the manner and under the terms determined in the statute or decision of the General Meeting of the joint stock company.

Article 185

(Loss)

(1) In the event that the joint stock company in its semi-annual or annual financial statement presents a loss in amount which exceeds the sum of the third of share capital and the reserve fund referred to in Article 180 of this law, or in the event that circumstances arise which indicate that the value of the assets of the joint stock company is below or could be below the amount of liabilities by the end of the year, the Supervisory Board shall convene the General Meeting of the joint stock company.

(2) The General Meeting shall adopt a decision on continuation of operations, termination or liquidation of the joint stock company on the basis of the report of the Supervisory Board, which includes the balance sheet and the income statement with auditor's report,.

IV - SHARES AND SHAREHOLDERS

Article 186

(Shares)

(1) Shares of the joint stock company shall be dematerialized, non-divisible, and shall be payable on name. (2) Shares shall be transferable without limitations, except in the instances determined by statute of joint stock company in accordance with law.

(3) Individual share shall contain rights to participation in:

a) management of the joint stock company;

b) distribution of profits; c) division of assets which remain after bankruptcy or liquidation of joint stock company.

Article 187

(Share classes)

(1) A joint stock company may issue shares of different classes.

(2) All shares of the same class shall have the same nominal value and contain equal rights.

(3) All shares, except for ordinary shares, shall contain designation of class.

Article 188

(Concluding the contract with the Register)

(1) Joint stock company shall, in accordance with separate law and regulation of the Commission, conclude an agreement with the Register and submit the data on shares and shareholders to the Register, within 30 days of the date of registration into the Register of Issuers.

(2) The Register shall establish a list of shareholders and Register changes of ownership of shares of the joint stock company (hereinafter referred to as List of shareholders).

Article 189
(Shareholder)

- (1) Shareholder shall have right to participate in the proceedings and decision making of the General Meeting of the joint stock company.
- (2) Shareholder shall have the right to one vote per each ordinary share.
- (3) Company may not issue shares which grant the right to more than one vote per single share.
- (4) Shareholder may not vote on decisions that concern his/her actions, liability and claims of the joint stock company against him/her.

Article 190
(Shareholders' obligation)

- (1) Shareholder must pay the share price in the course of the issuance, in the amount and within the deadline determined under the decision on issuance.
- (2) Joint stock company may request extra payment for an ordinary share in the course of its conversion into a priority share, in accordance with the decision on conversion.

Article 191
(Interim certificates)

- (1) Management of the joint stock company shall invite those shareholders that fail to fulfill the obligation of payment of share price in the course of issuance, to return the interim certificates without the right to substitute them for shares, in the manner and within the deadline determined in the decision of the General Meeting on abandoning issuance of shares.
- (2) Joint stock company shall reimburse the owners of interim certificates for the paid portion of the share price in the course of the issuance, reduced by the claims of the joint stock company, not later than eight days after the day of registration of share capital into the Register of Issuers.
- (3) The invitation referred to in paragraph 1 of this Article must contain a warning that in the case of failure to fulfill the obligations of the shareholder and the owner of interim certificates, their respective shares and interim certificates shall be publicly declared null.
- (4) Joint stock company shall publicly declare shares and interim certificates null not later than 15 days from the day of expiration of the published deadline referred to in paragraph 1 of this Article and it shall inform the shareholders and owners of interim certificates, in the manner and within the deadline determined in the decision of the General Meeting.

Article 192
(Trade of Interim Certificates)

- (1) Sale of shares and interim certificates which are issued instead of the nullified ones shall be performed by a professional intermediary in trade of securities, authorized by the Supervisory Board.
- (2) Joint stock company shall publish the place and manner of sale of shares and interim certificates referred to in paragraph 1 of this Article at least 14 days prior to the day of sale and inform the shareholders and owners of interim certificates referred to in article 191 of this law about this in writing. (3) The expenses incurred by the sale shall be covered by those shareholders and owners whose shares and interim certificates were declared null by the Supervisory Board.

Article 193
(Payment of liabilities)

Revenues realized by sale of shares and interim certificates which are issued instead of the nullified shares and interim certificates shall be used to pay for the liabilities, reduced by the claims of the joint stock company, towards the shareholders and owners of interim certificates referred to in Article 191 of this Law.

Article 194
(Shareholders and interim certificates)

Shareholders and owners of interim certificates referred to in Article 191 of this Law shall have the right to request the company to pay the paid amounts for shares and obligations from interim certificates, even if the joint stock company does not issue new shares and interim certificates.

Article 195
(Shareholders and dividends)

- (1) Shareholder shall have the right to participate in the profits of joint stock company, by collecting the dividend or acquisition of new shares, in accordance with the law and statute.
- (2) Dividend shall be paid in proportion to the nominal value of shares, and for the shares that were not paid for in full, in proportion with the payments already made and time period from the day of payment until the end of the business year for which the dividend is being paid for.
- (3) Dividend shall be paid to any shareholder who was on the list of shareholders on the day of making of the decision on payment of dividend.
- (4) Decision on payment of dividend shall specify the amount of profits for the payment of dividend, amount per each share and the deadline for payment, whereby the deadline for payment must be equal for all shareholders.
- (5) Calculation and payment of the divided shall be done through the Register.

Article 196
(Decision on payment of dividends)

- (1) The General Meeting of the joint stock company may make decision on payment of dividend in the event that the joint stock company is capable of executing operating liabilities and in the event that the market value of the assets is at least equal to the amount of total annual liabilities of the joint stock company.
- (2) Joint stock company must pay the dividend on the basis of priority shares even if the total amount of profits and part of the reserve fund above the compulsory amount referred to in Article 180, paragraph 3 of this Law is sufficient only for payment of that dividend.
- (3) The General Meeting of joint stock company may make decision not to pay dividend, by which it shall simultaneously determine the purpose of use of profits which belong to the shareholders.

Article 197
(Shareholders' rights)

- (1) Rights of shareholders based on the shares of new class shall be determined in the decision on issuance, in accordance with the law.

(2) The rights contained within a share shall be exercised by the person entered into the Register or a person authorized by him/her.

Article 198
(Inheritance)

A shareholder who has acquired shares by inheritance shall take over the rights of his/her predecessor in continuity.

Article 199
(Transfer of shares)

Shareholder shall have right to sell or transfer his/her shares upon other grounds to another person. (2) Sale or transfer of shares upon other grounds, excluding succession, may be ruled out for a certain time period or otherwise restricted by means of the decision on issuance of shares through closed sale, which in that regard produces effects towards all buyers of such shares, and the agreement concluded between the shareholders, which is binding only for its signatories.

Article 200
(Transactions within the Joint stock company)

In the event that the chairperson or member of Supervisory Board, director or another member of management is a buyer of shares in the new issuance of the joint stock company in the volume higher than 5% of the total number of voting shares, this shall be deemed a transaction within the joint stock company which has to be announced in accordance with the requirements of the Commission.

Article 201
(Pre-emptive right)

(1) In the course of a new issuance of shares, the existing shareholders shall have the right to buy new shares, within 30 days from the expiration of the deadline for registration of the new shares, in such volume as will retain their share in the share capital which they had before the new issuance.

(2) The decision on issuance, public call for registration of new shares which are issued by means of public offer, as well as the offer of purchase of shares through closed sale, must contain the designation on whether the right of the existing shareholders to buy new shares in order to retain their proportionate interest in the share capital in accordance with paragraph 1 of this article is maintained, limited or excluded.

Article 202
(New shares)

(1) Determination of the number of new shares by purchase of which the existing shareholders retain the share in the share capital of the joint stock company shall be conducted simultaneously for all the shareholders who use this right, not later than 15 days upon expiration of the deadline for subscription to the new shares.

(2) Right of pre-emptive purchase of shares shall not be transferable.

(3) In exercising the right referred to in Article 201 of this Law, the shareholders may conclude a written agreement on purchase of shares in the new issuance, which shall contain the number of

shares subscribed to by each signatory to the agreement and replace the individual statements on registration and the list of subscribers.

Article 203

(Exclusion or limitation of pre-emptive right)

Right of pre-emptive purchase of shares in a single issuance may be excluded or restricted by decision of the General Meeting of the joint stock company, which is made by simple majority of votes of the total number of shares with voting right.

Article 204

(Right of Access to Documents)

(1) Shareholders and their proxies shall have the right of access to the following documents:

- a) articles of incorporation and statute, with all amendments;
- b) balance sheets, income statements and other documents which the company is required to deliver to the General Meeting or to institutions external to the joint stock company;
- c) minutes of the General Meeting and Audit Board;
- d) list of persons authorized to represent the joint stock company; and
- e) list of members of the Supervisory Board and management, with information about the address, date of election or appointment and the period for which he/she had been elected or appointed, and about the functions which they perform in other legal entities.

(2) Request of shareholders for access to documents referred to in paragraph 1 of this Article shall be fulfilled without delay during working hours at the premises of the joint stock company.

(3) Shareholder shall keep the information and documents on business operations which are designated as confidential as business secret.

Article 205

(Employee shares)

(1) Statute of the joint stock company may determine the possibility of issuance of a special class of employee shares, by decision of the General Meeting referred to in Article 129 or decision of the Supervisory Board referred to in Article 130 of this Law, adopted pursuant to and within the frame of the General Meeting decision referred to in Article 129 of this Law by which the distribution of profits for that purpose is performed.

(2) The sum of the nominal values of all employee shares may not exceed 5% of the share capital of the joint stock company.

(3) Employee shares shall contain the same rights as ordinary shares, except in the instances determined by this law.

Article 206

(Conditions and options to gain, transfer and purchase shares)

(1) Employee shares may be transferred only to other employees of the joint stock company.

(2) The rights contained within employee shares shall terminate on the day of death or termination of employment with the issuer.

(3) Company must purchase employee shares, paying a fair market value on the day of termination of employment.

(4) Requirements and manner of acquisition, transfer and purchase of employee shares shall be governed in detail by the joint stock company statute.

Article 207
(Priority shares)

(1) Joint stock company may issue shares which contain the right of priority collection of dividend and a proportionate part of assets after the liquidation of the joint stock company, with limited voting rights (hereinafter referred to as priority shares).

(2) Voting rights on the basis of priority shares may not be limited in cases of separate voting for each class of shares.

(3) Nominal value of priority shares may not exceed 50% of share capital of the joint stock company. Article 208 (Priority shares rights) Priority shares shall contain the right:

a) to collect dividend for the last five years, before payment of dividend for ordinary shares;

b) to partake in the distribution of assets which remain after the liquidation of joint stock company, before the ordinary shares;

c) which belongs to shareholders with 10% of shares with voting right and for priority shares which make up for 5% of all shares with voting right;

d) to convert into ordinary shares, if the dividend for priority shares had not been paid for two consecutive years, up until the payment of dividend in arrears.

Article 209
(Voting right)

Voting right on the grounds of priority shares may not be excluded in the course of decision making on: a) decrease of share capital;

b) merger, acquisition, division, transformation and termination of the joint stock company;

c) purchase, sale, swap, taking under lease and other transactions in cash, directly or through subsidiary companies, in the volume exceeding one third of the bookkeeping value of the total assets of the joint stock company;

d) amendments to the statute.

Article 210 (Acquiring voting rights)

(1) Priority shares shall acquire voting right as ordinary shares on the next day after the decision is made that the dividend shall not be paid, or upon expiration of the deadline for payment of dividend for the second consecutive business year for which the dividend has not been paid.

(2) The voting rights referred to in paragraph 1 of this Article shall be valid until the day of payment of dividend on the grounds of priority shares.

Article 211
(Convertible bonds and bonds with the pre-emptive right to shares)

(1) Joint stock company may, pursuant to the decision of the General Meeting, issue bonds which contain the right to swap for shares of the joint stock company (convertible bonds) or bonds that contain the pre-emptive right to shares (bonds with the pre-emptive right).

(2) Shareholders shall have the pre-emptive right to convertible bonds and bonds with the pre-emptive right to shares, in accordance with provisions of Articles 201 through 203 of this law.

Article 212

(Decision of the General Meeting for issuance of shares)

(1) The decision of the General Meeting referred to in Article 211 of this law shall be issued by two-thirds majority of the represented shares with voting right and must contain:

- a) nominal value and yield rate of the bonds;
- b) number of the bonds;
- c) manner of exercising the rights on the basis of convertible bonds and bonds with the preemptive right to shares;
- d) class, nominal value and number of shares for which the bonds may be swapped, whereby the nominal value of the shares may not be higher than a sum of prices of bonds after the issuance;
- e) price or the manner in which the price is determined after the issuance, for those shares that are to be subscribed to by exercising the pre-emptive right.

(2) The right to swapping of bonds for shares and the pre-emptive right to shares shall rest with the person who is Registered into the Register on the day on which these rights may be exercised.

Article 213

(Acquisition of own shares)

(1) Joint stock company may not, directly or indirectly, subscribe to its own shares.

(2) Joint stock company may pursuant to the decision of the General Meeting acquire its own shares whose nominal value, including the shares acquired by a person directly or indirectly controlled by the company and other person in its name and on behalf of the company, shall not exceed 10% of value of the share capital.

(3) The reserve fund referred to in article 180, paragraph 3 of this law may not be decreased by acquisition of the company's own shares referred to in paragraph 1 of this Article.

Article 214

(Decision on purchasing own shares)

The decision referred to in Article 213 of this law must contain:

- a) number of own shares which may be acquired by the joint stock company and the manner of its acquisition;
- b) deadline in which the joint stock company may acquire own shares, which may not exceed 12 months from the day of making of the decision; and
- c) price or manner of determining the price at which the company may acquire shares, if the acquisitions include payment.

Article 215

(Reasons to purchase own shares)

(1) Joint stock company may acquire own shares pursuant to a decision of the Supervisory Board only if that is necessary to prevent major damage which directly threatens the company.

(2) In the instance referred to in paragraph 1 of this Article, the Supervisory Board shall at the first upcoming session of the General Meeting inform the shareholders about the reasons for acquisition, number and nominal value of the acquired shares, their share in the share capital and the price at which the shares have been acquired.

Article 216

(Termination of the employees shares)

- (1) Joint stock company may acquire own employee shares without prior decision by the General Meeting only in case of death of the owner of these shares and termination of employment, excluding retirement.
- (2) (2) Company shall distribute the acquired employee shares whose employment terminated to other employees not later than 12 months after the acquisition.

Article 217

(Information on acquisition)

- (1) Joint stock company shall inform the Commission in writing about each acquisition of own shares, within eight days from the day of the acquisition.
- (2) Joint stock company shall, immediately upon registration of acquisition of own shares into the Register of Issuers, submit an application to the Register for recall of the acquired own shares.

Article 218

(Obligations when acquiring own shares)

- (1) Joint stock company shall act in accordance with provisions of article 217 of this law even if it acquired own shares:
 - a) as a legal successor, if it has not sold them within 12 months from the day of acquisition;
 - b) by fulfilling the responsibilities determined by law and court order for protection of minority shareholders, especially in cases of merger, acquisition and division, introduction of a limited transfer of shares and recall of shares traded in the stock exchange and other regulated public markets;
 - c) compulsory enforcement of claims of the joint stock company pursuant to a court order; and
 - d) from a subscriber who fails to fulfill the obligation of payment, if it has not sold them within 12 months from the day of acquisition.

Article 219

(Decrease of share capital and reserve funds)

Joint stock company shall decrease share capital and reserve fund by the amount of the nominal value of the acquired own shares, but not below the amount referred to in article 180, paragraph 3 of this law, within 12 months or make the decision on sale of own shares within the same deadline.

Article 220

(Acquiring of own shares through other persons)

If the joint stock company acquires own shares through another person acting in his/her name and on behalf of the joint stock company, the joint stock company may not realize the rights contained in these shares.

Article 221
(Information for Supervisory Board)

(1) Supervisory Board shall inform in writing the first upcoming session of the General Meeting of the joint stock company about the acquisition of own shares.

(2) The information referred to in paragraph 1 of this Article must contain:

- a) reasons for acquisition of shares;
- b) number and nominal value and share in share capital of acquired and sold own shares;
- c) prices of shares purchased and sold out, including the lowest and the highest price;
- d) number and nominal value of own shares and their share in share capital, at the beginning and at the end of the reporting period.

Article 222
(Subsidiary company)

(1) The subscription, acquisition and pledging of shares of the joint stock company by a subsidiary company, or by a legal entity that is directly or indirectly controlled by a subsidiary company shall be subject to application of provisions of Articles 225 through 227 of this law.

(2) The limitation referred to in Article 213 of this law shall include all own shares in the assets of the joint stock company and subsidiary companies.

Article 223
(Share capital and subsidiary company)

Share capital may not be increased on the basis of acquisition of company's own shares by persons referred to in Article 222. of this law.

Article 224
(Own shares and reserve funds)

If the joint stock company enters its own shares into business books as assets, the amount of the reserve fund must be increased by the amount of the total nominal value of those shares.

Article 225
(Ban on funding the purchase of shares)

Joint stock company may not extend and provide guarantees for advance payments, loans and credits for the sale of own shares.

Article 226
(Security pledge)

Joint stock company or other person on behalf of the joint stock company may accept its own shares as security pledge only in cases referred to in article 218 of this law.

V - CORPORATE GOVERNANCE

Article 227

The bodies of the joint stock company are:

- a) General Meeting;
- b) Supervisory Board;
- c) Management; and
- d) Audit Board.

Chapter A (General Meeting)

Article 228 (General Meeting)

- (1) General Meeting of the joint stock company shall consist of shareholders.
- (2) General Meeting shall, as a rule, be held in the place of the head office of the joint stock company.
- (3) General Meeting, up until the election of the Chairperson of the General Meeting, shall be chaired by the present shareholder or the proxy of the shareholder with the highest number of shares with the voting right.
- (4) General Meeting, among the present shareholders and their proxies, shall appoint the Chairperson of the General Meeting and two verifiers of the minutes of the General Meeting.
- (5) Chairperson and members of Supervisory Board and Audit Board, director and other members of management must attend the General Meeting.
- (6) In a joint stock company with a single shareholder the powers of the General Meeting shall be exercised by the shareholder.

Article 229 (Types of General Meeting)

- (1) General Meeting may be ordinary and extraordinary.
- (2) Ordinary General Meeting shall be held once a year to cast vote about the annual report of the company, which includes the company's financial statements and the reports of the auditor, Supervisory Board and Audit Board, and other matters from the scope of competences of the General Meeting.
- (3) Extraordinary General Meeting may be held whenever casting of the vote on the reports referred to in paragraph 2 is not foreseen.
- (4) General Meeting shall be convened by the Supervisory Board, upon its own initiative, proposal of the management or request of authorized shareholders, and may also be convened by authorized shareholder or group of shareholders in instances determined in this law.
- (5) The right to decision-making in the General Meeting shall be vested with the shareholder who was on the list of shareholders with the Register 30 days before the date of the General Meeting or the last working days which precedes that deadline if the deadline falls on a non-working day.
- (6) The expenses of holding the General Meeting shall be borne by the joint stock company.

(7) Ascertaining of the quorum and voting results in the General Meeting shall be done by the Voting Committee, consisting of at least three members, which is appointed by the Supervisory Board in the decision on convening the General Meeting.

(8) General Meeting of the joint stock company may be attended by shareholders or proxies of shareholder who have applied to the Voting Committee before the start of the proceedings of the General Meeting within the deadline determined in the statute, which may not be longer than three days before the date set for holding of the General Meeting.

(9) The manner and deadline for applying for attendance at the General Meeting must be published in the notification on convening the General Meeting.

Article 230

(Convening of the General Meeting)

(1) Notification about the agenda, location, date and time of the General Meeting, and the manner of extending the proxy and the manner of voting in the General Meeting must be published in at least one daily newspapers published in the Federation, not later than 21 days in advance of the date set for the General Meeting session in case of ordinary General Meeting or 14 days in advance of the date set for the General Meeting session in case of extraordinary General Meeting.

(2) If the General Meeting is scheduled to be held outside the place of the head office of the joint stock company, the notification referred to in paragraph 1 of this Article must be within the same deadline sent to each shareholder by Registered mail, fax or electronic mail, to the address from the list of shareholders referred to in Article 229, paragraph 5 of this law.

(3) In addition to publishing and submitting the notification in accordance with paragraphs 1 and 2 of this Article, open joint stock company shall ensure additional publication, in the instances, under the terms and in the specified by the regulations of the Commission.

(4) Joint stock company with one shareholder shall not be required to publish the notification in accordance with paragraph 1 of this Article.

Article 231

(Voting rights)

(1) Shareholder or group of shareholders with at least 5% of the total number of voting shares, shall have the right to propose in writing the matters and proposals of decisions for inclusion in the agenda for the upcoming General Meeting of the joint stock company at any time before the publication of the notification on holding of the General Meeting, as well as amendments to the agenda and proposal of decisions of the convened General Meeting, not later than eight days from the day of publication of the notification referred to in Article 230, paragraph 1 of this law.

(2) Supervisory Board shall publish the notification on shareholders' proposal referred to in paragraph 1 of this Article in the same manner as the notification on convening of the General Meeting.

(3) Costs of publication of the individual proposals referred to in paragraph 1 of this Article which contain up to 100 words shall be covered by the joint stock company, and in case of lengthier proposals by the proponent.

Article 232
(Request for convening)

- (1) Request for convening the General Meeting may be submitted by:
- a) shareholder or group of shareholders with more than 10% of the total number of voting shares;
 - b) member of the Supervisory Board;
 - c) member of the Audit Board.
- (2) The request for convening the General Meeting, with a proposal of the agenda, shall be submitted to the Supervisory Board in writing.
- (3) If the Supervisory Board fails to publish the notification on convening the General Meeting in the manner referred to in Article 230 of this law within 15 days from filling of the request, the proponent of the request shall have the authority to directly convene the General Meeting in the same manner and must inform the Commission in writing accordingly.
- (4) The persons referred to in paragraph 1 of this Article shall be authorized to directly convene the General Meeting in case the Supervisory Board has failed to convene the General Meeting for five months upon expiration of the business year to cast a vote on the company's annual report, which includes the financial statement and reports of the auditor, Supervisory Board and Audit Board.
- (5) The proponent of the request referred to in paragraph 1 of this Article, in case he/she directly convenes the General Meeting, may task the company Secretary to determine the composition of the working bodies of the General Meeting, publish the notification on convening of the General Meeting in the manner referred to in Article 230 of the Law and to undertake all other action necessary to the General Meeting of the company to be held.
- (6) The proponent of the request referred to in paragraph 1 of this Article, in case he/she directly convenes the General Meeting, shall determine the proposals of decisions of the convened General Meeting and make it possible for the shareholders to exercise the rights referred to in Article 235 of this law.

Article 233
(Decision Making)

- (1) General Meeting may make decisions if more than 30% of the total number of voting shares is represented.
- (2) If the quorum for decision making referred to in paragraph 1 of this article is not reached upon expiration of 60 minutes from the time appointed for commencement of the General Meeting, the General Meeting shall be adjourned, and the convener of the General Meeting shall publish the notification on repeated convening of the General Meeting within 3 days.
- (3) The notification referred to in paragraph 2 of this Article must be published at least 10 days before the date appointed for holding of the repeated General Convention.
- (4) Article 230 of this law shall accordingly apply to the notification on convening of the General Meeting. (5) In the instance referred to in paragraph 2 of this Article, the reconvened General Meeting may make decisions if more than 10% of the total number of voting shares are represented.
- (6) Joint stock company statute may determine a higher, but not a lower, percentage from the ones determined in paragraphs 1 and 5 of this Article.

(7) Exceptionally, the Chairperson of the General Meeting may discontinue the proceedings of the General Meeting up to 15 days at most, with determining the exact date and location for the continuation of the proceedings of the started General Meeting.

Article 234

(Issues decided by General Meeting)

General Meeting of joint stock company shall make decisions on:

- a) increase and decrease of share capital;
- b) issuance of new shares of the existing or new class and issuance of bonds and other debt securities; c) limitations and exclusions of the pre-emptive right to new shares, within the decision on issuance of new shares of the existing or new class;
- d) adoption of the annual report on company operations, which includes the reports of the auditor, the Supervisory Board and the Audit Board;
- e) distribution of profits and payment of dividend;
- f) manner of loss coverage;
- g) merger with other companies and acquisition of other companies by the joint stock company or of the joint stock company by another company;
- h) transformation and division of the joint stock company;
- i) termination of the joint stock company with carrying out of the liquidation and the approval of the opening liquidation balance and the closing financial statement upon completion of the liquidation proceedings;
- j) purchase, sale, exchange, lease, lending or borrowing, and other transactions, directly or through subsidiary companies, in the course of the business year, in the volume higher than 33% of the bookkeeping value of assets of the joint stock company on the balance sheet at the end of the previous year, upon proposal of the management and the Supervisory Board;
- k) election and dismissal of the individual members of the Supervisory Board;
- l) selection of the external auditor;
- m) election and dismissal of the individual members of the Audit Board;
- n) foundation, reorganization and liquidation of subsidiary companies, and approval of their respective statutes;
- o) compensations for the members of the Supervisory Board and the Audit Board;
- p) amendments of the provisions of the statute which do not pertain to matters referred to in items 1), 2), 7) and 8) of this Article or other matters on which, in accordance with the law and company statute, the General Meeting shall adopt separate decisions whose legal effect shall include amendments to the respective provisions of the company statute;
- r) expropriation of company fixed assets; s) other issues relevant for operations of the joint stock company, in accordance with the law and statute of the joint stock company.

Article 235

(Shareholders' right)

(1) Shareholder shall have the right, from the day of publication of the notification on convening the General Meeting, to access the list of shareholders, financial statement, with reports of the auditor, Supervisory Board and Audit Board as well as other documents which pertain to proposal of the decisions included in the agenda of General Meeting.

(2) In addition to access, the shareholder, upon personal request and at his/her expense, shall have the right to copies of the aforementioned documents.

Article 236

(Other decisions made by General Meeting)

(1) General Meeting shall make decisions by two-thirds majority of the represented voting shares on matters for which this is explicitly prescribed so in specific provisions of this law, including separate voting by class of shares, and by simple majority of voting shares by joint voting of all classes of shares on all other matters within its scope of competences, except for the election of the members of the Supervisory Board and the Audit Board which is performed in accordance with the provisions of Article 250 of this law.

(2) The General Meeting shall decide upon the company annual report, which includes the financial statement and reports of the auditor, Supervisory Board and Audit Board, and on the distribution of profits or the manner of coverage of losses for that business year not later than six months from the end of the business year.

Article 237

(Voting)

(1) Voting in the General Meeting shall be carried out through ballot papers that shall contain the name or company name of the shareholder and the number of votes on his/her disposal.

(2) Voting shall be conducted by circling on the ballot paper a response "in favor" and "against" proposal of the decision or the name of the candidate in the course of the election of bodies of the joint stock company.

(3) Voting results shall be determined by the voting committee.

Article 238

(Decision-making through proxies)

(1) The right to take part in the proceedings and decisions of the joint stock company's General Meeting may be exercised by the shareholder in person or through a proxy, who is required to act in accordance with the shareholder's instructions, and, in case no such instructions have been given, with a reasonable judgment in the shareholder's best interest

(2) In addition to any natural person with legal capacity, proxy may be a legal entity Registered for intermediation operations in the trade of securities and association with the property of a legal entity founded and Registered to associate and represent the stakeholder's, in which cares the powers from the proxy shall be exercised by the legal or authorized representative of such a legal entity.

(3) The proxy for taking part in the proceedings and decisions making of the joint stock company's General Meeting shall be granted after the publication of the notification about the convening of the General Meeting, in a form of a certified written statement signed by the shareholder and the proxy.

(4) The proxy shall be delivered to the joint stock company in person, by mail, fax or e-mail, not later than the deadline determined in the statute or the decision of the company for the registration of shareholders for participation in the proceedings of the General Meeting, and the original shall be supplied at the joint General Meeting.

- (5) (5) The proxy extended for a specific General Meeting shall be valid for the repeated General Meeting.
- (6) (6) Only one proxy may represent a single shareholder in the General Meeting.
- (7) The proxy shall terminate if the shareholder Registers for participation and attends the General Meeting with an explicit stated intent to vote in person, the proxy is granted to another person or if the proxy is revoked by means of a certified written statement by the shareholders, effective as of the date of delivery to the company in accordance with paragraph 4 of this Article and the day of registration of the transfer of shares by the shareholder into the Register.
- (8) Notwithstanding paragraph 1 of this Article, in an open joint stock company, in the instances, under the terms and in the manner determined in the company statute in accordance with the regulations of the Commission, the shareholder may exercise the right of decision making in the General Meeting voting though filled out and signed ballot sheets delivered to the company by mail, fax or e-mail before the date of the holding of the General Meeting.

Article 239

(Obligations of the proxy and the Voting Committee)

- (1) The proxy shall deliver to the Voting Committee a written authorization for representation of the shareholder.
- (2) The Voting Committee shall check the validity of authorization and the identity of the proxy.

Article 240

(Validity of authorization)

- (1) If a shareholder or his proxy, within seven days from the day of holding of the General Meeting, delivers to the Voting Committee a certified statement of the shareholders, public document or other trustworthy evidence that denies the validity of the authorization, the Voting Committee shall declare the votes based upon such an authorization invalid and accordingly inform the Supervisory Board in writing.
- (2) Supervisory Board shall suspend the implementation of the decision for the passing of which the invalid votes were decisive and it shall convene the General Meeting for repeated making of the decision on these issues not later than 30 days from the day of receipt of the notification of the Voting Committee about the invalid votes.

Article 241

(Minutes of the General Meeting)

- (1) Minutes shall be made on the proceedings of the General Meeting and they must contain:
 - a) company name and address of the head office of the joint stock company;
 - b) place and time when the General Meeting shall take place;
 - c) first name and family name of the Chairperson, minute taker, persons who certify the minutes and members of the Voting Committee;
 - d) agenda;
 - e) decisions;
 - f) information about voting;

g) objections of shareholders and members of the Supervisory Board to the decisions of the General Meeting.

(2) The minutes shall be accompanied with written proposals and the reports submitted to the General Meeting.

(3) The Secretary of the company shall ensure that the minutes are prepared within 30 days from the day of holding of the General Meeting.

(4) The minutes shall be signed by Chairperson of the General Meeting, minute keeper and the persons who certify the minutes.

(5) If any of the persons referred to in paragraph 5 of this Article refuse to sign the Minutes, they shall justify in writing the reasons for not signing the minutes.

(6) The Secretary of the company shall determine the justifiability of the reason referred to in paragraph 5 of this Article. (7) If the reasons referred to in Article 5 are grounded, the Secretary of the company shall ensure adjustments to the minutes within 8 days from the date on which the shortcomings have been determined.

(8) Any shareholder may request to have the copy of the minutes or excerpt from the minutes delivered to him/her for all the General Meetings.

Article 242

(Permanent safekeep of minutes)

(1) Joint stock company must permanently safekeep the minutes of the General Meeting, records on presence and voting of shareholders, notifications and invitations to the General Meeting.

(2) Liquidator shall ensure safekeeping of the documents referred to in paragraph 1 of this Article for at least for 10 years after the termination of the joint stock company.

Article 243

(Protection of minority in decision-making and contesting the decisions of the General Meeting)

(1) Any shareholder who, by means of a written statement submitted to the Supervisory Board before the date of holding of the General Meeting or orally before the beginning of the vote in the General Meeting, stated his opposition to the proposal of the decision which causes substantial changes in the company or shareholders' rights, which was subsequently adopted by the General Meeting, shall have the right to file a written request for the joint stock company to purchase his/her shares, except in the case of restructuring or reorganization of a company with majority state-owned capital, within eight days from the day of holding of the General Meeting.

(2) In the sense of paragraph 1 of this Article, substantive changes in the company or shareholders' rights shall be deemed those caused by the decision of the General Meeting which adopts or approves:

a) issuance of new shares of the existing or new class;

b) issuance of bonds convertible for shares or bonds with the pre-emptive right to purchase of company shares;

c) limitations or exclusions on the right to pre-emptive purchase of new shares within the decision on issuance of new shares of the existing or new class;

d) transformation, division or merger of the company or acquisition by another company or vice versa. (3) Upon request of the shareholder referred to in paragraph 1 of this Article, the company shall repurchase his/her shares within three months from the day of the receipt of the request, with payment at fair market value for the period from the date of publication of the notification to the date of the holding of the General Meeting.

(4) Fair market value referred in paragraph 3 of this Article shall imply the average value of trading of the company's shares in the last six months from the date of publication of the notification.

(5) In case the liabilities of the company referred to in paragraph 3 of this Article include the repurchase of shares of the total nominal value exceeding 10% of the company share capital and fair market value in the total amount higher than the sum of the amount of reserves and retained profits according to the company balance sheet for the previous business year, the company shall meet the request or each of the requests, if more than one, within the deadline referred to in paragraph 3 of this Article along with the reduction of the number of shares or the repurchase price in proportion to the stated limitations, and the remaining part of the request within a further deadline of six months.

(6) In the event that the company fails to meet the obligation of repurchase of shares in accordance with paragraphs 1, 2, 3 and 4 of this Article, the shareholder shall have the right to seek meeting of the obligation by filling a lawsuit to the competent court, except in the case of restructuring or reorganization of a company with majority state-owned capital.

Article 244

(Hiring a legal person for external audit)

If the General Meeting rejects a proposal of the shareholders who has more than 20% of voting shares for appointment of an external auditor for extraordinary examination of all the issues related to founding and operations of the joint stock company within last five years, the shareholder may at his/her own expense engage a legal entity authorized to perform audit.

Article 245

(Nullity of General Meeting decisions)

Any decision of the General Meeting shall be null if: a) the General Meeting was not convened in the manner determined in Article 230 of this law; b) it was not entered into the minutes in the manner determined in Article 241 of this law; c) the nullity is determined by a valid court decision upon lawsuit for challenging of the decision.

Article 246

(Challenging and cancellation of the General Meeting)

(1) The procedure for challenging and cancellation of the General Meeting decision, before the court at which the joint stock company is registered into the Company Register may be initiated by:

a) a shareholder represented at the General Meeting, whose objection to the decision was entered into minutes;

b) a shareholder who was not present at the General Meeting due to convening of the General Meeting contrary to the provisions of Article 230 of this law;

c) a shareholder whose proposal or objection was not correctly entered into the minutes;
d) Supervisory Board and management and each member of the Supervisory Board and management, if the enforcement of the decision would constitute an economic offense or crime or cause damage to the joint stock company.

(2) The procedure referred to in paragraph 1 of this Article may be initiated within 60 days from the day of holding of the General Meeting.

(3) In the procedure referred to in paragraph 1 of this Article, the joint stock company shall be represented by the director or another member of management, upon authorization by the director. (4) If the plaintiff is a member of management, the joint stock company shall be represented by a person appointed by the Supervisory Board, and if plaintiffs are the Supervisory Board and management or the members thereof, representative for the joint stock company shall be appointed the court, if not appointed by the General Meeting.

Chapter B (Supervisory Board)

Article 247 (Supervisory Board)

(1) Supervisory Board shall consist of a Chairperson and at least two members, appointed and dismissed by the General Meeting, provided that total number of members of the Supervisory Board is odd.

(2) Members of the Supervisory Board shall be appointed simultaneously for a period of four years, whereby the General Meeting of the company shall vote on trust to the members of the Supervisory Board upon expiration of two years from the day of appointment.

(3) A same person may be appointed for the Chairperson or member of the Supervisory Board on multiple occasions without limitations.

(4) Chairperson and members of the Supervisory Board shall be registered into the Register maintained with the Commission.

(5) General Meeting may dismiss the Chairperson and members of the Supervisory Board even before the expiration of the period for which they have been appointed:

a) in the event that the Supervisory Board or its individual members loses the shareholders' trust;

b) in the event that the General Meeting refuses to adopt the company's annual report, which includes the financial statement and reports by the auditor, Supervisory Board and Audit Board;

c) in the event that the General Meeting determines the responsibility of the Chairperson and members of the Supervisory Board for the damages suffered by the joint stock company for the reasons from Article 258 and 261 of this law;

d) and in other cases determined in the statute of the joint stock company.

(6) If the Chairperson or a member of the Supervisory Board is dismissed in the course of his/her mandate, and not the entire Supervisory Board is dismissed, the mandate of the member who has been appointed in the place of the dismissed member shall last until the end of the mandate of the members of the Supervisory Board who have been appointed in the course of appointment of the entire Supervisory Board and have not been dismissed.

(7) The procedure for appointment and dismissal of the Supervisory Board in companies with a share of state-owned capital shall be governed by the Decree on Exercise of Powers of the Federation BiH Authorities in Companies with a Share of State-Owned Capital.

Article 248
(Members)

Chairperson or a member of the Supervisory Board may not be the person who :

- a) was convicted for a crime or offense incompatible with the duty in the Supervisory Board, within five years from the day of effectiveness of the verdict, excluding the time of the prison sentence;
- b) pursuant to court verdict, was banned from carrying out activities within the competence of the Supervisory Board.

Article 249
(Proposing candidates)

- (1) Candidate for membership in the Supervisory Board may be proposed by a shareholder or a group of shareholders with at least 5% of voting shares.
- (2) The proposal referred to in paragraph 1 of this Article shall be submitted in writing, not later than eight days from the day of publication of the notification on convening the General Meeting which includes in its agenda the matter of election of the Chairperson and members of the Supervisory Board.
- (3) Candidates for the Chairperson president and members of the Supervisory Board must provide a statement in writing on their acceptance of the nomination before the vote.

Article 250
(Election of members)

- (1) Members of the Supervisory Board shall be elected by vote, in accordance with Article 237 of this law, whereby each voting share shall have that number of votes which is equal to the number of members of the Supervisory Board who are being elected.
- (2) The total number of votes that is carried by each ballot paper shall be distributed evenly to all the candidates whose names are circled on the same ballot paper.
- (3) Those candidates who won the highest number of votes shall be declared members of the Supervisory Board.
- (4) In the first constituting session of the Supervisory Board, which shall be convened by the Secretary of the company within 15 days from the date of the holding of the General Meeting referred to in paragraph 3 of this Article, the Supervisory Board shall elect one of its members for the Chairperson of the Supervisory Board.
- (5) The Supervisory Board may relieve a member of the Supervisory Board from the duty of the Chairperson, with the concurrent appointment of one of its members for the Chairperson of the Supervisory Board.

Article 251
(First Mandate)

The chairperson and members of the Supervisory Board in the first mandate shall be elected at the founding General Meeting in accordance with the provisions of Articles 249 and 250 of this law.

Article 252
(Irreconcilability of functions and professional education)

(1) Shareholder with 50% or more shares, director and member of management of any joint stock company as well as the owner with 50% or more ownership, director and member of management of any limited liability company may not be a Chairperson and member of the Supervisory Board or Governing Board in the companies with a share of state-owned capital or funds, agencies, commissions and other legal entities founded by the Government of the Federation or the Parliament of the Federation (hereinafter referred to as institutions).

(2) Chairperson and member of the Supervisory Board or Governing Board in the companies with a share of state-owned capital or an institution may not at the same be a Chairperson or a member of the Supervisory Board or Governing Board of another company or institution.

(3) Any Chairperson and members of the Supervisory Board and members of management of companies with a share of state-owned capital and Chairpersons and members of Supervisory Boards of companies in which the share of state-owned capital is not the majority, and who have been nominated for the Supervisory Board by the stateowned capital, shall be required to undergo appropriate professional development in accordance with the Decree on Professional Development of Chairpersons and Members of Supervisory Boards and Management of Companies with Share of State-Owned Capital.

Article 253
(Concluding a contract)

(1) Chairperson and members of the Supervisory Board shall enter into contract with the joint stock company that is subject to approval by the General Meeting.

(2) The contract in the name of the joint stock company shall be signed by its director, in accordance with the approval of the General Meeting.

Article 254
(Conducting a session)

(1) Session of the Supervisory Board shall be held at least once in three months.

(2) Session of the Supervisory Board shall be convened by the Chairperson of the Supervisory Board.

(3) Chairperson of the Supervisory Board shall convene the session upon request of the director of the joint stock company or two members of the Supervisory Board, not later than 14 days from the day of the submission of the request, otherwise the person who submitted the request shall be authorized to convene the session.

Article 255
(Invitation for session)

- (1) Written invitation for the session of the Supervisory Board, stating the place and date of session, time of its commencement and the agenda of the session, shall be delivered to the members of the Supervisory Board not later than 14 days before the date of the holding of the session.
- (2) Invitation for session shall be accompanied by materials for each of the items on the agenda.
- (3) In urgent cases determined in the company statute, a shorter deadline may be set than the deadline referred to in paragraph 1 of this Article.

Article 256
(Quorum)

- (1) A quorum of two thirds of the total number of members shall be required for holding of the session of the Supervisory Board.
- (2) In case two thirds does not constitute a whole number, two thirds shall be rounded to the next higher whole number, unless otherwise provided by the statute.
- (3) In the event that the quorum referred to in paragraph 1 of this Article is not reached, the sessions of the Supervisory Board shall be adjourned for seven days, and the quorum required in the repeated session is the majority of the total number of the members.
- (4) Supervisory Board shall make decisions by majority of the members present.
- (5) Chairperson and member of the Supervisory Board may not vote on matters that relate to himself/herself personally.
- (6) Persons who are not members of the Supervisory Board may attend the session only on the basis of written invitation by the Chairperson of the Supervisory Board.

Article 257
(Competences)

Supervisory Board of the joint stock company shall be competent to:

- a) supervise the operations of the joint stock company, adopt company's business strategies and operational plans;
- b) supervise the work of the management and approve strategic decisions;
- c) adopt the management report on performance per semi-annual and annual account, with the balance sheet and income statement and the audit report;
- d) submit an annual report to the General Meeting on performance of the joint stock company, which must include the financial statement, auditor's report, report on proceedings of the Supervisory Board and the Audit Board, as well as the operational plan for the following business year;
- e) elect the Chairperson of the Supervisory Board; f) elect the management and Secretary of the company;
- g) propose the distribution and manner of use of profits and manner of loss coverage;
- h) approve the purchase, sale, swap, lease and other transactions involving assets, directly or through subsidiary companies in the course of the business year in the volume from 15% to 33% of the bookkeeping value of the total assets of the joint stock company ;

- i) proposes to the General Meeting the sale, purchase, sale, swap, lease and other transactions involving assets, directly or through subsidiary companies in the course of the business year in the volume exceeding 33% of the bookkeeping value of the total assets of the joint stock company in accordance with the balance sheet at the end of the previous year;
- j) appoint chairpersons and members of sub-committees depending on the assessed needs;
- k) establish ad hoc commissions and determine their composition and tasks;
- l) convene the General Meeting; and
- m) approve the issuance of new shares of the existing class in the amount up to one third of the sum of nominal value of the existing shares and determines the amount, time of sale and price of these shares, which may not be lower than the average market value of the existing shares of the same class in 30 consecutive days prior to the day of making of the decision.

Article 258
(Obligations)

- (1) Chairperson and members of the Supervisory Board shall discharge their obligations and responsibilities in accordance with the interests of the shareholders and the joint stock company and may not perform an activity that would compete with the activities of the joint stock company without notifying and obtaining the consent of other members of the Supervisory Board.
- (2) Chairperson and members of the Supervisory Board shall in the course of proposing the issuance of new or repurchase of own shares of the joint stock company and other securities, disclose all the important data relating to operations of the joint stock company.
- (3) Chairperson and member of the Supervisory Board shall report to the Supervisory Board each direct or indirect interest in a legal entity with which the joint stock company has or intends to enter into a business relationship.
- (4) In the instance referred to in paragraph 3 of this Article, the Chairperson and member of the Supervisory Board may not make decision on matters which concern the relations of the joint stock company and other legal persons in which the Chairperson and member of the Supervisory Board have a direct or indirect financial interest.

Article 259
(Compensation right)

If the Chairperson and member of the Supervisory Board act contrary to the provisions of Article 258 of this law, the joint stock company shall have the right to compensation of damages which it suffered as a result of those acts.

Article 260
(Liability for damages caused)

Chairperson and members of the Supervisory Board shall be jointly and severally liable for the damages caused by failure to discharge or disorderly discharge of their duties.

Article 261
(List of liabilities)

(1) Chairperson and members of the Supervisory Board shall be liable for the damages caused to the joint stock company if they, contrary to the provisions of this law, statute of the joint stock company and decisions of the General Meeting:

- a) reimbursed shareholders payments;
- b) paid dividend to the shareholders;
- c) paid interest to the owners of the joint stock company's bonds;
- d) subscribed to, acquired and repurchased shares;
- e) sold the company assets;
- f) made payments after the joint stock company became insolvent;
- g) extended the deadlines for repayment of credits to the joint stock company;
- h) issued shares on the basis of the conditional increase of share capital.

(2) Joint stock company may forfeit the claims referred to in paragraph 1 of this Article upon expiration of three years from the day of pronouncement of the request for compensation, if the General Meeting consents to forfeiture, and if no objections are raised by the shareholders who own at least 10% of voting shares.

Article 262
(Rights of chairperson and members of the Supervisory Board)

- (1) Chairperson and members of the Supervisory Board shall have right to request all the data on operations and presence of the members of the management at the sessions of the Supervisory Board.
- (2) Chairperson and members of the Supervisory Board shall have the right to attend the sessions of the management of the joint stock company.

Chapter C (Management)

Article 263
(Management)

- (1) Management shall organize the work and manage the operations, represent the joint stock company and shall be responsible for the legality of operations.
- (2) Management of the joint stock company shall consist of the director, or the director and one or more executive directors.
- (3) Procedure for the election, appointment, dismissal, composition and the manner of making of the decisions of the joint stock company's management shall be determined in the statute. (4) Provisions of Article 248 and Article 260 of this law shall equally apply to the members of the joint stock company's management.

Article 264
(Director)

- (1) The director shall preside over the management, manage the operations, represent the joint stock company and be responsible for the legality of operations.

(2) The mandate of the members of the management shall be four years.

(3) The position, powers, responsibilities and rights of the director shall be governed by contract.

Article 265
(Dismissal of the members)

(1) The manner of dismissal of the members of the joint stock company's management before the expiration of the mandate for which they have been appointed, shall be determined in the company statute.

(2) In case of dismissal of the members of the joint stock company's management, the provisions of Article 247, paragraph 5 shall apply accordingly.

Article 266
(Replacement of the director)

The Director shall authorize one of the executive directors to replace him/her in case of absence and set the powers.

Article 267
(Interests)

(1) Director and executive director shall report to the Supervisory Board any direct or indirect interest in a legal entity with which the joint stock company has or intends to enter into a business relationship.

(2) In the instance referred to in paragraph 1 of this Article, director and executive director may take part in such a business relation on the basis of a written consent of the Chairperson of the Supervisory Board.

Article 268
(Resignation)

If director resigns, he/she shall continue to perform his/her duties in the notice period which shall be determined by the Supervisory Board and which may not be shorter than 30 days.

Article 269 (Secretary) (1) Joint stock company shall have a Secretary. (2) The procedure for appointment and dismissal of the Secretary of the company shall be determined in the company statute. (3) Mutual relations in performing the work, amount of compensation, responsibility in executing the prescribed obligations of the company Secretary, and other matter shall be governed by contract and the statute.

Article 270
(Responsibility)

(1) The Secretary shall be responsible for keeping the minutes of the General Meeting and Supervisory Board and safekeeping of the documents determined by this law and the statute of the joint stock company, except for the financial statements.

(2) The Secretary shall be authorized to carry out the decisions of the General Meeting, the Supervisory Board and the director.

(3) The Secretary shall be responsible for preparation of the sessions and keeping of the minutes of the General Meeting and Supervisory Board.

(4) The Secretary may be authorized for other work in accordance with the statute. Chapter D (Audit Board)

Article 271
(Audit Board)

(1) Audit Board shall be formed in the joint stock company.

(2) The Audit Board shall have at least three members.

(3) The procedure for selection, appointment, dismissal, composition and manner of decision making of the Audit Board shall be determined in the statute.

Article 272.
(Compensation)

(1) The Chairperson and member of the Audit Board may not be a member of the Supervisory Board and the management, an employee or have direct or indirect financial interest in the joint stock company, except for the compensation on the basis of his/her function.

(2) The compensation and other rights of the members of the Audit Board shall be governed by contract pursuant to the decision of the General Meeting.

Article 273
(Audit)

The Audit Board shall perform an audit of the semi-annual and annual financial statement and concurrent control of compliance of company operations and functioning of the company's bodies with this law, other relevant regulations and fundamental principles of corporate governance and report on those matters to the General Meeting and the Supervisory Board, not later than eight days from completing the audit.

Article 274
(Other authorization)

Member of the Audit Board shall be authorized to request convening of the session of the Supervisory Board and the General Meeting in the event that he/she believes that the shareholders' interests are threatened or in the event that he/she determines irregularities in the work of the Chairperson or members of the Supervisory Board, director or members of the management.

VI - TRANSFORMATION, MERGER, ACQUISITION AND TERMINATION AND DIVISION OF A JOINT STOCK COMPANY

Chapter A (Transformation)

Article 275 (Transformation)

Closed joint stock company may transform into a limited liability company, pursuant to the decision of the General Meeting made by two-thirds majority of the represented voting shares, so that the shareholders gain membership interest within a limited liability company proportionate to their share in the share capital of the joint stock company.

Article 276 (Founding capital in limited liability companies)

The limited liability company created from the transformation of the joint stock company shall have the equity at least in the amount determined by this law.

Article 277 (Request for transformation)

- (1) Joint stock company shall submit to the Commission the request for approval of the transformation, signed by the members of the Supervisory Board who have voted in favor of the proposals of the decisions on transformation and members of the management who have proposed the reorganization plan and the decision on transformation.
- (2) The Commission shall make the decision not later than 60 days from the day of the receipt of the request referred to in paragraph 1 of this Article.

Article 278 (Registration of transformation)

- (1) Pursuant to the decision of the Commission on approval of the transformation, the registration of the transformation of the joint stock company into the Company Register shall be performed.
- (2) The company shall notify the Register in writing on the transformation of organization, not later than eight days from the day of the registration into the Company Register.

Chapter B (Acquisition and merger)

Article 279 (Acquisition and merger)

- (1) Joint stock company shall be acquired by transfer of assets and liabilities (hereinafter referred to as acquired company) to another joint stock company or limited liability company (hereinafter referred to as successor company), which shall issue own shares or membership interests in return for the shares of the acquired company.

(2) Joint stock company shall be merged by transfer of assets and liabilities (merged companies) to a new joint stock company or limited liability company (successor company) which shall issue own shares or membership interests in return for the shares of the merged companies.

(3) Open joint stock company may be acquired only by another company which shall meet one of the criteria for an open joint stock company after the acquisition.

(4) Open joint stock company may be merged with one or more companies only in the manner in which a new open joint stock company is founded by such merger.

Article 280

(Approval of acquisition)

The Commission shall approve the acquisition of the joint stock company if:

- a) the General Meeting of the acquired company and the General Meeting of the successor company make equivalent decisions on the acquisition;
- b) the request for approval of the acquisition is signed by the members of the Supervisory Boards Board who have voted in favor of the decisions on acquisition and members of the management who have proposed the reorganization plan and the decision on acquisition; and
- c) the Commission assesses that the acquisition does not threaten the rights of shareholders and creditors of the joint stock company.

Article 281

(Cases of merging)

The Commission shall approve the merger of the joint stock company after, alongside the actions referred to in article 280 of this law, the joint stock company with other companies with which it is merging:

- a) concludes a merger agreement, which shall define the termination of the merged companies on the day of the constitution of the successor company;
- b) prepares the statute of the successor company; and c) elects the bodies of the successor company by majority of votes of all voting shares.

Article 282

(Decision on merging)

(1) The decision from Article 280, item 1 must contain provisions on:

- a) increase of share capital of the successor company;
- b) number and class of shares or membership interests which the successor company shall issue in return for the shares or membership interests of the acquired and merged companies;
- c) starting date for exercising of the rights contained in the shares or membership interests of the successor company;
- d) time and manner of issuance of the shares or membership interests of the successor company;

- e) additional payment for the shares and membership interests of the successor company or payments to shareholders or members of acquired and merged companies by the successor company;
 - f) date of preparation of the balance sheet and income statement on the basis of which the acquisition or merger is carried out;
 - g) date of submitting the request for approval of the acquisition or merger to the Commission.
- (2) Increase of share capital of the successor company may be carried out only through issuance of new shares or membership interests.
- (3) The additional payments referred to in paragraph 1, item 5 of this Article may not exceed 10% of the nominal value of the shares necessary for realization of the merger.

Article 283

(Decision on approval of acquisition and merging)

- (1) The Commission shall issue the decision upon the request for approval of acquisition and merger of the joint stock company not later than 60 days from the day of the submission of the request.
- (2) Registration of acquisition and merger of the joint stock company shall be Registered into the Company Register pursuant to the decision of the Commission on approval of acquisition and merger. (3) The successor company shall submit to the Register an application for registration of the recall of the shares of the acquired and merged joint stock company and the registration of the shares of the successor company, not later than eight days from the day of the registration into the Company Register.

Article 284

(Managing the assets of merged companies)

- (1) Assets of the merged companies shall be managed separately, so that in the relation between the merged joint stock companies and in the relation towards the creditors, the assets of each of the merged joint stock companies are presented separately.
- (2) The successor company shall, according to its own estimate, on three occasions in intervals neither shortest than 15 nor longer than 30 days, publish that it abandoning separate management of the assets of the merged companies and invite the creditors to, not later than six months following the third announcement, report to the company the claims arising from before the registration of the merger into the Company Register.
- (3) Separate management of the assets of the merged companies may not be abandoned before the expiration of the deadline referred to in paragraph 2 of this Article and fulfillment of the liabilities toward creditors who claimed payment or collateralization of claims from the successor company.

Chapter C (Termination of a joint stock company)

Article 285

(Termination of a joint stock company)

Joint stock company shall terminate, in accordance with the law and the statute under:

- a) decision of the General Meeting;
- b) merger, acquisition and division;
- c) expiration of time, if the company was founded for a set period of time;
- d) decision of the court; and
- e) bankruptcy.

Article 286
(Decision on termination)

The decision of the General Meeting on termination of the joint stock company shall be delivered to the Commission and the court of registration not later than eight days from the day of the making of the decision.

Article 287
(Termination of joint stock company by court's decree)

- (1) Joint stock company shall terminate under the decision of the court in following cases:
- a) on the basis of a lawsuit by creditors whose due unsettled claims exceed one third of the share capital of the joint stock company;
 - b) the General Meeting of the joint stock company has not been held for ten months after the expiration of the deadline for preparation of the annual financial statement;
 - c) in the event that the violations of law and other regulations which threaten the interests of creditors or owners of securities issued by the company continue in spite of the imposition of fines; d) in the event that the bankruptcy is finalized by distribution of the bankruptcy assets;
 - e) bankruptcy was not initiated since the company assets are not sufficient to cover the costs of the bankruptcy proceedings or the bankruptcy is discontinued due to insufficient assets.
- (2) The court decision shall be Registered in the Register of Issuers and the Company Register ex officio.

Chapter D (Liquidation)

Article 288
(Liquidation)

- (1) If the joint stock company terminates pursuant to the provisions of Article 285, items 1 and 4 of this law, the liquidation proceedings shall be initiated.
- (2) In the instance referred to in article 285, item 1 of this law, the liquidation of the joint stock company shall be conducted by the management, and in the instance case referred to in Article 285, item 3, the court shall appoint the liquidator.

Article 289
(Liquidation procedure)

- (1) As of the day of the making of the decision on termination, the bodies of the joint stock company shall work in accordance with the provisions of this law which govern the liquidation proceedings.

(2) The court may appoint a company caretaker, who will carry out the tasks related to the liquidation, and joint stock company body shall proceed only pursuant to the order and with the consent of the caretaker.

Article 290

(Management and liquidator)

(1) Management or liquidator of a joint stock company shall publish at least in one of national daily newspaper that the liquidation proceedings have been initiated, on three occasions from the day of issuance of the decision referred to in Article 288 of this law, in intervals from 15 to 30 days.

(2) The notification referred to in paragraph 1 of this Article, must contain invitation to creditors to report their claims, not later than three months from the day of its last publication.

(3) Management or liquidator shall send the notification referred to in paragraph 1 of this Article to the known creditors individually.

Article 291

(Liquidation balance)

(1) The liquidator shall, not later than the end of business year in which the liquidation proceedings are initiated, prepare and submit the opening liquidation balance to the General Meeting for approval.

(2) Concurrently with the approval of the opening liquidation balance, the General Meeting of the limited liability company shall dismiss the Supervisory Board and the management. (3) The liquidator shall submit the balance sheet, income statement and the report on the course of the liquidation to the company's General Meeting at the end of the business year.

Article 292

(Finalization of transactions)

The liquidator shall finalize the ongoing transactions of the limited liability company, collect the claims, cash other assets and settle the liabilities of the company.

Article 293

(Liquidation and reserve funds)

(1) The reserve fund of the joint stock company may not be increased in the course of the liquidation proceedings.

(2) Revenues determined in the decision on formation of the reserves for employees shall be allocated to special reserves for employees, which may not be used for settlement of creditors and shareholders before the settlement of claims on those grounds towards employees.

Article 294

(Deposition of money for settlement)

(1) The liquidator shall deposit to a separate account the money necessary for settlement of:

- a) known obligations for which the creditors failed to report;
- b) obligations that are not yet due;

c) disputed obligations.

(2) Upon expiration of one year from the third publication of the notification referred to in Article 290, paragraph 1 of this law, from the assets remaining after the allocation of the amount referred to in paragraph 1 of this Article, shareholders shall be paid in accordance with the rights contained in the shares.

(3) If the joint stock company assets are not sufficient for payment of the full amount of the payments made by the shareholders, the assets shall be distributed to company members in proportion to the payments made.

(4) The liquidator shall deposit the respective amounts referred to in paragraphs 2 and 3 of this Article which were not paid to the shareholders to a separate account.

Article 295

(Liquidators' obligations)

Upon completion of the actions provided in Articles 292 and 294 of this law, the liquidator shall convene the General Meeting of the limited liability company and submit the final financial statements.

Article 296

(Settlement of claims of joint stock company not reported timely)

Settlement of claims of the joint stock company for which the liquidator had not known and which the creditors had not reported within the deadline referred to in article 290, paragraph 2 of this law may be requested only from the deposited money not paid to the shareholders.
Chapter E (Division)

Article 297

(Division)

(1) Joint stock company may divide, by transfer of total assets and liabilities, in one of the following ways:

- a) Division of the company by separation with founding
- b) Division of the company by separation with acquisition

(2) The divided company referred to in paragraph 1 shall terminate without the implementation of the liquidation proceedings.

(3) The decision on division of the company shall be made by the General Meeting with two-thirds majority of represented voting shares.

(4) Shareholders of the company which is divided shall acquire shares in new companies or the acquiring companies in proportion to the shares which belonged to them in the company which is divided, in accordance with the reorganization plan.

Article 298

(Commission's commitment)

(1) The Commission shall make the decision on the request for division of the company not later than 60 days from the day of the receipt of the request.

(2) In the instance of division of the company by separation with founding, the Commission shall concurrently with the decision on division approve the registration of the company founded by the division into the Register with the Commission.

(3) In the instance of division of the company by separation with acquisition, in addition to the decision on division of the company make the decision on approval of the acquisition pursuant to the provisions of the law on acquisition of joint stock companies.

Article 299

(Division by separation)

(1) With the division of the company by separation with founding, the company shall transfer its total assets and liabilities onto two or more founded companies, and the shareholders of the company which is divided shall receive shares of the new companies.

(2) The sum of nominal values of share capitals of new companies after the division must be at least equal to the nominal amount of share capital of the company that is divided as it was before the division.

(3) General Meeting of the company that is divided shall adopt the decisions on adoption of the company statute, appointment of members of the Supervisory Board and Audit Board of the companies which are founded through the division.

(4) The decisions referred to in paragraph 3 of this Article shall be deemed decisions made in the procedure of concurrent founding of a joint stock company.

Article 300

(Transfer of assets and liabilities)

With the division of the company by separation with acquisition, the company shall transfer its total assets and liabilities to several existing companies, and the companies which acquire those assets shall issue shares to the shareholders of the company that is divided.

Article 301

(Division by acquisition)

Division of the company with acquisition shall accordingly be subject to the provisions of this law which regulate company acquisition and division of the company by separation with founding.

SECTION FIVE: LIMITED LIABILITY COMPANY

I - GENERAL PROVISIONS

Article 302 (Definition)

(1) Limited liability company shall be a company founded by one or more legal entities or natural persons to perform a particular activity under a joint company name by contributing membership interests into the equity agreed in advance.

(2) Company member shall be liable for the liabilities of the limited liability company with his/her membership interest.

(3) Membership interests of the founders of a limited liability company may be different, and each member may acquire only one membership interest.

Article 303

(Authorization in joint stock companies without supervisory board)

- (1) Provisions of this law on a joint stock company shall apply on a limited liability company, unless otherwise provided by separate provisions of this law.
- (2) In a limited liability company without a Supervisory Board, its powers shall be exercised by members of the company.

Article 304

(Founding charter)

- (1) Limited liability company shall be founded by written agreement concluded by the founders, whose signatures shall be certified in accordance with the law.
- (2) In the event that a limited liability company is founded by only one founder, the founding charter shall be the founding decision.

Article 305

(Founding contract)

The agreement referred to in Article 304, paragraph 1 of this law may be signed by the founder's proxy on the basis of the proxy which is attached to the contract, by which the proxy is explicitly authorized for that activity and which contains the signature of the founder certified in accordance with the law.

Article 306

(Mandatory content of the founding charter)

Founding charter of a limited liability company must contain:

- a) first name and family name and the address of domicile or the company name and head office of the founder;
- b) company name, head office and activity of the company;
- c) amount of share capital of the company, amount of membership interest in money, description and value of membership interests in things and rights, number and amount of members' membership interests;
- d) rights and responsibilities of company members;
- e) procedure in the event that one of the founders fails to pay for his/her membership interest by the agreed deadline or fails to fulfill other obligation;
- f) the amount of the costs of founding, or the estimated amount of all costs paid by the company;
- g) manner of settlement of company founding costs;
- h) appointment of persons authorized to manage operation and represent the company and application for registration of company founding into the Company Register;
- i) consequences of an unsuccessful founding;
- j) special provision if the company is being founded for a specific period of time.

Article 307
(Equity)

- (1) Share capital of limited liability company with one or more founders shall be no less than 1.000 (one thousand) KM, unless otherwise provided by other laws.
- (2) Value of an individual membership interest may not be less than 100 (one hundred) KM.
- (3) The membership interests in money may not in total be less than the amount referred to in paragraph 1 of this Article.
- (4) The membership interests in things and rights must be contributed in full in the company by the day of submission of the application for registration of the company founding into the Company Register, so that the company may permanently and freely dispose of them.
- (5) By the day of the submission of the application for registration of company founding into the Court Register at least half of the membership interests in money must be paid in, not less than the amount referred to in paragraph 1 of this Article.

Article 308
(Performance)

- (1) Founding charter may also determine an obligation of the member to perform in favor of the company the value of which may be expressed in money.
- (2) In the instance referred to in paragraph 1 of this Article, the founding charter shall determine the type, content and deadline for the performance, criteria for determining its value and the contractual penalty up to the amount of value of the performance, in case of failure to discharge or disorderly discharge of the performance.

Article 309
(Founding costs)

- (1) The costs of company founding shall be covered by the founders in proportion to their respective membership interests, unless otherwise provided by the agreement.
- (2) Founding costs may not be paid out of share capital, nor can they be assigned to the share capital as a membership interest.

Article 310
(Statute)

- (1) Limited liability company shall have its statute.
- (2) Statute of the company shall be adopted by founders, within the deadline determined by the founding charter, which may not be longer than 60 days from the day of the registration of the company foundation into the Company Register.
- (3) The statute of company shall govern:
 - a) company name and its head office;
 - b) activity;
 - c) amount of share capital and amount of membership interests of each member;
 - d) management of operations and representation of the company;
 - e) manner of determination and distribution of profits and coverage of loss;
 - f) rights and responsibilities of members;
 - g) organization of company;

- h) governance and manner of decision making, composition, manner of appointment and dismissal, powers and responsibilities of company bodies, if such bodies are formed;
- i) manner of informing the members on company operations and maintaining the Register of Membership Interests;
- j) manner of change in the amount of share capital;
- k) manner of accession to the company and termination of membership in the company; l) termination of the company;
- m) procedure for amendments of the statute.

II – RIGHTS AND OBLIGATIONS OF MEMBERS

Chapter A

(Payment of membership interests)

Article 311

(Payment of membership interests)

- (1) Company member shall execute the payment of membership interest within the deadline and in the manner determined in the founding charter, statute and decisions of company.
- (2) The obligation referred to in paragraph 1 of this Article may not be offset with any of claim of the member towards the company or other company members, nor the membership interest may be withdrawn arbitrarily.
- (3) Company member who entered his/her membership interest in things or rights may not reserve any rights or impose limitations on the company on them.
- (4) Company may not postpone the payment of the membership interest, may not release its member from the obligation of the payment, or receive anything else other than provided in the agreement in the name of the payment of the membership interest.

Article 312

(Company member obligations when not conducting payment)

- (1) Company member who fails to execute the payment of membership interest within the agreed deadline shall pay penalty interest determined by the agreement, and shall compensate to the company and other members the damages caused by his/her default.
- (2) Company management shall notify in writing the company member who failed to perform the obligation of payment of membership interest within 60 days upon expiration of the contracted deadline that he/she is excluded from the company.
- (3) The excluded company member shall lose all the rights from the membership interest and payments made in the name of the membership interest, but remains under the obligation to execute the payment of the membership interest in full, penalty interests and compensation of damages caused by untimely payment.
- (4) Company may request fulfillment of the obligation of the company member through the court.

Article 313
(Share of excluded members)

(1) Membership interest of the excluded member may be put on sale by company management if, with consent of the excluded member, it is not purchased by one or more company members.

(2) Out of the revenue originating from the sale of the membership interest, reduced by the costs of the sale of membership interest, penalty interests and compensation of damages due to default and late payments of the membership interests, the company shall pay off the excluded member, up to the amount of the executed payments.

Chapter B (Responsibility of members and predecessors)

Article 314
(Responsibility of members and predecessors)

(1) Predecessors of the excluded member who were Registered into the Register of Membership Interests as company members within last three years before the call for payment was sent to the excluded member, shall also be liable to the company for the amount that the excluded member failed to pay in the name of the membership interest, with penalty interest due to default.

(2) Company shall send the call for payment to the direct predecessor of the excluded member by Registered mail not later than 30 days, and at the same time notify in the same manner about that call and the deadline the previous predecessors, who shall be liable if their successors fail to perform the payment.

(3) The predecessor who pays the overdue amount shall acquire membership interest of the excluded member if that membership interest has not been sold or converted into money in accordance with provisions of article 321 of this law.

Article 315
(Membership interest payment procedure)

(1) Company management may at its discretion first carry out the procedure referred to in Article 313 of this law, regardless whether the excluded member was sued, and the liability of the predecessor shall be reduced by the amount realized from the sale of the membership interest or the lawsuit against the excluded member.

(2) If the membership interest was not fully collected under the procedure referred to in paragraph 1 of this Article or no such procedure was initiated within six months from the day of exclusion, the difference up to the full value of the excluded member's membership interest shall be paid by other company members in mutual proportion to their membership interests, except for the member who acquired his/her membership interest in accordance with the provisions of Article 312 of this law.

(3) The amount that cannot be collected from individual members in the instance referred to in paragraph 2 of this Article shall be collected from other members in mutual proportion to their membership interests.

(4) If in the instance referred to in paragraph 2 of this Article, the membership interest was not previously sold, the company members shall acquire the right to portion of profits and

portion of assets remaining after the liquidation which belongs to the covered membership interest, in proportion to the share of coverage of the amount up to the full value of membership interests.

Article 316

(Joint liability of members for unpaid membership interest)

(1) The members of the company in bankruptcy and predecessors whose successors within the last two years before the initiation and in the course of the bankruptcy were duly applied for registration into the Register of Membership Interests, shall be jointly liable for the amount of outstanding portion of the membership interest which is necessary to settle the bankruptcy creditors, and without previously conducted procedures referred to in Articles 312 and 313 of this law, with the right of mutual compensation for the portion of the completed payment that exceeds the proportionately corresponding amount of obligation.

(2) If the procedure referred to in Articles 311 through 314 of this law is conducted to settle the default payment for the increase of share capital, the predecessors who voted against the decision on the increase of share capital or at the time of its adoption were not company members shall not be liable.

Chapter C (Membership interests)

Article 317

(Membership interests)

(1) Membership interest of the company member shall be proportionate to the share of his/her membership interest in the equity.

(2) Each company member shall have a single membership interest.

(3) Membership interest of the company member shall be increased upon payment of a new membership interest or acquisition of a membership interest of another member.

(4) In the event that a company member acquires a membership interest of another member, the rights of third persons and special rights or obligations related to an earlier or subsequently acquired membership interest shall not comprise the remaining part of a membership interest.

Article 318

(Register of Membership interests)

(1) Company management shall keep Register of Membership Interests in a manner which ensures accurate and complete records about company members and their membership interests.

(2) Company management shall, not later than eight days from the day of registration of company foundation into the Company Register, establish a Register of Membership Interests in which the following must be entered:

a) first name and surname or company name and address of domicile or head office of company members;

b) type and amount of the contracted membership interest and the paid amount;

c) special rights and responsibilities arising from the membership interest.

(4) Any action of the third person acting in good faith based on reliance on accuracy of entries in the Register of Membership Interests shall be valid.

Article 319.

(Amendments and changes in the Register of Membership interests)

- (1) Company management shall promptly enter each change of data entered into the Register of Membership Interests.
- (2) Company management shall apply for registration of changes in the Register of Membership Interests into the Company Register.

Chapter D (Transfer of membership interests)

Article 320

(Transfer of membership interests)

- (1) Membership interests in the company shall be transferable.
- (2) Transfer of the membership interests shall be done through a written agreement and through succession.
- (3) The membership interests related to the contractual obligation of additional performance may in no case be transferred without an explicit written consent of the company.

Article 321

(Pre-emptive right) (1)

Company members shall have the pre-emptive right to membership interests.

- (2) Company member who is selling his/her membership interest shall notify other members in written form about the price and other terms of sale through the company management.
- (3) If none of the members accept the offer for purchase in written form through company management or expresses his/her interest and the transaction is not concluded within 30 days, a member may sell his/her membership interest to third persons under the terms that may not be more favorable than the offer referred to in paragraph 2 of this Article.
- (4) In the event that several company members state their interest for purchase, and fail to reach an agreement who shall take over the membership interest or in which proportion will several of them take over the membership interest, or state in consent that they do not want to mutually compete with regard to price, they shall purchase the membership interest by dividing it in proportion to the mutual relation of their paid membership interests.
- (5) Company members have pre-emptive rights even in the event that the membership interest is being sold in an enforcement proceeding.

Article 322

(Transfer of membership interests)

- (1) Company member or company may request approval for the transfer of membership interests through lawsuit before the court, if the company refuses to provide consent for the transfer of membership interests to the member who paid for the membership interest in full or if the member who offered his/her membership interest for sale refuses to transfer

the membership interest to a person appointed to him by company without a grounded reason.

(2) After the court adopts the decision approving the sale of the membership interests, the company shall have the right, within 30 days from the day of delivery of the decision, to notify its member that it allows the sale under the same terms to another person who accepts such terms.

Article 323

(Sale of membership interests)

(1) In the event that the membership interest, the transfer of which is subject to the company's approval, is sold within enforcement or bankruptcy proceedings, the court shall evaluate the membership interest and notify thereof the company, the creditors who received the approval for enforced collection through the court and the persons who have the title on such membership interest Registered in the Register of Membership Interests. (2) Membership interest shall be sold pursuant to the provisions of the law on enforcement or law on bankruptcy without the consent of the company, if another member of the company or a third person accepted by the company fails to take over the membership interest within 15 days from the day on which the company was notified about the offered price that meets the evaluation of the court or higher price of its takeover.

Article 324

(Multi-persons as owners of a membership interest)

(1) If several persons are owners of a single membership interest, they shall jointly realize the rights and be jointly liable for liabilities which pertain to that membership interest.

(2) If the owners of membership interests fail to specify a joint representative, legal actions undertaken by the company towards one of them shall have effect towards all of them.

Article 325

(Inheritance of membership interest)

Inheritance of membership interests may not be subject to limitations.

Article 326

(Division of membership interest)

Membership interest in the company may be divided into ideal portions and transferred as such in case of inheritance and transfer to other company members and in other cases expressly provided by the agreement or statute, with written consent of the company, but not before the expiration of one year from the day of the registration of the company founding into the Company Register.

Article 327
(Transfer and transition)

- (1) Transfer and transition of the membership interest shall have legal effect towards the company and third parties from the moment of the registration into the Register of Membership Interests.
- (2) If not Registered in the Register of Membership Interests, the transfer and transition of the membership interests shall have legal effect towards the company from the day of concluding the legal business or validity of the decision on inheritance.

Chapter E (Acquiring and pledging own membership interests)

Article 328
(Acquiring and pledging own membership interests)

- (1) Company may acquire own membership interest that has been fully paid.
- (2) Company may not acquire own membership interests at the expense of the equity.

Article 329
(Taking a pledge)

Company may take a fully paid own membership interest as pledge, if the amount of company claims is entirely collateralized by that pledge and if the total value of own membership interests taken as pledge does not exceed one half of the company equity.

Chapter F (Profits)

Article 330
(Profits)

Profits shall be distributed among the company members in proportion to the amount of the membership interest, unless otherwise provided by the agreement.

Article 331
(Repayment)

- (1) Repayment of the amount paid to a company member in the name of profits may be requested only if the company due to profits payment is not in a position to fulfill the obligations towards third persons, up to the amount necessary to settle the creditors.
- (2) The request for repayment of the paid profits in the sense of paragraph 1 of this Article shall be subject to the statute of limitations after 3 years from the day of the payment.

Chapter G (Withdrawal and exclusion of member)

Article 332 (Withdrawal of member)

(1) Requirements, procedure and consequences of withdrawing from the company shall be determined in the agreement or the statute. (2) Company member shall have the right to request withdrawal from company by a lawsuit before the court, if other members or bodies of the company caused damage to him/her or he/she is prevented from discharging his/her obligations, or the company imposes disproportionate obligations on him/her.

Article 333 (Decision on withdrawal)

(1) Member may be excluded from the company for reasons and in procedure determined ahead of time by the agreement or company statute.
(2) The decision on exclusion shall be delivered to the member in writing, stating the reasons for exclusion.
(3) The member excluded from the company may challenge the decision on exclusion by a lawsuit before the court within 30 days from the day on which the decision was delivered to him/her.

Article 334 (withdrawal and exclusion of member)

(1) The rights vested in the company membership shall terminate with the withdrawal and exclusion from company membership.
(2) Member who withdrew or was excluded shall have the right to compensation of the market value of the membership interest on the day of termination of the membership.
(3) If the membership interest of the company member was in the form of a right to use a particular thing, such thing shall be returned to the member after the expiration of the deadline determined by the agreement or statute, which may not exceed three months.
(4) After the expiration of the deadline referred to in paragraph 3 of this Article, the company shall have the right to use the thing until the former member fulfils his/her obligations towards the company.

III - GOVERNANCE

Article 335 (Company's General Meeting)

(1) Company shall have a General Meeting, consisting of all company members.

(2) The total amount of company equity shall be represented within the General Meeting with 100 votes, and any company member shall have a number of votes that is proportionate to his/her membership interest in the equity of the company. (3) It may be determined in the agreement or statute that decisions on all or certain issues shall be made without convening the General Meeting, by written ballot.

(4) In the event referred to in paragraph 3 of this Article, written proposals with explanation shall be submitted to company members leaving a deadline for response of at least 15 days, and the member who fails to vote in writing shall be deemed to have voted against the proposal.

(5) The General Meeting shall decide on the annual financial statement, distribution of profits and loss coverage. (6) In a limited liability company with a single member, the powers of the General Meeting shall be exercised by the member of the company.

Article 336 (Convening the General Meeting)

(1) General Meeting of the company shall be convened by: a) members of the management or the Supervisory Board; b) member or members of the company whose membership interests make up at least one tenth of the equity. (2) Management or the Supervisory Board shall convene the General Meeting at least once annually, and in the course of the year when the company suffers loss which is greater than one fifth of the equity according to last annual financial statement. (3) Invitation for the General Meeting shall be delivered by Registered mail, fax or electronic mail, at least 15 days before the date of the event, unless provided differently in the agreement or company statute. (4) The invitation shall specify the agenda and include the materials for each of the items on the agenda. (5) The company member or members whose membership interests make up at least one tenth of the equity shall have the right to make amendments to the agenda, within eight days from the day of the receipt of the invitation for the General Meeting.

Article 337 (Decision making)

(1) The General Meeting may make decisions if members whose membership interests make up one half of the company equity are represented in person or through proxies.

(2) If the decision-making quorum referred to in paragraph 1 of this Article has not been reached, the General Meeting shall be adjourned and convened with the same agenda not later than 15 days from the initially appointed date of the event.

(3) In the instance referred to in paragraph 2 of this Article, the General Meeting may make decision if the membership interests that make up one fifth of the company equity are represented.

Article 338
(Challenging decisions)

Company member shall have the right to challenge the decisions of the General Meeting against which he/she voted by means of lawsuit before the competent court within 30 days from the date of the issuance of the decision.

Article 339
(Company Management)

- (1) Company management shall manage operations of the company and represent the company.
- (2) Management shall consist of one or several persons, who do not have to be company members, appointed in the manner and for the period determined by the founding charter or the statute of the company. (
- 3) In the event that management has several members, their rights and responsibilities shall be governed in the founding charter or the statute.

Article 340
(Supervision)

- (1) The agreement or statute may determine that the limited liability company shall have a Supervisory Board.
- (2) Any company with more than ten members and any company with equity higher than 1,000,000 KM and at least two members must have a Supervisory Board.

Article 341
(Members' rights in companies without supervisory board)

Company member in the company which does not have a Supervisory Board shall have the right to directly supervise company operations, business books and records, stocks and cashier operations and prepare the company financial statement for his/her needs.

Article 342
(Protection of minority rights and audit)

- (1) Member or group of members of company whose membership interests make up at least one tenth of the equity may request from the court to appoint an external auditor.
- (2) Court shall appoint an auditor if the proponents make it plausible that serious violations of law, agreement or statute of the company have occurred.
- 3) Unless the court determines that the company shall pay the advance payment, the advance payment of costs for the audit shall be made by the proponents.

**Article 343
(Audit)**

Company member who requested the audit may not transfer his/her membership interest in the course of the audit without the consent of the company.

**Article 344
(Auditor and compensation)**

- (1) The auditor shall deliver the report to the court.
- (2) Unless the parties agree otherwise, the amount of the auditor's compensation shall be determined by the court.

**Article 345
(Deliberation of auditor's report)**

The court may, on the basis of the auditor's findings, order the company to hold the General Meeting to deliberate the auditor's report within a certain period.

**Article 346
(Request for compensation of damage to members and management)**

- (1) Company member shall have the right to require the company to submit a request towards the members of the management and the Supervisory Board to compensate the damages caused by violations of law, agreement or statute of the company.
- (2) In the event that the proposal to submit the request for compensation towards the members of the management and the Supervisory Board members was rejected by the company or if a timely decision was not made on that proposal, the company member shall have the right to seek compensation of damages made to the company through a lawsuit before the court, not later than 90 days from the day when the proposal was rejected or the date of failure to make the decision.
- (3) In the course of the dispute referred to in paragraph 1 of this Article, the plaintiffs may not dispose of their membership interests without the company's consent.

IV - INCREASE AND DECREASE OF EQUITY Chapter A (Increase of equity)

**Article 347
(Increase of equity)**

- (1) Equity shall be increased pursuant to the decision of the General Meeting of the limited liability company, by payment or contribution of new membership interests.
- (2) Company members shall have right to priority in payment of the new membership interests., proportionate to their membership interests in the equity, unless otherwise provided by the founding charter or the statute.

- (3) Person who joins the company shall sign a statement of accepting all the rights and responsibilities determined by the agreement and statute.
- (4) The company may not extend loans, credits or collaterals for acquisition of own membership interests.
- (5) In the process of restructuring or financial consolidation of the company, membership interests may be acquired in another manner, is prescribed so by separate law.

Article 348
(Increase of equity from reserves)

- (1) Increase of equity from the reserves may be carried out if the financial statement and auditor's report for the last business year determines that there are is no uncovered loss. (2) Increase of company equity from the reserves shall be carried out by increase of the nominal value of membership interests.

Chapter B (Decrease of equity)

Article 349
(Decrease of equity)

Company equity may be decreased by the decision of the company's General Meeting, in accordance with this law, the founding charter and the statute of the company, but not below the amount referred to in Article 307 of this law.

Article 350
(Decision on decrease of equity)

The decision on decrease of company equity shall be delivered to the Company Register and published in the "Official Gazette of the Federation of BiH". by In the announcement referred to in paragraph 1of this Article, the company shall inform its creditors that it is ready to settle obligations or provide collateral for them.

Article 351
(Registration of decrease of equity)

The application for registration of the decrease of equity into the Company Register shall be submitted after the expiration of the published deadline for application of creditors.

Article 352
(Differentiated value of membership interest)

- (1) Payment of the difference in value of the membership interest to the company members on the basis of decrease of equity may be carried out after the registration of the decrease into the Company Register.

(2) The obligations to pay the remaining unpaid membership interests shall cease from the day of the registration of the decrease of equity into the Company Register.

V - COMPANY TRANSFORMATION AND TERMINATION Chapter A (Transformation)

Article 353 (Transformation)

(1) Any limited liability company may transform into a joint stock company, pursuant to the decision of the General Meeting made by two-thirds majority of votes of all the company members.

(2) The members shall acquire shares of the joint stock company in proportion to their share in the equity of the limited liability company pursuant to the decision referred to in paragraph 1 of this Article.

(3) The joint stock company formed by transformation of the limited liability company must have the share capital at least in the amount determined by this law.

Article 354 (Request for transformation)

(1) Management of the limited liability company shall submit request to the Commission for approval of the transformation into a joint stock company, accompanied with the decision of the General Meeting on the transformation and the contract with the Register.

(2) The Commission shall issue its decision not later than 60 days from the day of the receipt of the request referred to in paragraph 1. of this Article.

(3) The transformation of the company shall be Registered into the Company Register pursuant to the decision of the Commission on approval of the transformation.

Chapter B (Acquisition and merger)

Article 355 (Acquisition and merger)

Limited liability company may merge with another limited liability company or joint stock company or be acquired by one of them, but not before the expiration of the two years from the day of the registration in the Company Register.

Article 356 (Managing assets of merged companies)

(1) Assets of the merged companies shall be managed separately, so that in the relation between the merged joint stock companies and in the relation towards the creditors, the assets of each of the merged joint stock companies are presented separately.

(2) The successor company shall, according to its own estimate, on three occasions in intervals neither shorter than 15 nor longer than 30 days, publish that it abandoning separate management of the assets of the merged companies and invite the creditors to, not later than six months following the third announcement, report to the company the claims arising from before the registration of the merger into the Company Register.

(3) Separate management of the assets of the merged companies may not be abandoned before the expiration of the deadline referred to in paragraph 2 of this Article and fulfillment of the liabilities toward creditors who claimed payment or collateralization of claims from the successor company.

Chapter C (Termination of company)

Article 357 (Termination)

(1) Limited liability company shall terminate, in accordance with the law and the statute, by: a) merger, consolidation and division; b) decision of the General Meeting; c) decision of the court; and d) bankruptcy.

(2) In a limited liability company with one member, the decision on termination shall be made by the company member.

Article 358 (Decision on termination)

The decision on termination of a limited liability company shall be delivered to the court of registration, not later than eight days from the day of its adoption.

Article 359 (Court decision on termination)

(1) Limited liability company shall terminate pursuant to the court decision:

- a) upon lawsuit of one or several creditors whose outstanding due claims exceed one half of the company equity;
- b) if the General Meeting of the company has not been held for eight months after the expiration of the deadline for preparation of the annual financial statement;
- c) in the event that the violations of law and other regulations which threaten the interests of creditors or owners of securities issued by the company continue in spite of the imposition of fines;
- d) in the event that the bankruptcy is finalized by distribution of the bankruptcy assets;
- e) if the bankruptcy was not initiated since the company assets are not sufficient to cover the costs of the bankruptcy proceedings or if the bankruptcy is discontinued due to insufficient assets.

(2) The court decision shall be Registered into the Company Register ex officio.

Chapter D (Liquidation)

Article 360 (Liquidation)

(1) Liquidation proceedings shall be initiated in the event that the limited liability company terminates pursuant to a decision of the General Meeting or a court decision. (2) In case of termination of the company pursuant to the General Meeting decision, the liquidation shall be conducted by company management, and in case of termination pursuant to the court decision, the liquidator shall be appointed by the court. (3) The court shall appoint the liquidator of a limited liability company with one member.

Article 361 (Caretaker)

(1) As of the day of the making of the decision on termination, the bodies of the limited liability company shall work in accordance with the provisions of the law which governs the liquidation proceedings.
(2) The court may appoint a company caretaker, who will carry out the tasks related to the liquidation, and company bodies shall proceed only pursuant to the order and with the consent of the caretaker.

Article 362 (Liquidation procedure)

(1) Management or liquidator of a limited liability company shall publish at least in one of national daily newspaper that the liquidation proceedings have been initiated, on three occasions from the day of issuance of the decision referred to in Article 360 of this law, in intervals from 15 to 30 days.
(2) With the notification referred to in paragraph 1 of this Article, management or liquidator of the company shall invite creditors to report their claims, not later than six months from the day of its last publication.
(3) Management or liquidator shall send the notification referred to in paragraph 1 of this Article to the known creditors individually.

Article 363 (Liquidation balance)

(1) The liquidator shall, not later than the end of business year in which the liquidation proceedings are initiated, prepare and submit the opening liquidation balance to the General Meeting for approval.

(2) Concurrently with the approval of the opening liquidation balance, the General Meeting of the limited liability company shall dismiss the Supervisory Board and the management.

(3) The liquidator shall submit the balance sheet, income statement and the report on the course of the liquidation to the company's General Meeting at the end of each business year.

Article 364
(Liquidator liabilities)

(1) The liquidator shall finalize the ongoing transactions of the limited liability company, collect the claims, cash other assets and settle the liabilities of the company.

(2) The liquidator shall collect the portion proportionate to the liabilities of company from the company members who failed to pay for their membership interests in full.

Article 365
(Other liabilities)

(1) The liquidator shall deposit to a separate account the money necessary for settlement of: a) known obligations for which the creditors failed to report; b) obligations that are not yet due; c) disputed obligations. (2) Upon expiration of one year from the third publication of the notification referred to in Article 372, paragraph 1 of this law, from the assets remaining after the allocation of the amount referred to in paragraph 1 of this Article, members of the limited liability company shall be paid in accordance with the founding charter and the statute. (3) If the company assets are not sufficient for payment of the full amount of the paid contributions, the assets shall be distributed to company members in proportion to their membership interests. (4) The liquidator shall deposit the respective amounts referred to in paragraphs 2 and 3 of this Article which were not paid to the company members to a separate account.

Article 366
(Registration of liquidation)

(1) Upon completion of the actions referred to in Articles 364 and 365 of this law, the liquidator shall convene the General Meeting of the limited liability company and submit the final financial statements.

(2) Upon completion of the annual financial statements, the liquidator shall submit the application for registration of the termination of the company into the Company Register.

SECTION SIX: PENAL PROVISIONS

Article 367 (Fines)

A fine ranging from 500.00 to 200,000.00 KM for offence shall be imposed on any company which:

- a) performs an activity contrary to the provisions of this law;
- b) does not have an actual head office in accordance with the head office Registered in the Company Register or fails to report the change of head office for registration into the Company Register;
- c) has or uses a company name contrary to the provisions of this law or fails to state all the information in accordance with the provisions of this law in its business correspondence and orders;
- d) Increases share capital contrary to the provisions of Article 130 of this law;
- e) Approves or receives payments of shares in installments contrary to the provisions of Article 133 or releases a subscriber from obligation of payment for the subscribed shares contrary to the provision of Article 134 of this law;
- f) increases share capital by issuance of new shares contrary to the provision of Article 139 of this law;
- g) increases nominal value of shares or issues free shares or fails to report the increase in nominal value of shares contrary to the provisions of Articles 144 through 146 of this law;
- h) increases share capital from its own funds contrary to the provisions of articles 152 through 156 of this law;
- i) fails to pay from own funds the difference between the price and nominal value of shares in accordance with the provisions of article 157 of this law;
- j) Threatens the meeting of obligations towards creditors by decreasing share capital contrary to the provisions of Article 161 of this law;
- k) makes payments on the basis of decrease of share capital or abandons the issuance of shares whose nominal value has not been paid in full, before the registration of the decrease of share capital into the Register of Issuers, contrary to the provisions of Article 163 of this law;
- l) fails to inform the creditors about the decrease of share capital, in accordance with the provisions of Articles 164 and 165 of this law;
- m) repurchases shares contrary to the provision of article 165, paragraph 3 of this law;
- n) decreases share capital contrary to the provisions of article 167 of this law;
- o) fails to pay for the cancelled shares or fails to notify the Commission about the results of the cancellation in accordance with the provisions of Articles 170 and 171 of this law;
- p) fails to repurchase the offered shares in accordance with the provisions of Articles 173 and 174 of this law;
- r) increases share capital before the completed registration of the decrease of share capital, contrary to the provision of Article 187 of this law;

- s) fails to make the allocations into the reserve fund in accordance with the provisions of Articles 180 and 181 of this law;
- t) uses the reserve fund contrary to the provisions of the Article 182 of this law; u) sells shares and interim certificates issued instead of the nullified ones contrary to the provisions of Article 192 of this law;
- v) issues a decision on payment contrary to the provisions of Article 196, paragraph 1 of this law;
- z) excludes or limits the pre-emptive right to shares contrary to the provisions of Article 203 of the Law;
- aa) fails to provide access to documents to the shareholder or proxy in accordance with the provisions of Articles 204 and 235 of this law;
- bb) directly or indirectly Registers own shares or acquires own shares or fails to report to the Commission about the acquisition within the deadline contrary to the provisions of Articles 213 through 217 of this law;
- cc) fails to reduce the share capital or make the decision on sale of own shares contrary to the provisions of Article 219 of this law;
- dd) extends or guarantees for advance payments, loans and credits contrary to the provision of Article 225 of this law;
- ee) fails to convene the General Meeting within the deadline contrary to the provisions of Articles 230 through 233 of this law;
- ff) fails to safeguard documents in accordance with the provision of Article 242, paragraph 1 of this Law;
- gg) has a Supervisory Board composed contrary to the provisions of Article 248 of this law;
- hh) fails to keep the Register of Membership Interests in accordance with the provisions of Articles 318 and 319 of this law;
- ii) has no Supervisory Board in the instances referred to in Article 340, paragraph 2 of this law;
- jj) fails to hold the General Meeting pursuant to court order in the instance referred to in Article 345 of this law;
- kk) increases share capital contrary to the provisions of article 348 of this law,
- ll) fails to deliver the decision on the decrease of share capital to the Company Register or fails to publish it, in accordance with the provisions of Article 350 of this law. mm) fails to ensure separate management of the assets of merged or acquired company in accordance with the provision of Article 355 of this law.

Article 368
(Fines for responsible person)

A fine ranging from 50.00 to 20,000.00 KM for offence shall be imposed on any responsible person in the company for the offence referred to in Article 367 of this law.

Article 369
(Fines for chairperson and members of supervisory board and company's secretary)

(1) A fine ranging from 50.00 to 20,000.00 KM for offence shall be imposed on the Chairperson and members of the Supervisory Board who:

- a) fails to convene the General Meeting in the instance referred to in Article 185, paragraph 1 of this law;
- b) fails to report purchase of shares of the new issuance to the Supervisory Board in the instance referred to in Article 202 of this law;
- c) fails to notify the shareholders on acquisition of own shares, in accordance with the provisions of Articles 215 and 221 of this law;
- d) fails to publish the notification on shareholders' proposals in accordance with the provisions of Article 231 of this law;
- e) fails to publish the notification on reconvening of the General Meeting in accordance with the provisions of Article 233 of this law;
- f) fails to convene the General Meeting for deliberation of the on annual financial statement, within the deadline referred to in article 236, paragraph 2 of this law;
- g) fails to convene the General Meeting for repeated decision making in accordance with Article 240 of this law;
- h) acts contrary to the provisions of Article 258 and Article 252, paragraph 4 of this law.

(2) A fine ranging from 50.00 to 20,000.00 KM for offence shall be imposed on any company Secretary who:

- a) fails to act pursuant to the task referred to in Article 232, paragraph 5 of this law and
- b) fails to convene the constituting meeting of the Supervisory Board in accordance with Article 250, paragraph 4 of this law.

Article 370

(Fines for director and member of management)

A fine ranging from 50.00 to 20,000.00 KM for offence shall be imposed on any company director or member of management who:

- a) fails to report the purchase of shares of the new issuance to the Supervisory Board in the instance referred to in Article 214 of this law;
- b) fails to report a financial interest to Supervisory Board or participates in a business relationship, contrary to provisions of article 279 of this law;
- c) fails to act pursuant to the provisions of Article 374 of this law.

Article 371

(Fines for selected persons)

A fine ranging from 50.00 to 20,000.00 KM for offence shall be imposed on any person:

- a) establishes or organizes establishment of organizations or conducts activities within the company contrary to provisions of Article 43 of this law;
- b) does not provide a justification for not signing the minutes or groundlessly refuses to sign the minutes contrary to the provisions of Article 241 of this law.

SECTION SEVEN: TRANSITIONAL AND CLOSING PROVISIONS

Article 372 (Harmonization)

All companies, including those with the share of state-owned capital in the ownership structure, shall be required to harmonize the form, company name, equity and statute with this law.

Article 373 (Cease to apply)

As of the date of application of this law, the Law on Companies ("Official Gazette of the Federation of BiH", no. 23/99, 45/00, 2/02, corr. 6/02, 29/03, 68/05, 91/07, 84/08, corr. 88/08, corr. 7/09, 63/10 and 75/13) shall cease to apply.

Article 374 (Entering into force)

This law shall enter into force on the eighth day from the day of publication in the "Official Gazette of the Federation of BiH", and shall start to apply after the expiration of 60 after the date of entering into force.

LAW ON AMENDMENTS OF THE COMPANY LAW

Article 1

In the Company Law ("Official Gazette of the Federation of BiH", No. 81/15), Article 6 is amended to read as follows:

"Article 6

(Activity)

- (1) The company begins to perform its activity after entry in the register of companies.
- (2) In the procedure of entry in the register of companies, a statement on the fulfillment of the conditions for performing the activity shall be submitted.

(3) The statement referred to in paragraph (2) of this Article shall be submitted by the competent registration court ex officio to the competent authorities and shall inform them of the entry in the register of companies.

(4) The fulfillment of the conditions referred to in paragraph (2) of this Article shall be checked by the competent inspection bodies, in the procedure of regular inspection supervision.

(5) Activities for which it is determined by law that they may be performed only on the basis of consent, permit or other act of the competent authority, may be performed only after obtaining a permit, consent or other act of the competent authority.

(6) Activities which are prescribed by a special law to be performed in a certain form of a company, may not be performed in another form of a company. "

Article 2

In Article 60, paragraph (3) is amended to read as follows:

"(3) Entry in the register of companies, keeping and maintaining the register in printed and electronic form and publishing the registration shall be performed in accordance with the regulations on registration of business entities in the Federation of Bosnia and Herzegovina."

Article 3

In Article 304, after paragraph (2), a new paragraph (3) is added, which reads:

"(3) The founding act in the form of an electronic document shall contain the signatures of the founders in accordance with the regulations governing the electronic signature and the electronic document in the Federation."

Article 4

In Article 305, after paragraph (1), a new paragraph (2) is added, which reads:

"(2) The power of attorney referred to in paragraph (1) of this Article in the form of an electronic document shall contain the signatures of the founders in accordance with the regulations governing electronic signatures and electronic documents in the Federation."

Article 5

"Article 372a.
(Proceedings initiated)

Applications submitted before the entry into force of this Law relating to the establishment or change of founders, shareholders and members of the company, expulsion of a member of the company, as well as applications for the election of bodies and adoption of general acts of companies and other forms of organization for economic activity. the provisions of the regulations in force at the time of submission of those applications to the Register. "

Article 6 (Entry into force)

This Law shall enter into force on the day following the day of its publication in the "Official Gazette of the Federation of BiH".