LAWABOUT BUSINESS COMPANIES

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PART ONE OF THE BASIC PROVISIONS

Chapter I
SUBJECT OF THE LAW AND FORMS OF PERFORMING ECONOMIC ACTIVITIES

Case

Member 1

This law regulates the establishment, registration, management, restructuring, termination and other issues of importance for the work of business companies, entrepreneurs and part of a foreign company.

Forms of performing economic activities

Article 2

(1) Business companies are legal entities that perform economic activity in accordance with the law, namely:

1) partnership - "OD";

2) limited partnership - "KD";

3) joint stock company - "AD" i

4) limited liability company - "DOO".

(2) Commercial activities may also be performed by:

1) entrepreneur and

2) part of a foreign company.

Application of the law

Article 3

This law also applies to companies that were established in accordance with a special law and other regulations.

Public interest company

Article 4

A public interest company is a joint-stock company (public joint-stock company) and a limited liability company (public limited liability company) that is established in accordance with this law and that issues securities and other financial instruments that are included in trading on the regulated market in Montenegro or abroad, at the request of the issuer.

Legal and business capacity of the company

Article 5

(1) A company acquires the status of a legal entity on the day of registration in the Central Register of Business Entities (hereinafter: CRPS).

(2) CRPS is managed by the administrative body responsible for tax collection (hereinafter: competent authority for registration).

(3) The date of registration of a company is considered to be the date of registration entered in the decision on registration.

(4) A part of a foreign company in Montenegro does not have the status of a legal entity.

(5) The company has the rights and obligations of a natural person, except for the rights and obligations that, in accordance with the law, can be acquired exclusively by natural persons or companies operating in another form.

Branch office and method of representation in legal transactions

Article 6

(1) Business companies can also perform their activities through branches.

(2) A branch is a special organizational unit of a company without the status of a legal entity, which performs activities outside the registered office of the company.

(3) In legal transactions, the branch office acts exclusively in the name and on behalf of the company in which it operates and can perform tasks only within the scope of that company's activities.

(4) In legal transactions, a branch office appears under the name of the company of which it is a part, and in addition to the name of the company, the name of the branch office must contain the address of the branch office and the indication that it is a branch office.

Formation of a subsidiary

Article 7

(1) A branch office is formed by a decision of the competent body of the company.

(2) The decision from paragraph 1 of this article must contain:

1) name and headquarters of the founding company;

2) name and address of the branch office;

3) the name of the person designated to represent the subsidiary and the company, their unique ID number and place of residence, that is, the name, passport number or other identification number and place of residence for foreign natural persons.

(3) Companies that form branches are required to submit to the CRPS for registration within 15 days from the day of the decision on formation:

1) the decision from paragraph 1 of this article;

2) authorizations for persons from paragraph 2 point 3 of this article to represent the company, individually or collectively.

Termination of branch office

Article 8

Branch ends:

1) based on the decision of the competent body of the company;

2) if the company that established the subsidiary ceases to exist.

Chapter II
RESPONSIBILITY FOR THE COMPANY'S OBLIGATIONS

Liability for obligations prior to company registration

Article 9

(1) The founders and the persons who assumed these obligations are jointly and severally liable for the obligations undertaken in the process of establishing the company before its registration.

(2) If, after registration, the company assumes the obligations from paragraph 1 of this article, the founders and the persons who assumed them are released from liability.

Acquiring the status of a member of the company

Article 10

(1) The status of a member of a partnership, limited partnership and limited liability company is acquired on the day of registration of ownership of the share in CRPS, in accordance with this law.

(2) A natural or legal person acquires the property of a shareholder on the day of registration of shares, i.e. shares of the company with the Central Clearing Depository Company (hereinafter: CKDD), in accordance with the law governing the capital market.

(3) The status of a member of a partnership, limited partnership and limited liability company ends on the day of registration of the termination of the status of a member of the company in CRPS, in accordance with this law.

(4) The ownership of a natural or legal person as a shareholder ends on the day of deletion of all shares of the company from his ownership account with the CKDD, in accordance with the law regulating the capital market.

Responsibility of the company and its members for the company's obligations

Article 11

(1) The company is liable for its obligations with all of its assets.

(2) Partners in a partnership and general partners in a limited partnership are jointly and severally and unlimitedly liable for the company's obligations with their entire assets.

(3) Members of a limited liability company, shareholders of a joint-stock company and limited partners in a limited partnership are not liable for the company's obligations, unless otherwise stipulated by this law.

Abuse of the status of a legal entity

Article 12

(1) When one or more limited partners, members of a limited liability company or shareholders abuse the fact that they are not responsible for the obligations of the limited partnership, limited liability company or joint stock company, their joint and unlimited liability for the obligations of those companies can be determined by the competent court.

(2) Abuse from paragraph 1 of this article is considered if the limited partner, member of the limited liability company or shareholder:

1) uses society to achieve a goal that is forbidden to him;

2) uses the company or its property to the detriment of the company's creditors;

3) manages or disposes of company assets contrary to the law;

4) in order to gain benefits for himself or third parties, reduces the assets of the company, even though he knew or should have known that the company would not be able to fulfill its obligations.

(3) The creditor of the company referred to in paragraph 2 point 2 of this article whose claim has become due may file a lawsuit for the collection of claims against the person referred to in paragraph 1 of this article to the competent court, within six months from the day of learning about the abuse referred to in paragraph 2 of this article, and at the latest within three years from the day of abuse.

(4) Filing a lawsuit from paragraph 3 of this article does not affect the right of creditors to collect claims in another way, in accordance with the law.

(5) In the event that the creditor's claim from paragraph 3 of this article is not due at the time of knowledge of the committed abuse, the period of six months begins to run from the day the claim is due.

Chapter III
SEAT, ACTIVITY AND NAME OF THE BUSINESS COMPANY

Headquarter

Article 13

(1) The registered office is the place in Montenegro from which the company's operations are managed or the place where the company permanently performs its activities, which is determined by the company's founding act or statute and which is registered in the CRPS.

(2) A business may have only one seat.

(3) If the management of the company or the place where the company permanently carries out its activity is located in a place different from the place that is registered as the headquarters of the company, the place registered in CRPS will be considered as the headquarters, with the proviso that third parties against the company can base the jurisdiction of the court on the place where the management of the company is located or the place where the company permanently performs its activity.

(4) A company may change its registered office in the manner determined by the articles of incorporation or bylaws of the company.

Delivery and address for receiving mail

Article 14

(1) The delivery of mail to a company is made to the address of the headquarters or a special address for the delivery of mail, which is registered in accordance with this law.

(2) The business must have an address for receiving electronic mail, which is registered in the CRPS.

Use of the seal

Article 15

(1) Business companies are not obliged to use a seal in business.

(2) Businesses operating electronically are required to use an electronic seal.

Company activity

Article 16

(1) The main activity of the company is registered in the CRPS, in the process of its establishment.

(2) In addition to the main activity, the company may perform other activities, in accordance with the law.

Name of the company, subsidiary and entrepreneur

Article 17

(1) The name of the company, subsidiary and entrepreneur is the name under which they operate.

(2) The name of the company, branch and entrepreneur, as well as all their changes, are entered in the CRPS.

(3) The name of the company and the name of the subsidiary can be changed in the manner determined by the founding act, i.e. the statute of the company, and the name of the entrepreneur based on the entrepreneur's decision.

(4) The business company and the entrepreneur are obliged to act in legal transactions under the name registered in CRPS, to use it on business letters and other documents addressed to third parties and to display it in business premises.

(5) The name of the company may also contain the indication of the predominant activity.

Content of the name of the company and the entrepreneur

Article 18

(1) The name of the partnership must contain the designation: "partnership" or the abbreviation "OD".

(2) The name of the limited partnership must contain the designation: "limited partnership" or the abbreviation "KD".

(3) The name of the joint stock company must contain the designation: "stock company" or the abbreviation "AD".

(4) The name of the limited liability company must contain the designation: "limited liability company" or the abbreviation "DOO".

(5) The name of the branch must contain the full name of the company in which it operates, the indication that it is a branch and the address of the branch.

(6) The name of the part of the foreign company must contain the original name of the foreign company, designation or abbreviated designation of the form of the company ("joint-stock company" or "AD", "limited liability company" or "DOO", "limited partnership" or "KD" , "partnership" or "OD"), alternative name of part of the foreign company, if the original name of the foreign company was used by another company in Montenegro, as well as the form of organization of the part of the foreign company ("part of the foreign company", "branch", "representation").

(7) The name of the entrepreneur must contain the designation "entrepreneur".

(8) The designation "in liquidation" shall be added to the name of the company in liquidation.

Abbreviated name of the company

Article 19

(1) A company may, in addition to its full name, use an abbreviated name in accordance with the founding act of the company, i.e. the statute.

(2) The abbreviated name from paragraph 1 of this article must contain the designation of the company's form, as well as certain words that are already contained in the name.

(3) The abbreviated name is registered in CRPS.

(4) The branch may not use an abbreviated name.

Use of names and symbols of countries and international organizations

Article 20

(1) The name of the company may contain the name "Montenegro", and the company logo may contain the coat of arms, flag and other state symbols in accordance with the law.

(2) The name of the company may contain names, and the logo of the company may contain coats of arms and other symbols of a foreign state or international organization, with the prior consent of the competent body of the state or international organization to which the name or symbols refer.

Use of personal name

Article 21

(1) The name or part of the name of a natural person may be entered in the name of the company, with his written consent, and if that person has died, with the consent of his heir.

(2) If a business company offends the honor and reputation of a natural person whose name is included in its name by its actions or in some other way, that person, or his heirs, may file a lawsuit with the competent court for the deletion of his name from the name of the company.

(3) If the person's name remained in the name even after the termination of his membership in the company, upon a lawsuit by that person or his heirs, the competent court will order the deletion of his name from the name of that company.

(4) The lawsuit from para. 2 and 3 of this article can be submitted within one year, from the date of termination of membership of a company, or the death of a member of the company whose name remained in the name of that company.

Transfer of the name of the association

Article 22

(1) The name of a company registered in CRPS cannot be transferred to another company.

(2) Exceptionally from paragraph 1 of this article, the name of the company may be transferred to another company in the case of a merger of companies, when the name of the acquired company is transferred to the acquiring company.

Protection of the name of the company

Article 23

(1) A business may not register its name in CRPS if:

1) is contrary to compulsory regulations or offends public morals;

2) is the same or similar to the name of another company, which may result in the replacement of companies by participants in legal transactions;

3) may mislead participants in legal transactions regarding the legal form of the company.

(2) In case of violation of the provisions from paragraph 1 of this article, the interested party may request the competent court to change the name of the company from paragraph 1 of this article.

(3) The lawsuit from paragraph 2 of this article can be filed within two years from the date of registration of the name of the business company.

(4) The procedure for the lawsuit of the business company referred to in paragraph 2 of this article is urgent.

(5) If the company referred to in paragraph 1 of this article, within 30 days from the finality of the judgment ordering the change of name, does not change the name, the competent authority for registration shall ex officio initiate the procedure of judicial liquidation of the company.

Chapter IV
COMPANY REPRESENTATION AND PROCUREMENT

Legal representatives

Article 24

(1) The legal representatives of the company, in accordance with this law, are:

1) partners in a partnership;

2) general partners in a limited partnership;

3) executive director or chairman of the board of directors of a joint-stock company and limited liability company.

(2) Persons who are legal representatives of the company must be registered in accordance with this law.

Other representatives

Article 25

In addition to legal representatives, representatives of the company, in the sense of this law, are also persons who are authorized to represent the company by an act of the competent body of the company and who are registered in the CRPS.

Scope of authority and responsibility of representative

Article 26

(1) A person who is entrusted with the performance of certain tasks within the scope of the company's activities, may undertake all actions and conclude all legal tasks that are usually carried out or arise in addition to the tasks entrusted to him.

(2) If the authorization for representation established by law or another act is not expressly established as joint, each representative acts independently in the name and on behalf of the company.

(3) The representative of the company is obliged to represent the company within the limits of the authority for representation established by the law, founding act, statute or other act of the company and is responsible for damage caused by exceeding the authority, in accordance with the law.

The concept and basic characteristics of procura

Article 27

(1) A power of attorney is a power of attorney by which a company authorizes one or more natural persons to conclude legal transactions and undertake other legal actions in its name and on its account.

(2) Power of attorney for companies is issued by the competent authority of the company.

(3) The entrepreneur gives the power of attorney personally.

(4) Power of attorney cannot be given to a legal entity.

(5) If the articles of incorporation or the articles of association of the company do not stipulate otherwise, the power of attorney is issued by a decision of a partner in a partnership, by a decision of a general partner in a limited partnership, by a decision of the assembly of a limited liability company that does not have the structure of the management body of a joint stock company, i.e. by a decision of the board of directors or the supervisory board in joint stock companies and limited liability companies that have the structure of the management body of a joint stock company.

(6) The power of attorney is given in the form of a notarial deed and must be registered in the CRPS.

(7) Power of attorney is not transferable to another person.

(8) The procurator signs in the name and on behalf of the company, and next to his signature, he puts the mark "procurator".

Power of attorney

Article 28

(1) Prokura can be individual or joint.

(2) If a power of attorney is issued for two or more persons without an indication that it is a joint power of attorney, each person of power of attorney appears independently.

(3) If the power of attorney was issued as a joint power of attorney, legal transactions concluded or legal actions taken by the procurators are valid with the express consent of all procurators.

(4) Consent from paragraph 3 of this article can be given as prior or subsequent.

Powers and limitations of powers of the procurator

Article 29

(1) The procurator can conclude contracts and undertake all legal actions in the name and on behalf of the company, provided that without special authorization he cannot:

1) concludes legal affairs and undertakes legal actions in connection with the acquisition, alienation or encumbrance of immovable property, i.e. shares and shares owned by the company in other companies;

2) concludes loan and credit agreements;

3) undertakes bills of exchange and guarantee obligations;

4) represents the company in administrative and court proceedings, before arbitration or a mediator;

5) to give power of attorney for representation to other persons.

(2) Procura restrictions that are not expressly established by this law have no effect against third parties, unless they are registered in the CRPS.

Opoziv i otkaz prokure

Article 30

(1) The power of attorney can be revoked at any time, regardless of the legal affairs for which it was issued.

(2) The grantor of the power of attorney cannot waive the right to revoke the power of attorney, nor the right to limit or condition it.

(3) The power of attorney can cancel the power of attorney, with the proviso that, at the request of the grantor of the power of attorney, which is delivered to him in writing, he is obliged to conclude legal affairs and undertake other legal actions within a period of 30 days from the date of delivery of the cancellation.

(4) Revocation and cancellation of the power of attorney are given in writing and are registered in the CRPS.

Chapter V
SPECIAL DUTIES TO THE SOCIETY

SECTION A
PERSONS WHO HAVE SPECIAL DUTIES TO THE COMPANY AND RELATED PERSONS

Persons with special duties towards society

Article 31

(1) Duties of attention, reporting of personal interest, avoidance of conflicts of interest, keeping business secrets and respecting the prohibition of competition, in accordance with this law, have:

1) partners and general partners;

2) members of a limited liability company who own a significant share in the company's share capital or a member of a limited liability company who is a controlling member of the company in accordance with Article 32 of this law;

3) shareholders who own a significant share in the company's share capital or a shareholder who is a controlling member of the company in accordance with Article 32 of this law;

4) executive director, members of the board of directors, members of the management board, members of the supervisory board, representatives and procurators;

5) auditor;

6) liquidation manager.

(2) Other persons who have special duties towards the company may be designated by the founding act or statute.

Related parties

Article 32

(1) A related person, in the sense of this law, in relation to a specific natural person is considered to be:

1) his relative in the direct line, relative in the collateral line including the third degree of kinship, married and common-law spouse of these persons;

2) his married or common-law spouse and their relatives including the first degree of kinship;

3) his adoptive parent or adoptee, as well as the adoptee's descendants;

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

(2) A related person, in the sense of this law, in relation to a specific legal entity, is considered to be:

1) a legal entity in which that legal entity owns a significant share in the share capital;

2) a legal entity (subsidiary company) in which that legal entity is the controlling member (parent company);

3) a legal entity which, together with that legal entity, is under the control of a third party;

4) a person who owns a significant share in the share capital of that legal entity;

5) a person who is the controlling member of that legal entity;

6) a person who is its executive director, member of the board of directors, member of the management board or member of the supervisory board.

(3) A significant participation in the share capital exists if one person, alone or with other persons acting together with him, owns more than 20% of the voting rights in the company.

(4) A majority share in the share capital exists if one person, alone or with other persons acting together with him, owns more than 50% of the voting rights in the company.

(5) Control in the sense of paragraph 2 of this article implies the right or possibility of one person to independently or with other persons acting jointly with him exert a decisive influence on the business of another person through participation in the share capital, contracts or the right to appoint the majority of the members of the board of directors, that is, of the majority of members of the supervisory board.

(6) It is considered that a certain person is the controlling member of the company whenever that person independently or together with related persons owns a majority share in the company's share capital.

(7) Joint action exists when two or more persons, on the basis of an agreement, exercise voting rights in a certain legal entity or undertake other actions with the aim of exerting a joint influence on the management or operations of that entity.

SECTION B
DUTY OF CARE

The concept of duty of care

Article 33

(1) The executive director, members of the board of directors, members of the board of directors, members of the supervisory board, representatives, procurators, auditor and liquidation administrator are obliged to act conscientiously and with the care of a good businessman in the performance of their obligations, i.e. in the interest of the company as a whole.

(2) The attention of a good businessman is considered to be the increased level of attention, knowledge, skills and experience necessary for performing tasks within his competence in society.

(3) If, in addition to the knowledge, skills and experience from paragraph 2 of this article, a person from article 31 paragraph 1 point. 4, 5 and 6 of this law possesses additional specific knowledge, skills or experience, the same are taken into account when assessing the level of attention he should have shown (attention of a good expert).

Lawsuit for breach of duty of care

Article 34

Against the person referred to in Article 31, paragraph 1, item 4, 5 and 6 of this law, the company may file a claim for compensation for damage caused to the company by breach of duty of care.

Business judgment rule

Article 35

The person referred to in Article 31, paragraph 1, item 4, 5 and 6 of this law who acted conscientiously, with the attention of a good businessman, that is, with the attention of a good expert and in the reasonable belief that he is acting in the interest of society, is not responsible for the damage that occurred as a result of his business decisions.

SECTION C
DUTY TO DECLARE PERSONAL INTEREST

Method of reporting personal interest

Article 36

(1) The person referred to in Article 31 of this law is obliged to inform the partners, general partners, members of the limited liability company, the board of directors, i.e. the supervisory board about the existence of a personal interest or the interest of persons related to him in the legal transaction concluded by the company, i.e. the legal action society undertakes.

(2) Personal interest for the persons referred to in Article 31 of this law exists in the case of:

1) concluding a legal transaction between the company and that person or a person related to him;

2) undertaking legal action (taking action in court and other proceedings, waiver of rights, etc.) that the company undertakes against that person or against a person related to him;

3) concluding a legal transaction between the company and a third party, i.e. undertaking legal action by the company towards a third party, if that third party is with him or a person related to him in a financial relationship and if the existence of that relationship can be expected to affect his actions.

(3) Financial relationships from paragraph 2 point 3 of this article are debtor-creditor, as well as other relationships where the connection of economic interests between persons can be established.

Approval of legal work in case of personal interest

Article 37

(1) The conclusion of a legal transaction and the undertaking of legal actions referred to in Article 36, paragraph 2 of this law may be approved in the case of:

1) of a partnership, that is, a limited partnership, by a majority vote of all partners, that is, general partners who do not have a personal interest;

2) companies with limited liability, by a simple majority vote of the members present at the company's assembly, where there is no personal interest;

3) companies with limited liability that have the structure of the body of a joint-stock company, by a majority vote of all members of the board of directors or the supervisory board where there is no personal interest;

4) of a joint-stock company, by a majority vote of all members of the board of directors (for a unicameral joint-stock company) or the supervisory board (for a bicameral joint-stock company), who have no personal interest.

(2) In the cases referred to in paragraph 1 item 3 and 4 of this article, if all members of the board of directors or the supervisory board have a personal interest or the number of members who do not have a personal interest is insufficient to achieve a quorum for work or due to an equal division of votes between the members of these bodies who do not have a personal interest and when the chairman of the board director or the supervisory board is not present or does not have the right to vote, the decision to approve the conclusion of the legal transaction is made by the

assembly of members of the limited liability company, i.e. the assembly of shareholders, by a majority vote of the members present who do not have a personal interest.

(3) The founding act or the statute may determine that the approval from paragraph 1 point. 3 and 4 of this article is given exclusively by the assembly of the company.

(4) In the event that the board of directors, that is, the supervisory board, approves the conclusion of a legal transaction in accordance with paragraph 1 point. 3 and 4 of this article, the board of directors or the supervisory board is obliged to inform the assembly of the company about the details of the issued approval at the first following session, in a separate item on the agenda.

(5) The approval from paragraph 1 of this article is not required in the case of:

1) the existence of a personal interest in the sole member of the company or all members of the company;

2) subscription, or purchase of shares or shares based on the right of pre-emption, or pre-emptive right of company members;

3) acquisition of own shares, i.e. shares by the company, if this acquisition is carried out in accordance with this law.

Lawsuit due to violation of the rules on approval of actions in cases of existence of personal interest

Article 38

(1) If the persons referred to in Article 31 of this law did not request approval in accordance with Article 37 of this law or when submitting the application for the issuance of approval did not state all the facts of importance for making a decision, the company may file a lawsuit with the competent court for annulment of concluded legal transactions, i.e. taken legal actions in case of personal interest and compensation for damages from those persons.

(2) In the case referred to in paragraph 1 of this article, in addition to the persons referred to in Article 31 of this law, the related persons referred to in Article 36, paragraph 2, are jointly and severally liable for damage to the company. 1 and 2 of this law, as well as a third party from Article 36 paragraph 2 point 3 of this law, if he knew or must have known about the existence of a personal interest at the time of concluding a legal transaction, i.e. undertaking a legal action.

Exception to the violation of the rules on approval of actions in cases of personal interest

Article 39

Violation of the rules on the approval of legal transactions and actions in which there is a personal interest is not considered a violation if it is established in the proceedings according to the lawsuit referred to in Article 38 of this law that the concluded legal transactions or undertaken legal actions were in the interest of the company, or if the persons referred to in Article 31 of this law of the law prove that they did not know nor should they have known about concluding a legal transaction, i.e. taking legal actions in which there was a personal interest, the existence of which is the subject of the claim.

SECTION D
DUTY TO AVOID CONFLICTS OF INTEREST

Conflict of interest violation

Article 40

(1) The persons referred to in Article 31 of this law and the expert referred to in Article 125 of this law cannot, in their own interest or in the interest of persons related to them, to:

1) use company property;

2) use information obtained in this capacity, which is not publicly available;

3) use opportunities to conclude business that arise for the company.

(2) Conflict of interest also exists in cases where the company was not able to use property, information or conclude transactions from paragraph 1 of this article.

(3) The provision of paragraph 1 point 1 of this article does not apply to the auditor of the company and experts from article 125 of this law.

Lawsuit due to violation of conflict of interest

Article 41

(1) The company may file a lawsuit with the competent court against the person referred to in Article 31 of this law and the expert referred to in Article 125 of this law for breach of the duty to avoid conflicts of interest referred to in Article 40 of this law, as well as against the related person referred to in Article 32 para. 1 and 2 of this law.

(2) The lawsuit referred to in paragraph 1 of this article may demand:

1) compensation for damages;

2) the transfer of benefits to the company that that person, that is, a related person, achieved as a result of a breach of duty.

Exception to the violation of the duty to avoid conflicts of interest

Article 42

The persons referred to in Article 31 and the expert referred to in Article 125 of this law have not violated the duty to avoid conflicts of interest if they obtain prior or subsequent approval in accordance with Article 37 of this law, unless it is determined that when submitting the application for the issuance of the approval, not all facts of importance for the adoption were presented. decisions.

SECTION E
DUTY TO KEEP BUSINESS SECRETS

Keeping trade secrets

Article 43

(1) The persons referred to in Article 31 of this law, other persons employed in the company and the expert referred to in Article 125 of this law are obliged to keep the business secret of the company.

(2) The persons referred to in paragraph 1 of this article are obliged to keep the business secret even after the termination of their activities, for a period of two years from the date of termination, with the provision that this period may be extended by the founding deed, statute, company decision or contract concluded with these persons to extend, but not more than five years.

(3) Exceptionally from paragraph 2 of this article, an expert from article 125 of this law is obliged to keep a business secret for an unlimited period of time.

(4) A trade secret is information, i.e. a set of data that is not in whole or in part generally known or available to persons from the circles that regularly work with this type of data, that have an economic value because they are not generally known and to which appropriate confidentiality protection measures are applied based on which the society that legally owns them ensures their secrecy.

(5) A business secret is also information that is designated as a business secret by law and other regulations.

Exceptions to the obligation to keep business secrets

Article 44

The disclosure of data from Article 43 of this law is not considered a violation of trade secrets, if the disclosure of data is:

1) an obligation established by law or by a decision of a competent state body;

2) necessary to protect the interests of the company;

3) done in order to inform the public about the commission of an act punishable by law.

Lawsuit for violation of the duty to keep a business secret

Article 45

(1) In the event of a violation of the obligation to keep business secrets, the company may file a lawsuit with the competent court against the person referred to in Article 31 of this law, other persons employed by the company and the expert referred to in Article 125 of this law.

(2) The lawsuit referred to in paragraph 1 of this article may demand:

1) compensation for damage caused by the violation of the duty to keep business secrets;

2) exclusion of the person from paragraph 1 of this article from the company, if that person is a member of the company.

(3) The company is obliged to provide complete protection to a person who, acting conscientiously and in good faith, points out to the competent authorities the existence of the information referred to in Article 44, paragraph 1, item 3 of this law.

SECTION F
DUTY TO RESPECT THE PROHIBITION OF COMPETITION

Prohibition of competition

Article 46

(1) Person referred to in Article 31, paragraph 1, item 1 to 4 of this law, except for a member of a limited liability company and a member of a joint-stock company who have a significant share in the share capital, may not, without obtaining approval in accordance with Article 37 of this law:

1) have the status of a person referred to in Article 31, paragraph 1, item 1 to 4 of this law in another company that has the same or similar object of business (competing company);

2) to be an entrepreneur or a manager employed by an entrepreneur who has the same or similar object of business;

3) be employed in a competitive company;

4) be otherwise engaged in a competitive company;

5) to be a member or founder of another legal entity that has the same or similar object of business.

(2) By the articles of incorporation or bylaws of the company:

1) the ban from paragraph 1 of this article can be extended to other persons, which must not affect the acquired rights of those persons;

2) it may be prescribed that the prohibition from paragraph 1 of this article applies even after the termination of the property from article 31 paragraph 1 point. 1 to 4 of this law, but not longer than two years;

3) jobs, the way or the place of their performance, which do not constitute a violation of the duty to respect the prohibition of competition, can be determined.

(3) The prohibition from paragraph 1 of this article does not apply to the sole member of the company.

Lawsuit for violation of non-competition rules

Article 47

Against persons who have the duty to respect the prohibition of competition from Article 46 of this law, the company may file a lawsuit for violation of the duty to respect the rules on the prohibition of competition for:

1) damages;

2) the transfer of benefits to the company that that person achieved as a result of that violation;

3) exclusion of that person as a member of the company, if that person is a member of the company.

SECTION G
FILING CLAIMS FOR BREACH OF SPECIAL DUTIES

Deadlines for filing lawsuits

Article 48

The lawsuit from Art. 34, 38, 41, 45 and 47 of this law can be submitted within six months from the day of knowledge of the committed violation, and no later than within five years from the day of the committed violation.

Waiver of rights

Article 49

The company may waive the right to all or some of the claims from art. 34, 38, 41, 45 and 47 of this law against the members of the board of directors, the supervisory board, the board of directors and the executive director only after the expiration of a period of 18 months from the date of the violation, based on the unanimous decision of the assembly, i.e. the members of the company.

Direct action

Article 50

(1) A member of the company may file a claim against the person referred to in Article 31 of this law for compensation of damage caused by that person by violating special duties towards the company (individual direct claim), within six months from the day of knowledge of the violation, and no later than three years from the day the injury was committed.

(2) In the case referred to in paragraph 1 of this article, it will be considered that the plaintiff represents all members of the company whose interests are threatened in the same way, and not only his own (collective direct lawsuit).

(3) In the case referred to in paragraph 2 of this article, the court will allow other members of the company whose interests are threatened to enter the litigation as interveners on the plaintiff's side.

(4) In the event that the judgment approves the claim from paragraph 1 of this article, the competent court may annul the decision of the company's body which caused the damage determined by the judgment, taking into account the protection of the interests of conscientious third parties.

Derivative action

Article 51

(1) Every member of a joint-stock or limited liability company, regardless of whether the reasons for filing a lawsuit arose before or after acquiring the status of a member of the company, for the purpose of compensation for damage caused to the company, may file a lawsuit from Art. 34, 38, 41, 45 and 47 of this law, in his own name, on behalf of the company (derivative claim), if before filing the derivative claim, he requested the company in writing to file a claim on that basis (previous request), and the request was rejected or the request was not acted upon within 30 days from the date of submission of the request.

(2) Exceptionally from paragraph 1 of this article, every member of the parent company has the right to file a lawsuit in his own name, and on behalf of the subsidiary company (derivative lawsuit for a subsidiary company), if:

1) the parent company owns at least 90% of the basic capital of the subsidiary company;

2) before submitting the derivative lawsuit, requested in writing the parent company to file a derivative lawsuit on the same basis (prior request to the parent company), i.e. the subsidiary company to file a lawsuit against the persons responsible for the damage (prior request to the subsidiary company), and both requests are rejected or the requests were not acted upon within 30 days from the day of their submission;

3) the subsidiary is a joint stock company or a limited liability company.

(3) In the event that companies from para. 1 and 2 of this article file a lawsuit based on the previous request, the court will allow the applicant of the previous request to enter the litigation as an intervener on the side of the plaintiff.

(4) Applicants of the previous request may file a lawsuit from para. 1 and 2 of this article, if no more than six months have passed since the day of learning about the committed violation by the time the previous request was submitted, that is, if no more than three years have passed from the moment the violation was committed to the moment the previous request was submitted.

(5) In the event that the claim from para. 1 or 2 of this article is adopted, the competent court can annul the decision of the company body that caused the damage, taking into account the protection of the interests of conscientious third parties.

Chapter VI
ASSETS AND CAPITAL OF THE COMPANY

Assets and net assets of the company

Article 52

(1) The assets of the company consist of property rights and other property rights that represent the roles of its members and the assets acquired by the company through operations.

(2) The net assets (capital) of the company, in the sense of this law, is the difference between the value of the assets and the liabilities of the company.

The share capital of the company

Article 53

(1) The basic capital of the company is the monetary value of all registered shares of company members registered in accordance with this law.

(2) The basic capital of the company is divided into shares, i.e. shares of a certain nominal value.

Types of roles

Article 54

(1) Contributions to the company can be monetary or non-monetary.

(2) Non-monetary contributions can only be in things and rights, unless otherwise regulated by law.

Obligation to make payments, i.e. to make deposits

Article 55

(1) Shareholders, that is, members of a limited liability company and limited partners must enter a stake in the company before the shares are registered to the shareholders, that is, before the shares are registered to their owners, in accordance with this law.

(2) Contributions of partners and general partners may be paid, i.e. entered into the company within the period established in the founding act, i.e. the decision on the introduction of additional contributions, provided that this period cannot be longer than two years from the date of adoption of the founding act, i.e. the decision on entering additional roles.

(3) The persons referred to in paragraph 2 of this article who, by the founding act or in another way, undertook the obligation to pay, that is, enter a certain contribution into the company, are responsible for the damage caused to the company in case of delay in fulfilling their obligations, in accordance with the law.

No deposit refunds

Article 56

(1) The members of the company cannot be reimbursed for the paid or entered contributions, nor can they be paid interest on what they have invested in the company.

(2) Payments for the acquisition of own shares, i.e. shares, as well as other payments to company members, which are made in accordance with this law, are not considered returns of shares to company members.

Ways of determining the value of a non-monetary contribution

Article 57

(1) The value of the non-monetary contribution is determined:

1) by agreement of all members of the company;

2) through assessment, in accordance with Art. 58, 59 and 60 of this law.

(2) In joint-stock companies, limited liability companies and limited partnerships with regard to the role of the limited partner, the value of the non-monetary role is determined exclusively through an assessment made in accordance with paragraph 1 point 2 of this article.

Assessment of the value of a non-monetary contribution

Article 58

(1) Non-monetary contributions are assessed by authorized assessors who meet the conditions established by the law regulating accounting.

(2) The assessment is performed before the company accepts the non-monetary contribution.

(3) The company's decision to accept a non-monetary contribution determines:

1) the number and nominal or accounting value of the shares issued for that contribution, the name of the person giving the contribution and the type of property being invested, in the case of a joint stock company;

2) the nominal value of the share, the name of the person making the contribution and the type of property being invested, in the case of a limited liability company, limited partnership or partnership.

Content of the report on the assessment of non-monetary contributions

Article 59

The non-monetary contribution assessment report contains:

1) name or title of the owner of the property;

2) description of each part of the property to be assessed;

3) description of the assessment method used;

4) a statement whether the value of the property proposed in the report corresponds to the number and nominal value of the shares acquired in the joint-stock company or the accounting value of the shares without nominal value, increased by the premium paid for those shares if any, or the nominal value of the shares acquired in limited liability company, limited partnership or partnership.

Publication of reports on assessment of non-monetary contributions and registration of shares

Article 60

(1) The authorized appraiser's report and the company's decision on accepting a non-monetary contribution shall be submitted for registration in the CRPS within seven days from the date of receipt of the decision of the Capital Market Commission on recording the issue of shares on the basis of a non-monetary contribution, for a joint-stock company or the record of the entry of a non-monetary contribution into a limited liability company, limited partnership or partnership.

(2) If a partner or general partner is given a later deadline for entering shares in the company, the acquisition of shares in the company is registered in the CRPS based on the founding agreement or the decision on entering additional shares.

(3) The minutes referred to in paragraph 1 of this article are signed by the person who entered the non-monetary contribution and the authorized representative of the company.

(4) The competent authority for registration submits the decision on acceptance of non-monetary deposit to the Official Gazette of Montenegro for publication within two working days from the day of registration from paragraph 1 of this article.

PART TWO
ENTREPRENEUR

Definition of an entrepreneur

Article 61

An entrepreneur is a natural person who is engaged in economic activity, and does not perform this activity for the account of another.

Registration of entrepreneurs

Article 62

(1) A natural person acquires the status of an entrepreneur by registering in the CRPS.

(2) An entrepreneur does not have the capacity of a legal person.

(3) The registration application referred to in paragraph 1 of this article contains data on the name, seat and predominant activity of the entrepreneur, the name of the entrepreneur and the manager, if appointed, the date and place of their birth, unique identification number, place of residence, and other data of importance for notification of participants in legal transactions.

(4) In relation to the name, seat and predominant activity of the entrepreneur, the provisions of Art. 13 to 23 of this law.

Manager

Article 63

(1) An entrepreneur can entrust the management of business to another natural person who is capable of doing business (hereinafter: the manager), who has not been convicted of criminal offenses: against labor rights, against intellectual property, against payment transactions and business operations, against property and against official duties and he was not imposed a security measure prohibiting him from performing the activities of an entrepreneur.

(2) The manager is registered in the CRPS and on the day of registration acquires the title of entrepreneur's representative.

(3) The manager must be employed by the entrepreneur.

Responsibility of entrepreneurs

Article 64

The entrepreneur is responsible for obligations in the performance of economic activity with all of his assets.

Termination of entrepreneur status

Article 65

(1) The property of an entrepreneur ends with the cessation of activities and in the following cases:

1) death or permanent loss of business capacity;

2) if he does not obtain a license to perform activities;

3) if the invalidity of the entrepreneur's registration has been established by a final judgment;

4) if a legally binding judgment has been imposed on him prohibiting him from performing activities;

5) in other cases prescribed by law.

(2) An entrepreneur who ceases to perform an activity submits a notification of cessation of activity to the competent registration authority for deletion from the CRPS.

PART THREE
THE PARTNERSHIP

Chapter I
ESTABLISHMENT AND REGISTRATION OF A PARTNERSHIP

Partnership and partners

Article 66

(1) A partnership is a company founded by two or more partners, in order to perform activities under a common name.

(2) A partner can be a natural or legal person.

Founding Act

Article 67

(1) A partnership is established by concluding a partnership agreement in written form.

(2) The signatures of the partners on the partnership agreement must be certified in accordance with the law.

(3) The partnership agreement contains:

1) name, unique registration number and residence of the founder for a domestic natural person, i.e. name, passport number or other identification number, residence of the founder who is a foreign natural person, i.e. name, registration number and seat of the founder who is a domestic legal entity, i.e. name, registration number or other identification number and seat of the founder who is a foreign legal entity;

2) name and headquarters of the company;

3) the predominant activity of the company;

4) type and value of each partner's role;

5) the term for which the company is established, if it is not established for an indefinite period;

6) other provisions of importance for the company and partners.

(4) Amendments and additions to the contract of establishment of the company are made by unanimous decision of all the partners of the company, unless otherwise stipulated in the contract of establishment.

Registration of partnership

Article 68

(1) The registration of a partnership in the CRPS is carried out on the basis of a registration application accompanied by an agreement on the establishment of a partnership.

(2) Along with the application referred to in paragraph 1 of this article, the following shall also be submitted:

1) proof of the identity of each founder, which does not have to be certified;

2) the names of the representatives of the company and his or their signature certified in accordance with the law;

3) address for receiving electronic mail;

4) address for receiving mail, if any.

Chapter II
CONTRIBUTIONS IN THE PARTNERSHIP AND SHARES OF PARTNERS

Stake and share

Article 69

(1) Partners play equal roles in the company, unless otherwise specified in the founding act.

(2) The contribution of a partner in a partnership can be in money, things and rights, as well as in work or services, which have been performed or should be performed.

(3) The value of the non-monetary contribution is determined by mutual agreement in money, unless otherwise determined by the founding agreement.

(4) Partners acquire shares in the company in proportion to their contributions to the company, unless the partners agree otherwise.

Consequences of delay

Article 70

(1) A partner who does not pay a financial contribution within the agreed term, or who does not hand over the money received for the company to the company in a timely manner, or takes the company's money for himself unjustifiably or is late with the entry of other contributions, is obliged to pay the statutory default interest, if the articles of incorporation were not agreed upon more interest, from the day when he had to pay or make a deposit, i.e. hand over money or took money unjustifiably.

(2) The provision of paragraph 1 of this article does not exclude the right of the partnership to demand compensation for other damages.

Transfer of shares

Article 71

(1) A partner's share may be transferred to another natural or legal person on the basis of a contract concluded in writing between the partner who transfers the share and the person to whom it is transferred, with the consent of all partners, unless otherwise stipulated in the founding agreement.

(2) Signatures on the contract from paragraph 1 of this article must be certified in accordance with the law.

(3) The transfer of shares between partners is free, unless otherwise stipulated in the founding agreement.

(4) The share transferred to another person is acquired on the date of registration of the transfer in the CRPS.

Responsibility for the transfer of shares and other forms of joining a partnership

Article 72

(1) A person to whom a partner's share was transferred or who otherwise joined the partnership after its establishment, is responsible for the company's obligations, regardless of when they arose.

(2) A partner who leaves the partnership is responsible for the obligations of the partnership that arose before he left the partnership.

(3) A partner who leaves the company may be released from the resulting obligations on the basis of a written agreement concluded with the other partners and creditors.

(4) The provisions of para. 2 and 3 of this article are also applied in the case referred to in article 89 of this law.

Chapter III
MANAGING THE AFFAIRS OF THE PARTNERSHIP

The right of a partner to manage the affairs of the company

Article 73

(1) The affairs of the partnership can be managed by each of the partners.

(2) If the foundation contract or the written agreement of all partners stipulates that one or more partners are authorized to conduct business, the other partners may not conduct business.

(3) Conducting business from paragraph 2 of this article includes all actions that are regularly undertaken in the business of the company.

(4) The consent of all partners is required for taking actions that go beyond the scope of regular business.

(5) The consent of all partners who are authorized to manage the affairs of the company is required for the transfer of the authority to manage the affairs, if there is no danger of delaying the execution of the affairs.

(6) The authorization from paragraph 5 of this article can be denied by any partner who is authorized to conduct business.

Way of conducting business

Article 74

(1) Each partner is authorized to manage the affairs of the company independently.

(2) If one of the partners authorized to manage the affairs of the company does not agree with taking certain actions, that action cannot be taken, unless failure to take actions due to the unavailability of the other partners authorized to manage the affairs of the company could cause damage to the company.

Cancellation of authorization to conduct business

Article 75

(1) A partner authorized to conduct business may cancel the authorization given to him, if there is a justified reason for doing so.

(2) In the case referred to in paragraph 1 of this article, the partner notifies all partners of the company in writing about the intention to cancel the authorization to conduct business.

(3) If the partner cancels the authorization to conduct business contrary to para. 1 and 2 of this article, is obliged to compensate the company for the damage caused.

The right to reimbursement of costs

Article 76

The partner has the right to compensation from the company for all expenses incurred in connection with the management of the company's affairs.

Distribution of profits

Article 77

Unless otherwise agreed in the partnership agreement or in the written agreement of the partners, each partner participates equally in the distribution of profits, i.e. in covering the loss of the company.

Right to information

Article 78

(1) A partner who is authorized to manage the company's affairs is obliged to provide information on all issues related to the business of the partnership and its work at the request of other partners.

(2) Each partner has the right to inspect the business books and other documents of the company, as well as to copy those documents at his own expense.

(3) If the partner is not allowed to inspect the business books from paragraph 2 of this article, within eight days from the date of submission of the request, the partner may request that the court, in a non-litigation procedure, order the company to act on his request.

(4) The procedure referred to in paragraph 3 of this article is urgent and the court is obliged to make a decision within eight days from the date of receipt of the request.

Decision making by partners of the company

Article 79

(1) The partners make decisions unanimously, unless otherwise stipulated in the founding agreement.

(2) The decision on the company's restructuring, the decision on the admission of a new partner to the company and decisions on other issues that do not relate to the company's regular operations are made unanimously.

(3) The provisions of the partnership agreement contrary to paragraph 2 of this article are null and void.

Registration of changes

Article 80

The partnership is obliged to submit to the CRPS, within seven days from the date of the change, data on the changes in the company that relate to:

1) name of the company;

2) headquarters of the company;

3) the predominant activity of the company;

4) duration of the company;

5) existing structure of company members or information about them;

6) method of profit distribution, if determined by the founding act;

7) type and value of partner roles;

8) partner's share in the company;

9) the amount of the company's capital;

10) email address;

11) address for receiving mail, if any;

12) other information from the contract on the establishment of the company.

Chapter IV
LEGAL RELATIONS OF THE PARTNERS AND COMPANY TO THIRD PARTIES

Representation

Article 81

(1) Unless otherwise determined by the founding agreement, each partner is a legal representative of the company authorized to independently represent the company.

(2) If two or more partners are authorized to represent the company together, they can authorize one or more partners to represent the company in certain tasks.

(3) A declaration of will by third parties made to any of the partners authorized to represent the company together shall be deemed to have been made to the company.

Cancellation of power of attorney

Article 82

(1) A partner may cancel the authorization to represent the company and is obliged to, at the request of the other partners, within a period of 30 days from the date of delivery of the cancellation to the company, continue to conclude legal affairs and undertake other legal actions, if there is a justified reason for doing so.

(2) In the case referred to in paragraph 1 of this article, the partner notifies the other partners of the company in writing about the intention to cancel the authorization for representation.

(3) If the partner cancels the authorization for representation contrary to para. 1 and 2 of this article, is obliged to compensate the company for the damage caused.

Deprivation of power of attorney

Article 83

(1) The power of representation may be revoked by the decision of the competent court, upon the complaint of one or more partners, if it is established that there are justified reasons for this.

(2) Justified reasons from paragraph 1 of this article are considered to be a serious breach of duty towards the company or the partner's inability to represent the company.

Representation of the company in a dispute with a partner who is authorized for representation

Article 84

(1) A partner who is authorized for representation cannot issue a power of attorney for representation or represent the company in a dispute in which he is the opposing party.

(2) If the company does not have another partner authorized for representation, the power of attorney is issued by all partners together.

Chapter V
TERMINATION OF PARTNERSHIP AND TERMINATION OF PARTNERSHIP

Termination method

Article 85

The partnership is terminated by deletion from the CRPS, in the case of:

1) liquidation of a solvent partnership due to:

a) expiration of the time for which it was established;

b) performance of the work for which it was established;

c) decisions of all partners, if not otherwise determined by their contract;

d) court decisions;

e) death, i.e. termination of the status of a partner, if so determined by the partnership agreement;

f) opening bankruptcy of a partner;

g) the fact that only one partner remained in the company, and within three months from the day when one partner remained in the company, no new partner joined the company;

h) the occurrence of another reason established by the founding agreement.

2) conclusion of bankruptcy of the company;

3) status changes.

Termination of the status of a partner

Article 86

The property of a partner in a partnership ceases in the case of:

1) death of a partner;

2) deletion of a partner who is a legal entity from CRPS due to liquidation or conclusion of bankruptcy;

3) departure of a partner from the company;

4) exclusion of partners from the company;

5) established in the founding agreement.

Continuation of the company with heirs

Article 87

(1) In the event of the death of a partner, the partner's share is not inherited, but is distributed proportionately to the remaining partners, unless otherwise determined by the partnership agreement or other agreement.

(2) If, in the case referred to in paragraph 1 of this article, it is determined by the founding agreement or the subsequent agreement of the partners that the partnership continues to do business with the heirs of the deceased partner, and the heirs do not agree to this, the partner's share is distributed proportionately to the remaining partners.

(3) The heirs can agree to inherit the deceased partner by taking his place or demanding that the partnership change its form to a limited partnership, and that they acquire the status of limited partners.

(4) If the heirs require the partnership to change its form to a limited partnership in accordance with paragraph 3 of this article, and the remaining partners of the company refuse to do so, the heirs take the place of the deceased partner and may withdraw from the partnership in accordance with Article 89 of this law.

(5) If the heirs withdraw from the company in accordance with paragraph 4 of this article, they are responsible for the obligations of the company until then in accordance with the law.

(6) In the case referred to in paragraph 3 of this article, the amount of profit share for limited partners may be determined by the founding agreement, which may be different from the amount of profit share that the decedent had as a partner.

Exclusion of partner

Article 88

(1) A partner may be excluded from the partnership based on the decision of the competent court, upon the complaint of one or more partners, if that partner intentionally or due to negligence did not perform an obligation towards the company or other partners, which affected the business of the company.

(2) In the case referred to in paragraph 1 of this article, the share of the excluded partner will be divided between the partners who remain in the company, in proportion to the value of their shares in the company, unless otherwise determined by the founding agreement.

(3) The partnership is obliged to compensate the excluded partner, within six months from the date of the court's final decision, the amount of funds that it would have received if the partnership had been dissolved on the day of filing the action for exclusion of the partner.

(4) The provision of Article 72 paragraph 2 of this law applies to the case of exclusion of a partner from a partnership.

Stepping out of the partner

Article 89

(1) A partner may withdraw from the partnership by submitting a written notification of withdrawal to the other partners.

(2) The written notice referred to in paragraph 1 of this article shall be submitted at least two months before the end of the business year, unless otherwise determined by the founding agreement.

(3) A partner who submits a notice from paragraph 2 of this article shall withdraw from the company at the end of the business year in which the notice was given, if in that business year the notice was submitted for registration in the CRPS.

(4) The partner's right from paragraphs 1, 2 and 3 of this article cannot be limited or excluded.

Consequences of a partner leaving the company

Article 90

(1) The share of the partner who withdraws from the partnership is divided between the partners who remain in the partnership, in proportion to the amount of their shares in the partnership, unless otherwise determined by the founding agreement.

(2) The partnership is obliged, within six months from the date of withdrawal, unless otherwise stipulated in the founding agreement, to pay the withdrawing partner the funds that he would have received up to the date of withdrawal in the event of liquidation of the partnership, regardless of current and unfinished business .

(3) If the value of the company's assets on the day of withdrawal is insufficient to cover the company's obligations, the partner withdrawing from the company is obliged to pay the company a part of the uncovered amount, in proportion to his share in the company, within six months from the day of withdrawal, if the founding agreement no other deadline has been set.

(4) The provision of Article 72 paragraph 2 of this law shall apply to a partner who resigned from the company in terms of his responsibility for the company's obligations.

Protection of partners' creditors

Article 91

(1) A creditor who has an overdue claim against a partner based on a legally binding and enforceable judgment has the right to demand in writing from the company to pay him the funds that the partner would receive in the event of liquidation of the company, but only up to the amount of his claim.

(2) On the day of the creditor's payment in accordance with paragraph 1 of this article, the partner loses his status as a partner, and his share is distributed to the other partners, in proportion to their shares in the company.

(3) A partner who has lost the status of a partner in accordance with paragraph 2 of this article, has the right to the payment of funds that he would receive in the event of liquidation of the company, reduced by the amount of funds paid to his creditor.

(4) If the company fails to pay the funds to the partner's creditor within six months from the date of delivery of the request from paragraph 1 of this article, the partner's creditor may initiate the procedure for judicial (compulsory) liquidation of the company.

(5) In the liquidation procedure referred to in paragraph 4 of this article, the partner's creditor has the right to payment of the liquidation balance that would belong to the partner, but only up to the amount of his claim, and the partner retains the right to payment of the liquidation balance in an amount that exceeds the amount of that creditor's claim.

PART
FOUR LIMITED PARTNERSHIP

Chapter I
ESTABLISHMENT OF A LIMITED PARTNERSHIP

Limited partnership and company members

Article 92

(1) A limited partnership is a company of one or more persons called general partners and one or more persons called limited partners.

(2) The general partners are jointly and severally liable with their personal assets for all the company's obligations, while the limited partners are not liable for the company's obligations, except in the cases expressly determined by this law.

Founding Act

Article 93

A limited partnership is established by a founding agreement that contains information from Article 67 of this law and the designation "limited partnership", persons who are general partners and limited partners, and information on the type and amount of contributions to the company of each limited partner.

Registration of a limited partnership

Article 94

(1) A limited partnership is registered in the CRPS by submitting a registration application accompanied by:

1) contract on the establishment of a limited partnership;

2) proof of the identity of each founder;

3) confirmation of entry of shares in the company, for each limited partner individually;

4) assessment by an authorized appraiser regarding the value of the limited partner's non-monetary contributions;

5) act on the appointment of the representative of the company with his certified signature, in accordance with the law;

6) email address;

7) address for receiving mail, if any.

(2) The registration application from paragraph 1 of this article is submitted in the manner established by article 320 of this law.

Application of provisions on partnership

Article 95

(1) The provisions of this law regulating relations in a partnership apply to a limited partnership, unless otherwise specified by this law.

(2) Complementary partners have the status of partners in a partnership, in accordance with this law.

Stake and share

Article 96

(1) The provisions of this law relating to the roles and shares of partners shall apply to the roles and shares of the general partner in the company, including the right of the general partner to a share in work and services and the method of transfer of shares.

(2) The provisions of this law governing the transfer of shares from partners to third parties shall apply to the transfer of shares from the general partner to the limited partner.

(3) The limited partner may freely transfer his share, provided that the transfer agreement must be concluded in writing and certified in accordance with the law.

Profit sharing

Article 97

Limited partners and general partners participate in the distribution of profits in proportion to their shares in the company, unless otherwise determined by the founding deed.

Chapter II
MANAGEMENT OF COMPANY AFFAIRS AND RIGHTS AND DUTIES OF COMMANDATORS

Management of the company's affairs

Article 98

(1) Associates manage affairs and represent the company.

(2) The limited partner does not participate in managing the company's affairs and has no authority to represent the company.

Registration of changes

Article 99

The limited partnership is obliged to register in the CRPS, within seven days from the date of the change, changes in the data from the founding agreement and other data from Article 94 of this law, as well as the change in the status of a member from a general partner to a limited partner, or from a limited partner to a general partner.

Prava Komanditora

Article 100

(1) The limited partner has the right to inspect the annual financial statements and the company's bookkeeping, at any time.

(2) If the limited partner is not provided with access from paragraph 1 of this article, within eight days from the day he submitted the request, the limited partner may request that the court, in non-litigation proceedings, order the company to act on his request.

(3) The procedure referred to in paragraph 2 of this article is urgent and the court is obliged to make a decision within eight days from the date of receipt of the request.

(4) The limited partner has the right to participate in the profits of the company in proportion to the amount of his registered share, unless otherwise determined by the founding agreement, with the fact that the deadline for the payment of profits cannot be longer than 90 days from the date of adoption of the annual financial statements of the company.

Liability of limited partners

Article 101

(1) The limited partner is not responsible for the obligations of the company, except in the cases referred to in Article 12 paragraph 2 of this law.

(2) In the case referred to in paragraph 1 of this article, the limited partner is also responsible for obligations that arose before he joined the company.

Termination of the status of general partner and limited partner

Article 102

(1) In the event of the death of a limited partner who is a natural person, or the termination of a limited partner who is a legal person, their successors or legal successors take their place.

(2) If the limited partner's share has become the subject of court or other legal proceedings related to his special debt, the other members of the company do not have the right to liquidate the company.

(3) If all general partners resign from the limited partnership, and no new general partner has been admitted to the company within six months from the date of departure of the last general partner, the limited partners may make a unanimous decision to change the form of the company to a limited liability company or a joint stock company, in accordance with this by law.

(4) If, in the case referred to in paragraph 3 of this article, the limited partners do not make a decision to change the form of the company within the prescribed period, the competent authority for registration shall ex officio initiate the procedure of judicial liquidation of the company.

(5) If all limited partners resign from the limited partnership, and no new limited partner has been hired within three months from the date of resignation of the last limited partner, the general partners may make a unanimous decision to change the form of the company to a partnership, in accordance with this law.

(6) If the general partners do not make the decision referred to in paragraph 5 of this article within the prescribed period, the competent authority for registration will ex officio initiate the procedure of judicial liquidation of the company.

Termination of limited partnership

Article 103

The provisions of this law on the termination of a limited partnership apply to the termination of a limited partnership.

PART FIVE
JOINT STOCK COMPANY

Chapter I
GENERAL PROVISIONS

Definition of joint stock company

Article 104

A joint-stock company is a company whose basic capital is divided into shares that are owned by one or more members of the company - shareholders.

Characteristics of a joint stock company

Article 105

(1) A joint-stock company is a legal entity that is separate from its shareholders in terms of its assets and liabilities.

(2) A joint stock company can be established for a fixed or indefinite period.

(3) The minimum founding capital of a joint stock company is EUR 25,000 in cash.

(4) A joint stock company may issue shares for non-monetary roles, in accordance with this law.

Founders of the joint stock company

Article 106

Joint-stock companies can be established by domestic and foreign, natural or legal persons, by concluding an agreement on establishment or by a decision on establishment.

Taking on obligations for society

Article 107

(1) The publication and registration, in accordance with this law, of the name of the executive director, i.e. the chairman of the board of directors, as well as the publication of the names of persons who are expressly authorized by the company's acts to represent the company, binds the company and the company cannot refer to irregularities in their appointment in relation to third parties, except when he proves that third parties knew or should have known about the existence of such irregularities.

(2) The actions of representatives are binding on the company, except when such actions exceed the powers they have or can have based on this law.

(3) Limitations of the representative's authority determined by the statute or decisions of the authority cannot be asserted against third parties, even if they are published in a timely manner.

Single-member joint-stock company

Article 108

(1) A single-member joint-stock company is a joint-stock company that is founded by one natural or legal person through a founding decision, i.e. a joint-stock company in which all shares are acquired by one natural or legal person after the establishment.

(2) If, after the establishment, all the shares are acquired by one natural or legal person, the company is obliged to register the change, as well as the name and residence, i.e. the name and seat of the sole shareholder, in the CRPS within eight days from the day when the change was registered in CKDD.

(3) A shareholder of a single-member joint-stock company has the powers of the assembly of the joint-stock company and is obliged to make decisions in written form and keep records of the decisions made in the company's decision book.

(4) In addition to the decisions from paragraph 3 of this article, all contracts between the sole member and the company he represents are also entered in the company's books.

(5) The founder or shareholder of a single-member company can perform the duties of executive director, that is, a member of the company's management body, or appoint another person.

Chapter II
ESTABLISHMENT OF A JOINT STOCK COMPANY

Method of establishing a joint stock company

Article 109

A joint stock company can be established successively and simultaneously.

Successive establishment of a joint stock company

Article 110

(1) A joint stock company is established successively:

1) by signing the founding agreement or passing the founding decision, with the mandatory certification of the signatures of the founders or their representatives, in accordance with the law;

2) obtaining approval for the founding issue of shares from the Commission for the Capital Market;

3) conducting a public call for registration and payment of shares;

4) registration and payment of shares by the founder;

5) obtaining a decision on the success of the founder's issue of shares from the Capital Market Commission;

6) by adopting the statute at the founding assembly, which is signed by the chairman of the founding assembly, in accordance with the law;

7) registration in the CRPS, in accordance with this law.

(2) After signing the foundation contract, the founders are obliged to open an account with a bank registered in Montenegro, to which investors pay funds equal to the issue value of the shares offered for sale, based on a public call for registration and payment of shares.

(3) If the number of shares specified in the prospectus is not registered and paid for within the time limit set for the registration and payment of shares, it is considered that the founder's issue of shares has failed, and therefore neither has the procedure for establishing the company.

(4) In the case referred to in paragraph 3 of this article, the paid amounts are returned without reduction to the persons who paid for the shares, and the founders are jointly and severally liable for the refund, in accordance with the law regulating the capital market.

(5) In the event of a successful issue of shares, the paid funds remain in the account referred to in paragraph 2 of this article until the company's registration procedure is completed.

(6) In the case of a successful issue of shares, the founding assembly will be held within 30 days from the expiration of the deadline for registration and payment of shares, and if the founding assembly is not held within that period without a valid reason, the persons who paid the shares shall be released obligation to the company and have the right to a full refund of the deposit, within eight days from the date of submission of the request.

(7) Founders and persons who acquired shares in the public issue procedure or their proxies may attend the founding meeting of shareholders, and the quorum for its holding is made up of owners who are present in person, through proxies or who voted via ballots, representing two-thirds of the shares that give the right to vote.

(8) In case the quorum is not reached, the provisions of Article 142 of this law shall apply.

(9) The founding assembly, unless otherwise specified by this law or the founding agreement, makes decisions within its competence by a simple majority of the votes of the shareholders who are present in person, by proxy or who voted via ballots.

(10) Exceptionally from paragraph 9 of this article, the founding assembly decides by a two-thirds majority of the present shareholders on:

1) election of the company's management body and auditor;

2) approval of contracts and other obligations assumed in the procedure and for the purposes of establishing the company by the founder and other persons;

3) adoption of the company's statutes.

(11) The provisions of this law that refer to the shareholders' meeting also apply to the founding meeting.

Simultaneous establishment of a joint stock company

Article 111

(1) A joint stock company is established simultaneously:

1) by signing the contract on establishment, that is, by making a decision on the establishment of a single-member joint stock company, with mandatory certification of the signatures of the founders or their representatives, in accordance with the law;

2) purchase of all shares by the founder at the time of establishment, without issuing a public call for registration and payment of shares;

3) obtaining a decision on the registration of the founding share issue from the Commission for the Capital Market;

4) by adopting the statutes at the founding assembly, with mandatory certification of the signature of the chairman of the founding assembly, in accordance with the law;

5) registration in CRPS, in accordance with this law.

(2) After signing the contract, i.e. the decision to establish a joint-stock company, the founders open an account in the name of the company under establishment with a bank registered in Montenegro, where the funds paid for the shares of the company by its founders remain until the completion of the company registration procedure.

(3) The founders are obliged to pay for the shares, i.e. to make non-monetary contributions within the period established in the founding deed.

(4) If one or more founders have not paid shares, i.e. have not made a non-monetary contribution within the period established by the founding act, the founders who have paid shares, i.e. have made non-monetary contributions, may amend the contract on the establishment of a joint-stock company in the part that refers to the founders and their shares, provided that the sum of timely paid amounts is 25,000 euros or more.

(5) The founders are obliged to register the issue of shares with the Capital Market Commission.

(6) The founding assembly of the company does not have to be held, if all founders of the company sign the decision on acceptance of the company's statutes, assessment of non-monetary contributions, election of management bodies and auditors of the company and other decisions made at the founding assembly.

(7) All signatures on the decisions referred to in paragraph 6 of this article are certified in accordance with the law.

(8) If the decision is not made in accordance with paragraph 6 of this article, the founding assembly must be held within 30 days from the expiration of the deadline for payment of shares from the founding act.

Costs of establishing a joint stock company

Article 112

(1) The founding act of the company may establish the company's obligation to pay the founders the expenses on the basis of the establishment of the company, provided that:

1) that the founding act determined the maximum amount of those costs;

2) that the payment of expenses is made from part of the funds that have been paid in excess of the amount of the minimum founding capital and that the amount of the establishment expenses is not treated as the founder's contribution;

3) that the founders submit appropriate evidence of incurred expenses;

4) that the founding assembly does not refuse payment of expenses for justified reasons.

(2) If a permit, approval or license (hereinafter: permit) is required for the start of activities in accordance with a special law, the founders are jointly and severally liable without limit for all obligations of the company that arise in the time until the issuance of the permit, except for obligations arising from the contract concluded by the company after registration in the CRPS and which will be implemented after obtaining a license to perform activities.

(3) Shareholders have the right to demand from the founder reimbursement of the company's expenses for all obligations incurred before registration in the CRPS due to non-fulfillment of the founder's obligations or negligent actions of the founder during the establishment of the company.

(4) The right from paragraph 3 of this article does not expire and shareholders cannot waive that right.

Founding Act

Article 113

(1) The founding act of a joint-stock company is the founding decision, when the company is founded by one person, or the founding agreement, when the company is founded by several persons.

(2) The founding act of the company contains the following information:

1) name, unique registration number and residence of the founder who is a domestic natural person, i.e. name, passport number or other identification number and residence of the founder for a foreign natural person, i.e. name, registration number and headquarters of the founder who is a domestic legal entity, i.e. name, registration number or other identification number and seat of the founder for a foreign legal entity;

2) name of the company being established;

3) designation that it is a joint stock company (abbreviated designation "AD");

4) the rights and obligations of the founder, which were established during the establishment or obtaining the license to start the activity according to the founder or a third party who participated in the procedure of establishing the company or obtaining the license to start the activity;

5) number of shares held by each founder;

6) the name, that is, the title of the founders who enter non-monetary contributions, a description of the roles, the number and type of shares received for the roles and the deadline by which non-monetary contributions must be entered into the company;

7) nominal value of shares;

8) procedure and deadlines for offering shares in case of successive establishment;

9) estimated establishment costs and the method of their reimbursement, if reimbursement of expenses is foreseen;

10) procedure for resolving disputes between founders;

11) authorization for one or more founders to represent the founders in the process of founding the company; and

12) other matters of importance for the establishment of the company.

Statute of the joint stock company

Article 114

(1) The statute of the joint stock company (hereinafter: the statute) contains:

1) the name of the company and the indication that the company is a joint stock company;

2) headquarters of the company;

3) the predominant and other activities of the company;

4) the amount of basic capital determined as initial capital and the amount of approved capital, if determined;

5) method of increasing or decreasing the basic capital;

6) the procedure for replacing one class of securities with another;

7) restriction on issuing bonds or borrowing on other grounds;

8) special rights of the founder and conditions for the transfer of shares, if any;

9) the method and procedure of convening and conducting the shareholders' assembly and the method of voting;

10) the method of appointing and dismissing the members of the board of directors and the executive director of the joint-stock company, that is, the management and supervisory board of the joint-stock company, their rights, obligations and competences;

11) the term for which the company is established, if it is not established for an indefinite period;

12) procedure for amendments to the statute;

13) other provisions of importance for the operation of the company.

(2) In addition to the data from paragraph 1 of this article, the statute may also contain:

1) total number of actions;

2) the structure of the basic capital according to share classes;

3) the number of shares according to each class, their initial price and the rights they give to shareholders;

4) the number of shares that were issued for non-monetary stakes, together with the type of property that makes up the stake and the names of the persons who entered those stakes.

Registration of a joint stock company

Article 115

(1) A joint-stock company is registered in the CRPS on the basis of a registration application accompanied by the following:

1) founding act of the company;

2) statute and special act, if the statute contains information from Article 114, paragraph 2 of this law;

3) list of names of members of the board of directors of the joint-stock company, that is, the supervisory and management board of the joint-stock company and the decision on their appointment;

4) the previous name of the members of the board of directors, i.e. the supervisory and management board, in case there was a name change, the date and place of their birth, their unique ID number, residence, i.e. residence;

5) declarations of the members of the board of directors, that is, the supervisory and management boards on citizenship;

6) data on the occupations of members of the board of directors, that is, the supervisory and management boards, as well as data on membership in other boards, the positions they hold, as well as the place of registration of those companies, if they are not registered in Montenegro;

7) the name and address of the auditor, the name and address of the executive director and secretary of the company, if there is one in the company, and decisions on the appointment of these persons;

8) the name and address of the members of the audit committee, if it was formed in the company in accordance with the regulations in the field of auditing, as well as the decisions on their appointment;

9) signed declarations of acceptance of the appointment of members of the board of directors and executive director of the joint-stock company, that is, members of the supervisory and management board of the joint-stock company, auditors and company secretary, if there is one in the company;

10) the decision of the Commission for the Capital Market confirming the success of the public issue procedure for the successive establishment of joint stock companies, that is, the decision

of the Commission for the Capital Market on the registration of the founding issue of shares, for a company that is simultaneously established;

11) address for receiving electronic mail;

12) address for receiving mail, if any;

13) data on persons authorized to represent the company with the scope of authorization for representation (individual or collective);

14) proof of payment of the registration fee.

(2) The registration application from paragraph 1 of this article is submitted in accordance with article 320 of this law.

(3) The registration of the company in the CRPS is carried out on the basis of the decision on registration.

(4) Information on the name and headquarters of the company, the names of the members of the management body and members of other bodies of the company registered in the CRPS, the auditor and the secretary of the company, if there is one in the company, the date of adoption of the founding act, adoption of the statute and registration of the joint stock company, are published in the "Official list of Montenegro".

Annulment of establishment of joint stock company

Article 116

(1) At the request of a person who has a legal interest, the competent court will annul the establishment of a joint stock company for the following reasons:

1) if the conditions for the adoption and content of the founding act and statute of the company, established by this law, have not been met;

2) if the activity of the company stated in the founding act is contrary to compulsory regulations or public order;

3) if the name of the company, the amount of the founding capital or the activities of the company are not determined by the founding act or statute;

4) if the provisions relating to the amount of the minimum founding capital have not been applied;

5) if the founders are not legally and commercially competent.

(2) A lawsuit for the annulment of the establishment of a joint stock company may be filed within three years from the date of the decision on the registration of the company from Article 115 paragraph 3 of this law.

(3) The competent court is obliged to deliver the final judgment canceling the establishment of the joint-stock company within 15 days from the date of finality of the judgment for the purpose of registration in the CRPS and initiation of the judicial liquidation procedure.

(4) By canceling the establishment of the company, the founders and shareholders become indefinitely jointly and severally liable for the company's obligations, and the concluded contracts and other obligations assumed before the cancellation remain in force, unless it is contrary to the judicial liquidation procedure.

(5) The provision of Article 120, paragraph 7 of this law applies to the decision from paragraph 4 of this article against third parties.

Chapter III
KEEPING OF BUSINESS RECORDS AND BUSINESS PUBLICITY

Keeping business records

Article 117

(1) The joint-stock company keeps the following documentation at its headquarters:

1) contract, i.e. decision on establishment;

2) the statute of the company;

3) financial statements, reports on the company's operations and reports of the company's auditor;

4) record book containing:

a) minutes from all meetings of the board of directors, that is, the supervisory board, or bodies formed by the board of directors, that is, the supervisory board;

b) minutes from all shareholders' meetings.

5) accounting documentation, which is maintained in accordance with the law;

6) on the establishment of encumbrances on the assets of the company.

(2) The joint stock company at its registered office keeps records of:

1) actions, shares that the company owns in other companies;

2) members of the board of directors, that is, the supervisory and management boards;

3) shares of the company owned by members of the management body;

4) contracts concluded with the company by the members of the management body, i.e. contracts in which they have an interest.

(3) The joint-stock company is obliged, at the request of the shareholder or former shareholder, for the period for which he was a shareholder in the company, to provide access to the documentation and records from paragraph 1 point. 1 to 4 and paragraph 2 point. 1, 2 and 3 of this article, no later than seven days from the date of submission of the written request.

(4) The right of inspection in accordance with Article 124 paragraph 1 of this law in the documentation and records from paragraph 1 point. 5 and 6 and paragraph 2 point 4 of this article, have shareholders who own at least 5% of the shares.

Business correspondence of the company

Article 118

(1) The joint-stock company in business letters and other business documents of the company is obliged to state:

1) the name of the authority that performed the registration in the CRPS;

2) number under which the company is registered in CRPS;

3) tax identification number;

4) indication of the form of the company;

5) name of the company;

6) headquarters of the company;

7) note, if the company is in liquidation or bankruptcy proceedings;

8) the amount of registered and paid-in capital of the company, if the business documents contain the basic capital of the company.

(2) The data from paragraph 1 of this article are published on the company's website.

Registration of changes, liquidation procedure and financial statements

Article 119

(1) The joint-stock company is obliged to submit documentation and data on changes related to:

1) statute and special act, if the statute does not contain information from Article 114 paragraph 2 of this law, that is, the founding act if the changes refer to the founding act;

2) appointment, dismissal and other changes of data on the members of the board of directors and the executive director, that is, the members of the supervisory and management boards;

3) appointment, dismissal and data on the auditor, the audit committee and the secretary of the company, if there is one in the company;

4) appointment, dismissal and other changes in data on persons authorized to represent the company with the scope of authorization for representation (individual or collective);

(2) The joint-stock company is obliged to submit to the CRPS, within the deadline referred to in paragraph 1 of this article, in the event of initiation of liquidation or bankruptcy proceedings:

1) the decision to initiate proceedings in case of liquidation or bankruptcy proceedings;

2) the decision on the appointment of the liquidator, that is, the receiver, his identity, qualifications and powers, except for those established by the company statute or the law;

3) the decision to end the liquidation procedure, i.e. the bankruptcy procedure, with the mandatory indication of all legal consequences of deleting the company from the register.

Disclosure of data

Article 120

(1) Information from Article 119 of this law is published in the "Official Gazette of Montenegro", specifying the documentation on the basis of which the registration in the CRPS was made.

(2) The data referred to in paragraph 1 of this article shall be published within 21 days from the date of submission of the application for registration in the CRPS.

(3) The documentation referred to in paragraph 1 of this article may be published in the "Official Gazette of Montenegro", in whole or in part, or by referring to a document registered in the CRPS.

(4) A joint stock company in relations with third parties may refer to the data from Article 119 of this law after their registration and publication in the "Official Gazette of Montenegro".

(5) Data registered in the CRPS in accordance with Article 119 of this law do not bind conscientious third parties with regard to transactions carried out within 15 days from the date of their publication on the CRPS website, provided that they did not know or could not have known about their publication.

(6) The information from Article 119 of this law published in the "Official Gazette of Montenegro" and the information submitted for registration in the CRPS must be the same, and if there is a discrepancy:

1) data published in the "Official Gazette of Montenegro" cannot be regarded by the company as credible in relations with third parties who relied on the data registered in CRPS.

2) third parties in relations with the company may refer to data published in the "Official Gazette of Montenegro", except when the company can prove that third parties had knowledge of data registered in CRPS.

(7) In their relations with the company, third parties may refer to all the company's acts and other data for which publication procedures have not been completed in accordance with this law, except when publication is a condition for legal effect.

(8) In addition to the mandatory publication of documents and data from paragraph 1 of this article and article 115 of this law in the Montenegrin language, the competent authority for registration will also allow publication in a certified translation in any of the languages that are in official use in the European Union.

(9) If there is an inconsistency between documents and data published in the Montenegrin language and their translation from paragraph 8 of this article, the company cannot rely on the published translation against third parties, while third parties can rely on the published translations, except when the company proves that did those persons know the content of the version that was published in the Montenegrin language.

Chapter IV
RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Rights of shareholders

Article 121

(1) Each shareholder has the rights granted to him by the shares he owns, with the fact that the owners of the same class of shares have the same rights.

(2) All shareholders are treated equally under equal circumstances.

(3) A decision of the shareholders' meeting that obligates all or only some shareholders to additional roles in the company may be made without the consent of all shareholders.

Property rights of shareholders

Article 122

(1) The shareholder has the right to:

1) to participate in the distribution of the company's profits in the form of dividends, when a decision has been made to distribute profits to shareholders;

2) to receive part of the company's remaining assets after the liquidation procedure;

3) to receive shares free of charge in the event of an increase in the basic capital from the company's funds, with the restrictions established by this law;

4) pre-emption in the procedure of a new issue of shares and convertible bonds, with restrictions established by this law;

5) to dispose of his shares in accordance with the law.

(2) The shareholder from paragraph 1 of this article exercises other property rights in accordance with the law and the company statute.

Non-property rights of shareholders

The right to participate in the work of the shareholders' assembly and the right to vote

Article 123

(1) A shareholder has the right to attend all meetings of shareholders and to vote, except when otherwise stipulated by this law or the statute.

(2) Each share gives one vote at the shareholders' meeting, except in the case referred to in Article 158 paragraph 2 of this law.

(3) A shareholder who is directly interested in issues related to the assessment of non-monetary contributions or the purchase of assets from the founder or majority shareholder of the company does not have the right to vote at the shareholders' meeting on these issues within two years of the company's registration.

Right to information

Article 124

(1) Each shareholder must be provided with the opportunity to inspect copies of financial statements, including the auditor's report, at the headquarters of the company's management during working hours at least 20 days before the meeting, as well as at the shareholders' meeting itself.

(2) Every shareholder has the right to demand that the competent body of the company, without compensation and during working hours, make it available for inspection at the premises of the company's headquarters and enable copying at the expense of the shareholder:

1) balance sheet, income statement, tax returns and reports on taxes paid for the last three business years;

2) minutes from the meetings of the shareholders' assembly;

3) list of persons authorized to represent the joint stock company;

4) list of members of the board of directors, that is, the supervisory and management boards, with information on the address, date of election or appointment and the period for which each member was elected or appointed, as well as the functions they perform in other legal entities; and

5) other documents that the company is obliged to submit to the shareholders' meeting for review.

(3) A shareholder who is not allowed to inspect and copy from paragraph 2 of this article, can request the competent court to issue a decision obliging the competent body of the company to provide him with access to the requested documentation, as well as its copying.

(4) The procedure referred to in paragraph 3 of this article is urgent and the court is obliged to make a decision within eight days from the date of receipt of the complaint.

The right to hire an expert

Article 125

(1) Shareholders who own at least 5% of the share capital may hire an expert who will examine the business or accounting of the company at the expense of the shareholders who hired the expert, and if the examination establishes illegality or significant irregularities in the company's operations, the costs of hiring the expert will be borne by the company.

(2) If the expert is not allowed the examination from paragraph 1 of this article, the shareholders who hired the expert have the right to demand from the competent court that they be allowed to examine the business from paragraph 1 of this article.

(3) The court is obliged to make the decision from paragraph 2 of this article within 30 days from the date of receipt of the request.

(4) The joint stock company is obliged to allow the expert referred to in paragraph 1 of this article to inspect the documents and other acts of the company.

(5) Exceptionally from paragraph 4 of this article, by decision of the board of directors, i.e. the supervisory board, an expert may be denied access to certain acts and documents, if there is a justified reason that the access to documentation and acts of the company could be used contrary to the interests of the company or if thereby the company or its related company could

be caused considerable damage, about which the board of directors, i.e. the supervisory board, submits a written explanation to the expert within 15 days from the day he was denied access.

(6) If the shareholders referred to in paragraph 1 of this article are not satisfied with the decision referred to in paragraph 5 of this article, they may demand that the competent court make a decision allowing the expert to inspect the acts and documents for which inspection was denied.

(7) The court will make a decision from paragraph 6 of this article within eight days from the date of submission of the request and with that decision approve the requested inspection if it assesses that it will not endanger the company's interests or will not endanger them to the extent that would justify the denial of inspection.

(8) The expert referred to in paragraph 1 of this article is obliged to prepare a report on the completed examination of the company's operations, which he delivers to the company's shareholders within three months from the day the examination began.

(9) Shareholders referred to in paragraph 1 of this article may not publish or communicate to third parties documents, i.e. documents and data from documents referred to in paragraph 4 of this article, if publication would cause damage to the company, unless otherwise specified by law.

(10) If shareholders act contrary to paragraph 9 of this article, they are responsible for the damage they cause to the company.

The right to ask questions

Article 126

(1) The shareholder has the right to request an explanation and information from the board of directors, i.e. the supervisory board regarding materials and proposed decisions to be considered at the assembly, and a representative of the board of directors , that is, of the supervisory board, is obliged to answer the question completely and truthfully, at the assembly itself, during the discussion on the corresponding item on the agenda.

(2) The representative of the board of directors, i.e. the supervisory board, can publish the answers to the questions before the meeting on the company's website.

(3) Exceptionally from para. 1 and 2 of this article, the answer may be withheld if giving the answer would:

1) the business secret of the company was disclosed or another obligation to protect the confidentiality of data in the company's possession was violated;

2) a criminal offense was committed.

(4) If the shareholder is denied an answer to the question posed in accordance with paragraph 1 of this article, and the agenda item in connection with which the question was raised was a resolution of the assembly, the shareholder who was denied an answer has the right to, within eight days, from the day of the assembly session, he demands that the competent court, in a non-litigation procedure, order the company to provide him with an answer to the question posed.

(5) The procedure according to the request from paragraph 4 of this article is urgent, so the court is obliged to make a decision within eight days from the date of receipt of the request.

The right of dissenting shareholders to buy back shares

Article 127

(1) A shareholder can ask the company to buy back his shares at the average market price that the company's shares had in the last six months before the day when the decision was made at the shareholders' meeting or in the amount of a proportional part of the net value of the company's assets on the day when the shareholders' meeting passed decision, if the shareholder voted against it in the following cases:

1) changes to the founding agreement, that is, to the company's statutes, which threaten its rights;

2) division of a joint-stock company, when the distribution of the shares of the companies resulting from the division was not carried out proportionally to the ownership structure of the company being divided;

3) when, in the restructuring process, proportionate replacement of shares and monetary compensation for canceled shares are cumulatively performed;

4) when the assembly limited or abolished the priority right of shareholders to subscribe shares or acquire convertible bonds;

5) making a decision on disposal (purchase, sale, lease, exchange, acquisition or other disposal) by the company of assets of high value.

(2) A shareholder may exercise the right from paragraph 1 of this article if, by the day of the meeting of the shareholders' meeting, he submits to the company a written notification of his intention to use that right, if the meeting makes a decision with which he does not agree and submits a written request for the purchase of shares to the company within 30 days from the date of holding the shareholders' meeting.

(3) At the request of the shareholders from paragraph 1 of this article, the company is obliged to calculate the amount of the average market price of the company's shares in the last six months before the day when the decision was made at the shareholders' meeting and the amount of the proportional part of the net value of the company's assets on the day when the shareholders' meeting made a decision to pay the shareholder the higher of those two values.

(4) A shareholder may initiate proceedings before the competent court within 30 days from the day of payment of funds by the company or from the day of delay in payment if:

1) the paid amount of the value of the shares from paragraph 3 of this article does not correspond to the average market price of the company's shares in the last six months before the day on which the decision from paragraph 1 of this article was made;

2) the paid amount of the value of shares from paragraph 3 of this article does not correspond to a proportional part of the net value of the company's assets on the day when the decision from paragraph 1 of this article was made;

3) the company has not paid the compensation, the amount of which is undisputed, within the period referred to in paragraph 3 of this article;

4) the average market price could not be determined due to the lack of share turnover.

(5) The court will determine:

1) the average market price of shares, in the case referred to in paragraph 4, point 1 of this article;

2) the net value of the company's assets, in the case referred to in paragraph 4, item 2 of this article;

3) the market value of the shares, in the case referred to in paragraph 4 point 4 of this article.

(6) The decision of the court referred to in paragraph 5 of this article also applies to other shareholders who submitted a request for the redemption of shares within the period referred to in paragraph 2 of this article, if the awarded value is greater than the value paid to them by the company.

(7) The company is obliged to pay the shareholders from paragraph 6 of this article the awarded value according to the judgment from paragraph 5 of this article or the difference from the previously paid to the awarded value, within 30 days from the day the judgment becomes final.

Chapter V
BODIES, ADMINISTRATION AND AUDITOR OF THE JOINT STOCK COMPANY

SECTION A
ORGANIZATION OF THE JOINT STOCK COMPANY

The method of managing a joint stock company

Article 128

The management of a joint-stock company can be organized as a unicameral or bicameral.

Bodies of a joint-stock company with unicameral management

Article 129

The bodies of a joint-stock company with unicameral management are:

1) assembly;

2) board of directors;

3) executive director.

Bodies of a joint-stock company with bicameral management

Article 130

The bodies of the joint-stock company with bicameral management are:

1) assembly;

2) supervisory board;

3) the board of directors.

Management bodies of the joint stock company

Article 131

The management bodies of a joint-stock company, in the sense of this law, are the company bodies from Article 129 paragraph 1 point. 2 and 3 of this law, that is, the company's bodies from Article 130 paragraph 1 point. 2 and 3 of this law.

SECTION B
ASSEMBLY OF THE JOINT STOCK COMPANY

Composition of the assembly of the joint stock company

Article 132

(1) The assembly of a joint-stock company (hereinafter: the assembly) consists of all shareholders, regardless of the number and class of shares they own.

(2) Members of the board of directors and the executive director in the case of a unicameral joint-stock company, i.e. members of the supervisory and management board in the case of a bicameral joint-stock company, as a rule, attend the assembly of the joint-stock company.

(3) The executive director, that is, the chairman of the board of directors of the joint stock company and the secretary of the company, if appointed, must attend shareholders' assemblies, unless they are prevented from attending the assembly for justified reasons.

Powers of the assembly

Article 133

(1) Assembly:

1) adopts the statute of the company;

2) amends the company's statutes;

3) elects members of the board of directors, i.e. members of the supervisory board and appoints an auditor;

4) dismisses members of the board of directors, i.e. members of the supervisory board and auditors;

5) appoints and dismisses the liquidator;

6) decides on the compensation policy, as well as the amount of compensation for the members of the board of directors, that is, the members of the supervisory and management boards, at each regular annual meeting;

7) approves the annual financial statements and report on the company's operations;

8) makes a decision on the disposal of the company's assets (purchase, sale, lease, exchange, acquisition or other means of disposal) whose value is greater than 20% of the book value of the company's assets (assets of great value), if the statute does not establish a lower share;

9) makes a decision on profit distribution;

10) increase or decrease the basic capital of the company established by the statute, replace shares of one class with shares of another;

11) makes a decision on the voluntary liquidation of the company, restructuring or submission of a proposal for the initiation of bankruptcy proceedings;

12) approves the assessment of non-monetary contributions;

13) considers issues within the jurisdiction of the board of directors, that is, the supervisory board, which relate to the company's operations;

14) approves the conclusion of a contract on the purchase of property from the founder or majority shareholder of the company, when the payment exceeds one tenth of the basic capital of the company established by the statute and when the contract must be concluded within two years of the company's registration;

15) makes decisions on the issue of bonds, i.e. exchangeable bonds or other exchangeable securities;

16) limits or cancels the priority right of shareholders to subscribe for shares or acquire convertible bonds, with the consent of a two-thirds majority of the votes of the shareholders to whom that decision refers;

17) makes a decision on the independent or joint establishment of another company or a decision authorizing the management bodies of the company to make a decision on the independent or joint establishment of one, more or an unspecified number of companies;

18) adopts rules of procedure on work; and

19) makes other decisions in accordance with the company statute.

(2) An integral part of the report on the company's operations from paragraph 1 point 7 of this article is the report on relations with the parent company and companies in which its parent company has the status of a parent or subsidiary company.

(3) The report from paragraph 2 of this article lists all legal affairs and transactions that the company had with its parent company and companies in which its parent company has the status of a parent or subsidiary company, with a statement from the board of directors, i.e. the supervisory board, whether has the company suffered damage from those deals and transactions, as well as whether the company has been compensated for any damage it had from such legal deals and transactions.

(4) If the damage to the company is not compensated, the members of the board of directors, i.e. the supervisory board, will be responsible for the damage suffered by the shareholders, in accordance with this law.

(5) If the remuneration policy referred to in paragraph 1 point 6 of this article is not adopted at the shareholders' meeting, a revised proposal is submitted at the next meeting, whereby the company may continue to pay directors' remuneration:

1) in accordance with the previously approved compensation policy, or

2) in accordance with existing practices, if there is no compensation policy adopted in the previous period.

(6) The compensation policy must be clear and comprehensible, and in the case of public joint-stock companies, it must contain the following information:

1) an explanation of how the remuneration policy will contribute to the realization of the company's business strategy, long-term goals and sustainability of the company;

2) information on the fixed and variable part of compensation, including all bonuses and other payments that can be awarded to members of the management body in any form, with a percentage share in their total income;

3) the method of determining the remuneration policy, taking into account the wages and working conditions of the company's employees;

4) clear, comprehensive and diverse criteria for awarding the variable part of benefits;

5) methods for evaluating financial and non-financial business results, including, as necessary, criteria related to socially responsible business, with an explanation of how the application of the criteria contributes to the realization of the business strategy, long-term interests and sustainability of the company, as well as methods for applying the criteria;

6) on delays in the payment of compensation and the right to return the variable part of compensation to the company;

7) about the time that must pass before acquiring ownership of the allocated shares, if the compensation is also given in company shares, as well as the duration of the ban on alienating the allocated shares after the acquisition of ownership where the bans exist, as well as an explanation of how the compensation in shares contributes to the achievement of the total compensation policy objectives;

8) on the duration of contracts with members of management bodies and notice periods, as well as the main features of supplementary pension insurance or early retirement programs, financial and other consequences of their termination, if such arrangements exist in the company;

9) information on the decision-making process applied to determine, amend and implement the remuneration policy, including measures to avoid or manage conflicts of interest, and if it exists in the company, on the position and role of the remuneration committee;

10) description and explanation of important changes in the case of changes to the existing compensation policy, as well as an explanation of how those changes took into account the views of the shareholders on the compensation policy and the reports submitted after the last vote on the compensation policy at the shareholders' meeting.

(7) The adopted compensation policy is published on the company's website.

Meetings of the shareholders' assembly

Article 134

(1) Meetings of the shareholders' assembly are regular and extraordinary.

(2) The joint stock company is obliged to hold a regular assembly once a year.

(3) The first annual assembly of the company must be held within 18 months from the founding assembly of the company, and after that the assembly must be convened once a year.

Convening the shareholders' meeting

Article 135

(1) The board of directors, i.e. the supervisory board and shareholders whose shares represent at least 5% of the share capital, have the right to call a shareholders' meeting, unless the statute provides that shareholders with a smaller share of the share capital have the right to call a meeting.

(2) Upon the order of the board of directors, that is, the supervisory board, the company secretary organizes the shareholders' meeting.

(3) Shareholders whose shares represent at least 5% of the share capital have the right to convene a shareholders' meeting within 30 days from the date of publication in the "Official Gazette of Montenegro" of the legally binding decision annulling the decision of the assembly on the merger or division of the company, in which the existing bodies companies perform their function, within their powers, except for the disposal of property.

(4) Shareholders from para. 1 and 3 of this article refer to the board of directors, i.e. the supervisory board, the request for convening the shareholders' assembly, the agenda of the assembly and proposals for decisions to be made at the assembly.

(5) The board of directors, i.e. the supervisory board, is obliged to convene a meeting of shareholders within 30 days from the date of receipt of the request for convening the meeting of shareholders at the expense of the company's funds.

(6) The regular annual meeting of shareholders is held within six months from the end of each business year, except for the first year after the establishment of the company.

Notice on convening the shareholders' meeting

Article 136

(1) The notice of the convening of the shareholders' meeting shall be delivered no later than 30 days before the date of the meeting.

(2) The notification is delivered by mail, except for companies with 100 or more shareholders, where the board of directors, i.e. the supervisory board, is obliged to publish the notification about convening the assembly twice in at least one daily printed media published in Montenegro and on its website.

(3) The notification on convening the assembly contains:

1) place of assembly;

2) date and time of the assembly;

3) the proposal of the agenda of the assembly with an indication of the items on the agenda that are proposed for the assembly to make a decision and specifying the class and total number of shares that vote on that decision and the majority required for making that decision, with a notice where shareholders can inspect the materials and proposals for decisions to be considered at the shareholders' meeting;

4) the address of the company's website where the information from para. 1 and 2 of this article;

5) instructions on the rights and manner of exercising the rights of shareholders to participate and vote at the assembly, in accordance with this law and the company's statute.

(4) The company is obliged to publish on its website a notice of the convening of the shareholders' meeting, on the day of publication or sending of the notice of the holding of the meeting, in accordance with para. 1, 2 and 3 of this article, as well as the method of voting by proxy electronically with a form of proxy and ballot.

(5) If for technical reasons the company is unable to publish the forms from paragraph 4 of this article on its website, the company is obliged to indicate on its website how these forms can be obtained in paper form.

The method of determining the shareholders who have the right to participate in the work of the assembly of the joint stock company

Article 137

(1) The shareholders who have the right to participate in the assembly of the joint stock company are determined on the basis of the list of shareholders from the CKDD, which the joint stock company is obliged to obtain two working days before the meeting.

(2) Shareholders who are on the list of shareholders from the CKDD on the day of obtaining the list of shareholders may participate in the assembly and exercise shareholder rights.

(3) The company is obliged to inform the shareholders at the shareholders' meeting about the date on which the list of shareholders was established.

(4) The company has the right to determine, in accordance with the law, the identity of its shareholders whose shares are managed through a specific custodial (proprietary) account, if the shares managed through that account make up more than 0.5% of the company's basic capital or give more of 0.5% of voting rights.

Materials for the session of the shareholders' assembly

Article 138

(1) Materials with proposals for decisions that should be considered at the shareholders' meeting must be available for inspection by the company's shareholders at the company's headquarters, i.e. in the company's premises outside the headquarters, if the activity is carried out in more than one place, at least 20 days before the meeting of the shareholders' assembly.

(2) At the request of the shareholder, the company is obliged to deliver the notice of convening the assembly and the materials to be discussed at the assembly with proposals for decisions by electronic mail to the address specified by the shareholder.

(3) The company is obliged to bear the costs of publication and delivery of the notice on convening the assembly from Article 136 of this law.

Agenda of the shareholders' meeting

Article 139

(1) The assembly of shareholders cannot make decisions on issues that are not on the agenda, unless all shareholders with the right to vote attend the assembly and unanimously accept the amendment of the agenda.

(2) In case of changes or expansion of the agenda, the shareholders are informed about the changes in the agenda in the same way as they are informed about the holding of the shareholders' assembly, no later than ten days before the date of the assembly.

(3) Shareholders who own at least 5% of the share capital have the right to demand from the board of directors, i.e. from the supervisory board, an extension of the agenda of the shareholders' assembly no later than 15 days before the day of the shareholders' assembly.

(4) Shareholders from paragraph 3 of this article have the right to demand from the board of directors, i.e. from the supervisory board, to include their proposed decision under the previously included agenda item.

(5) Along with the written request for expansion of the agenda of the shareholders' assembly, the shareholders also submit proposals for decisions that have been proposed as items on the agenda.

(6) In the case referred to in paragraph 5 of this article, the board of directors, that is, the supervisory board, is obliged to expand the agenda of the assembly.

(7) The company is obliged to publish on its website without delay the proposal of the expanded agenda, with the proposed decisions.

(8) If the general meeting is not held, the repeated general meeting can only be held according to the same agenda that was planned for the general meeting that was not held.

Proceedings at the shareholders' meeting

Article 140

(1) The presence of shareholders or their proxies at the shareholders' meeting is proven by signing the list of those present, which also shows the number of votes held by each shareholder.

(2) The list of attendees is signed by the chairman of the assembly and the secretary of the company.

(3) The shareholders' meeting is presided over by the executive director, i.e. the chairman of the board of directors, unless the majority of present or represented shareholders decide otherwise, and the company secretary is the secretary of the shareholders' meeting.

(4) In the absence of the company secretary, the chairman of the shareholders' meeting appoints another person as the secretary of the shareholders' meeting.

Minutes

Article 141

(1) The minutes of the shareholders' assembly are signed by the chairman of the assembly, the secretary of the shareholders' assembly session and at least one shareholder authorized by the shareholders' assembly.

(2) Copies of power of attorney and ballots of participants in the shareholders' assembly who voted in advance and at the shareholders' assembly are attached to the minutes.

(3) The minutes of the shareholders' assembly shall be drawn up within 8 days from the date of the shareholders' assembly and must contain: date, place and time of the shareholders' assembly, names of the chairman, secretary of the assembly, members of the working bodies of the assembly if they were formed, quorum, daily order, data on the method and results of voting, as well as adopted decisions at the shareholders' meeting.

Quorum

Article 142

(1) The quorum of the shareholders' assembly consists of shareholders who own more than half of the total number of shares with the right to vote, and who are present or represented by proxy or who voted via ballots.

(2) If the required quorum is not reached at the shareholders' meeting, the shareholders' meeting can be convened again with the same agenda, with the proviso that the notice of convening the repeated shareholders' meeting must be published at least twice in at least one daily print media published in Montenegro Gori also publishes on its website, at least ten days before the holding of the repeated meeting of shareholders, at which the quorum consists of shareholders who own at least 33% of the total number of shares with voting rights, and who are present or are represented by proxy or have voted via ballots.

(3) A repeated meeting of shareholders can be held no later than 30 days from the date of holding the meeting of shareholders where a quorum was not reached.

(4) If a quorum is not reached at the repeated meeting of shareholders, the third meeting of shareholders can be convened in the manner and within the same time limits as the repeated meeting of shareholders, with the proviso that the existence of a quorum is not required, and the meeting of shareholders makes decisions on all issues on the agenda independently from the number of shares that are represented.

(5) If the decision requires the consent of the shareholders who own shares of a certain class, the decision can be made by those shareholders, only if the shareholders who own more than half of the shares of that class attend the meeting.

Making decisions

Article 143

(1) After voting on each individual decision, the chairman of the meeting informs the assembly about the vote "for" or "against" of the present shareholders who have the right to vote at the assembly, as well as the vote of the shareholders who did so in writing.

(2) At the request of the shareholders, the chairman of the meeting is obliged to determine the exact number of votes for or against the adoption of a particular decision at the meeting itself.

(3) The company is obliged to publish the exact voting results on individual decisions on its website within 15 days from the date of the assembly.

(4) The company determines the form and content of the absentee ballot, which must be available to shareholders in paper and electronic form.

(5) The company cannot annul the vote of a shareholder who did so in writing and did not use the form of the prescribed ballot, if the identity of the shareholder and how that shareholder voted on certain issues can be determined from the vote.

(6) Voting via ballots is mandatory when electing members of the board of directors, i.e. members of the supervisory board and if required by shareholders or their proxies who hold at least 5% of the voting rights at the assembly.

(7) The Assembly makes a decision by the majority of the votes of the present or represented shareholders or through ballots, except in cases where a second majority is required for making a decision.

(8) The ballot must contain information about the name of the company, the date and place of the meeting of shareholders of the company, the issues to be voted on, the name and title of the shareholders, the number of votes of the shareholders, the possibility of voting "for" or "against" on each issue on which is voted on, and if the members of the board of directors or members of the supervisory board are voted on, the name of each candidate to be voted on.

(9) The ballot must also contain instructions on the method of voting and the conditions for declaring the vote valid or invalid.

(10) Present or represented shareholders who do not have the right to vote on an item on the agenda during decision-making at the shareholders' meeting are counted when determining the quorum, but are not taken into account when making decisions.

Shareholders' agreement on voting

Article 144

(1) A shareholders' agreement on voting is an agreement between a certain number of company shareholders with the aim of determining in advance how to vote based on their shares, in a certain way and on certain issues at the shareholders' meeting, whether it was concluded with the support of the company's bodies, the shareholders' association or self-organization of shareholders.

(2) The agreement from paragraph 1 of this article binds only the shareholders who signed it.

(3) The agreement on voting can be concluded for one assembly and a repeated session of the assembly or for a certain period of time, which cannot be longer than five years.

(4) When an agreement on voting has been reached by agreement, shareholders attend the assembly session to vote as agreed or appoint a joint proxy with a certified power of attorney in accordance with the law.

(5) If the agreement is concluded for a longer period of time, the agreement foresees the way of reaching an agreement, i.e. agreeing the shareholders in advance on the voting for the upcoming assembly, as well as the resolution of possible disputes by chosen arbitration or appointment of a third party.

(6) A copy of the voting agreement is submitted to the company for registration, and if it is a company whose shares are sold on the regulated market, the agreement is also submitted to the Capital Market Commission.

Participation in the assembly electronically

Article 145

(1) Participation in the work of the assembly can also be done electronically in the following way:

1) by broadcasting the assembly directly;

2) two-way communication that enables shareholders to address the assembly from another location;

3) by voting electronically, before or during the session.

(2) In the cases referred to in paragraph 1 of this article, the company may identify shareholders and check the security of electronic communication necessary for the participation of shareholders in the work of the assembly by electronic means.

(3) If during the electronic communication referred to in paragraph 1 of this article interference occurs in the connections, the chairman is obliged to interrupt the session and resume it after the interference has been removed.

(4) In the case of electronic voting before or during the assembly session, the person who voted will be sent an electronic confirmation of receipt of the electronic message on the same day that the vote is taken.

Proxy to vote

Article 146

(1) A shareholder has the right to authorize another person to vote as his proxy at the assembly or to perform other legal actions.

(2) The power of attorney must be certified, and the signatures on the power of attorney are certified in accordance with the law.

(3) The proxy is obliged to submit one copy of the power of attorney to the person responsible for the record of power of attorney immediately before the meeting, in order to record the power of attorney in the list of shareholders present or represented at the meeting.

(4) The proxy of several shareholders at the shareholders' meeting can be one natural or legal person.

(5) If it is not explicitly stated in the power of attorney that it is given for one session and repeated sessions of the assembly, it is considered that the power of attorney was given for all sessions of the assembly held until the moment of revocation of the power of attorney.

(6) The proxy is obliged to act in accordance with the instructions given in the power of attorney, and if the power of attorney does not contain instructions, the proxy shall vote conscientiously, at his discretion and in the best interest of the shareholder who gave the power of attorney.

(7) The proxy vote binds the shareholder as if he had voted himself.

(8) The power of attorney can be revoked at any time, and the power of attorney is considered revoked if the shareholder later gives another power of attorney or votes in person at the meeting of shareholders.

(9) The proxy has the right to ask questions in accordance with Article 124 of this law.

Giving power of attorney electronically

Article 147

(1) The joint stock company will accept the power of attorney given in electronic form.

(2) The power of attorney from paragraph 1 of this article can be submitted electronically and must be signed with an electronic signature, in accordance with the law governing electronic signatures.

Restrictions on the appointment of a proxy

Article 148

The proxy from Article 146 of this law can be any person capable of doing business, except for the controlling shareholder and auditor of the company.

Extraordinary assembly

Article 149

An extraordinary assembly is convened if:

1) shareholders who own at least 5% of voting rights submit a written request for holding the assembly;

2) the board of directors, i.e. members of the supervisory board or shareholders propose that:

a) change the activity of the company;

b) change the basic capital of the company;

c) change the auditor before the expiration of the term for which he was elected;

d) change the member of the board of directors, that is, the member of the supervisory board before the end of his mandate.

3) there are large losses of the company or to allow the company to buy its own shares;

4) reorganization, merger, voluntary liquidation or submission of a proposal to initiate bankruptcy proceedings of the company is approved;

5) it is requested by the auditor who submitted his resignation;

6) the membership of a member of the board of directors or the supervisory board ceases;

7) the board of directors, that is, the supervisory board, believes that a certain issue should be considered at an extraordinary meeting of shareholders.

Publication of decisions of the shareholders' meeting

Article 150

(1) Within three days from the end of the shareholders' meeting, the joint-stock company shall publish on its website the decisions made and the results of voting on all items of the agenda.

(2) The information from paragraph 1 of this article must be available on the company's website at least 30 days after its publication.

(3) A joint stock company that does not act in accordance with para. 1 and 2 of this article, is obliged to provide information from paragraph 2 of this article to each shareholder at his request, within eight days from the date of receipt of the request.

(4) If the joint-stock company does not act in accordance with paragraph 3 of this article, the applicant may, within 30 days, request that the competent court, in non-litigation proceedings, order the company to submit the relevant information.

Method of convening and holding an extraordinary assembly

Article 151

(1) An extraordinary meeting of shareholders is convened and held in accordance with Art. 135 to 143 of this law, with the fact that the notification of convening an extraordinary assembly also contains a proposal for decisions to be considered at that assembly.

(2) The secretary of the company, on behalf of the board of directors, i.e. the supervisory board, submits a notice on convening an extraordinary meeting of shareholders, in accordance with the procedure established by this law and the statute, no later than 30 days before the date of the meeting.

(3) When the net assets of the company are reduced by half or less than half of the value of the company's basic capital, the board of directors, i.e. the supervisory board, convenes an extraordinary general meeting of the company within 14 days from the day of learning of this fact by a member of the board of directors, i.e. a member of the supervisory board of the board.

(4) In the case referred to in paragraph 3, the extraordinary assembly will be held within 30 days from the date of the decision on convening the assembly, and the proposed decisions cannot be adopted, if they are not specified as a separate point in the invitation to convene the assembly.

(5) If a repeated assembly is convened, the shareholders must be informed about it no later than ten days before the day of the assembly.

(6) An extraordinary meeting of shareholders may be convened without observing the specified deadlines, with the condition that all shareholders with the right to vote or their proxies agree to it.

Convocation of the assembly of the joint stock company by the court

Article 152

(1) The competent court will issue a decision on convening a shareholders' meeting or an extraordinary shareholders' meeting, if:

1) the general meeting was not held within six months from the end of the business year, and the shareholder informed the competent court about it;

2) the person who has the right to demand the convening of the assembly has appealed to the competent court, because the board of directors, that is, the supervisory board rejected his request or did not schedule a meeting of the assembly within the prescribed period;

3) creditors of the company demand it from the court due to failure to convene an extraordinary assembly in the cases referred to in Article 149 of this law.

(2) The decision from paragraph 1 of this article is implemented by the board of directors, that is, the supervisory board at the expense of the assets of the joint stock company, and an appeal against the court's decision does not delay its execution.

(3) If the board of directors, that is, the supervisory board, does not act according to the order of the court, the shareholder who proposed holding the assembly has the right to convene the assembly at the expense of the assets of the joint stock company, in accordance with Art. 135 to 143 of this law.

Nullity of decisions of the shareholders' meeting

Article 153

(1) The nullity of the decision of the shareholders' meeting can be asserted by a lawsuit or in any other way by any person who has a legal interest in it.

(2) The competent court will determine the nullity of the decision of the shareholders' meeting when:

1) is a decision made at an assembly that was not convened in the manner prescribed by Article 135 paragraph 1, Article 136, Article 137 paragraph. 1, 2 and 3 and Article 138 of this law, unless all shareholders voted for that decision;

2) the decision was not entered in the minutes in accordance with Article 141 paragraph 3 of this law;

3) the decision is not in accordance with the regulations that exclusively or predominantly protect the interests of the company's creditors;

4) the decision is not in accordance with the regulations protecting the public interest and morals of society.

(3) After the decision of the shareholders' meeting is registered in the CRPS, it cannot be declared null and void for the reasons prescribed in paragraph 2 point 2 of this article.

(4) If the decision of the assembly is null and void for the reasons stated in paragraph 2, item 1, 3 and 4 of this article, nullity cannot be invoked after the expiration of three years from the date of its registration in the CRPS.

(5) If the lawsuit to determine the nullity of the decision of the assembly was filed by the legal representative of the company, for the justified protection of the interests of the shareholders and the company, the competent court may itself appoint the representative of the company in the proceedings for that lawsuit.

(6) For the representative of the company referred to in paragraph 5 of this article, if it judges that it is in the best interest of the company, the competent court may designate one of the persons proposed in the lawsuit to determine the nullity of the decision.

(7) On the basis of the claim from paragraph 5 of this article, if it establishes the possibility of damage to society and conscientious third parties as a result of the execution of the contested decision, the competent court will:

1) determine a temporary measure prohibiting the execution or registration of the contested decision;

2) order the competent registration authority to record the dispute, in accordance with the registration rules.

(8) If, at the time of expiry of the deadline referred to in paragraph 4 of this article, a dispute is ongoing regarding a lawsuit to determine the nullity of the decision, the deadline is extended until the final decision on the lawsuit.

(9) The procedure for the lawsuit from paragraph 5 of this article is urgent.

Refutation of decisions of the shareholders' meeting

Article 154

(1) Against the decision of the shareholders' meeting, the company's shareholders who did not vote for it, members of the board of directors, members of the supervisory body, members of the management board or the executive director may file a lawsuit for rebuttal to the competent court, if:

1) a decision contrary to this law or the statute of the company;

2) the shareholder, by voting for the impugned decision, tried to obtain a benefit for himself or for someone else at the expense of the company or other shareholders, unless the impugned decision provides other shareholders with appropriate compensation for damages.

(2) The claim from paragraph 1 of this article can be submitted to the competent court within 30 days from the day when the person filing the claim found out or could have found out about the decision, and no later than six months from the date of the decision.

(3) The decision of the assembly may not be disputed, if the assembly passed a new decision replacing the contested decision.

(4) The court's decision to annul the assembly's decision also annuls the legal consequences that the decision has already produced, except when the return to the previous state is impossible or would cause excessive difficulties for conscientious third parties, provided that conscientious third parties retain the right to compensation from companies and persons responsible for cancellation.

(5) The procedure for the lawsuit from paragraph 1 of this article is urgent.

(6) In the procedure for a lawsuit from paragraph 1 of this article, the provisions from article 153 para. 5 and 6 of this law.

SECTION C
BOARD OF DIRECTORS

Members and composition of the board of directors

Article 155

(1) The board of directors has at least three members.

(2) Exceptionally from paragraph 1 of this article, the board of directors of a public joint-stock company has at least five members.

(3) The number of members of the board of directors is determined by the statute of the company and must be odd.

(4) The board of directors must have at least one third of independent members, and the board of directors of a public joint stock company must have at least two fifths of independent members.

(5) Members of the board of directors are registered in the CRPS in accordance with this law.

(6) Joint-stock companies that subsequently acquire the status of a public joint-stock company are obliged to harmonize the number and composition of the members of the board of directors, i.e. the supervisory board, with the provisions of para. 2 and 4 of this article, within three months from the day when their securities or other financial instruments are included in trading on the regulated market.

Independent members of the board of directors

Article 156

(1) An independent member of the board of directors (hereinafter: independent director) is a person who is not a relative in the direct line, a relative in the collateral line, up to and including the second degree of kinship, married or common-law spouse of other members of the company's management body, i.e. shareholders who have significant or a majority share in the share capital and a person who, in the period of at least two years before the election as a member of the board of directors, has not:

1) either a majority owner, an owner with a significant share in the share capital, a member of the management body, except for the body to which he is elected, a procurator, a person employed in the company whose body he is elected to or in another company that is connected to that company, in the sense of this law;

2) received or demanded from the company of the body to which the body is elected, or from the companies that are connected with that company, in the sense of this law, remuneration whose total value is greater than 10% of the annual income of that person.

(2) The calculation from paragraph 1 point 2 of this article does not include fees received based on membership in the board of directors in companies from paragraph 1 point 2 of this article.

(3) The independent director's mandate ends upon the termination of fulfillment of the conditions from paragraph 1 of this article.

Conditions for the election of a member of the board of directors

Article 157

(1) Only a natural person capable of business can be elected as a member of the board of directors.

(2) A member of the board of directors cannot be:

1) a person who has been convicted of criminal offences: against labor rights, against intellectual property, against payment transactions and economic operations, against property and official duties, within three years from the date of finality of the verdict, provided that during that period no takes into account the time spent in prison;

2) auditor of the company or a person who was engaged in auditing the company's financial statements;

3) a person to whom a prohibition measure has been imposed on the performance of activities that constitute the predominant activity of the company, for the duration of the ban;

4) executive director of the company, except in the case of a one-member company.

(3) Other conditions for the election of a member of the board of directors may be determined by the company statute.

Election of members of the board of directors

Article 158

(1) The members of the board of directors are elected by the shareholders' assembly.

(2) During the election of members of the board of directors, each share with the right to vote gives the number of votes equal to the number of members of the board of directors, which is determined by the company's statutes.

(3) A shareholder or a shareholder's proxy can give all votes to one candidate or distribute them among several candidates.

(4) The right to nominate candidates for members of the board of directors belongs to the shareholder or shareholders, who together have at least 5% of the share capital.

(5) Voting for members of the board of directors is successful, if:

1) all members of the board of directors were elected in the same round of voting;

2) independent directors are represented in the same or higher percentage than the percentage determined by Article 155 of this law;

3) each of the elected candidates for member of the board of directors received more votes than any candidate who was not elected.

(6) If the conditions from paragraph 5 of this article are not met, the voting for the election of members of the board of directors will be repeated at most twice at the same session of the assembly, with the proviso that before the re-voting, the proposers from paragraph 4 of this article can change their proposals, in accordance with the rules of procedure on the work of the assembly.

Mandate of members of the board of directors

Article 159

(1) The members of the board of directors are elected for a period determined by the statute, which cannot exceed four years.

(2) If the statute or the decision of the assembly on the appointment of members of the board of directors does not determine the length of the mandate, the mandate expires at the first regular annual meeting of the company's assembly.

(3) Upon expiration of the mandate, a member of the board of directors may be reappointed.

Participation in the profits of the members of the board of directors

Article 160

(1) Members of the board of directors can exercise the right to compensation for work through a share in the company's profits.

(2) For members of the board of directors who are entitled to a share of the current year's profit, their share is calculated according to that profit minus the uncovered loss from previous years and the amounts paid into the company's reserves.

(3) In public joint-stock companies, the fees from paragraph 2 of this article are separately disclosed within the company's annual financial reports.

Responsibilities of the board of directors

Article 161

(1) Board of Directors:

1) manages the company and gives guidelines to the executive director regarding the management of the company's affairs;

2) makes a decision on the internal organization of the company and an act on systematization;

3) appoints the executive director and secretary of the company, as necessary;

4) determines the business strategy in accordance with the guidelines of the assembly;

5) supervises the business of the association;

6) determines the company's accounting policies and risk management policies;

7) appoints persons in charge of conducting internal audits in the company, upon the proposal of the audit committee, if it has been formed in the company;

8) convenes the sessions of the assembly and determines the draft agenda with proposed decisions;

9) determines the amounts of dividends that, in accordance with this law, the statute and the decision of the assembly, belong to certain classes of shareholders, as well as the manner and procedure of their payment;

10) executes the decisions of the assembly;

11) proposes a compensation policy for members of the governing body;

12) grants and revokes a power of attorney;

13) approves quarterly reports of the executive director on the company's operations;

14) performs other tasks in accordance with this law and the company statute.

(2) The board of directors may not transfer tasks within its jurisdiction to other persons, except for additional powers transferred to it by the company's statutes.

Obligation to report to the assembly

Article 162

At the regular session of the assembly, the board of directors submits reports on:

1) accounting and financial condition of the public joint-stock company and its affiliated companies, if any;

2) compliance of the company's operations with the law and other regulations;

3) qualifications and independence of the auditor of the company in relation to the company, if the financial statements of the company were the subject of the audit;

4) contracts concluded between the company and the directors, as well as with persons related to them, in the sense of this law;

5) acquisition of the company's own shares;

6) the results of the company's operations, as well as the overall financial position in which the company is located, with a description of the main risks to which the company is exposed, including all important business events that occurred after the end of the business year;

7) the expected development of society in the future.

Chairman of the Board of Directors

Article 163

(1) The president of the board of directors is elected from among the members of the board of directors.

(2) The president of the board of directors concludes the employment contract with the executive director and the secretary of the company.

(3) The president of the board of directors convenes and presides over meetings of the board of directors, proposes the agenda and is responsible for keeping the minutes of the board meetings.

(4) The board of directors may dismiss and elect a new chairman of the board of directors at any time, without giving reasons.

(5) The president of the board of directors is registered in the CRPS.

Mode of operation of the board of directors

Article 164

(1) The board of directors adopts rules of procedure on its work.

(2) The meeting of the board of directors can be scheduled by the president of the board of directors personally or at the request of a member of the board of directors.

(3) If the president of the board of directors does not convene a meeting of the board of directors upon request from paragraph 2 of this article, within 30 days from the date of submission of the request, the meeting of the board of directors may be convened by any member.

(4) The member of the board of directors who convenes the session in accordance with paragraph 3 of this article, states in the request the reasons for convening the session and proposes the agenda.

(5) In case of the absence of the chairman of the board, each of the members of the board of directors can call a meeting of the board, and one of them is elected as the chairman at the beginning of the meeting by the majority of the votes of the members present.

(6) A meeting of the board of directors can be held if more than half of the members attend it, and decisions are made if at least half of the members of the board of directors present vote for them.

(7) Members of the board of directors have equal voting rights, and in case of an equal number of votes, the vote of the president of the board of directors, that is, the chairman, is decisive.

(8) A member of the board of directors does not have the right to vote when the board decides on his responsibility or work in the company.

(9) Meetings of the board of directors may be held electronically, by telephone, telegraph, telefax or using other means of audio-visual communication, if the statute or the rules of procedure on the work of the board of directors do not stipulate otherwise.

Responsibility of members of the board of directors

Article 165

(1) Members of the board of directors are responsible for the damage they cause to the company.

(2) Exceptionally from paragraph 1 of this article, members of the board of directors are not responsible for damage to the company that occurs as a result of implementing the decisions of the company's assembly.

(3) If in the procedure for compensation it is established that several members of the board of directors are responsible for the damage, the members who are responsible shall be jointly and severally liable for the damage caused.

(4) If damage occurs as a result of a decision of the board of directors, the members of the board of directors who voted for that decision are responsible for the damage.

(5) In the case referred to in paragraph 4 of this article, a member of the board of directors who did not attend the meeting of the board of directors at which the decision was made, and did not

vote for that decision in another way, is responsible for the resulting damage, if within eight days from knowledge of its adoption, did not raise a written objection to that decision.

Committees of the Board of Directors

Article 166

(1) To carry out certain professional tasks within the competence of the board of directors, the board of directors can form committees: for appointment, remuneration policy and other committees.

(2) Members of commissions can be members of management bodies and other natural persons who have appropriate knowledge and work experience relevant to the commission's work.

(3) Committees cannot decide on issues within the competence of the board of directors.

(4) Committees are obliged to regularly report on their work to the board of directors, in accordance with the decision on their formation.

Composition of commissions

Article 167

(1) Commissions have an odd number of members and at least three members.

(2) One committee member must be an independent director.

The method of decision-making by the commission

Article 168

(1) Committees can decide when the majority of the total number of members participates in the vote.

(2) In case of an equal number of votes, the vote of the president of the commission is decisive.

Appointments Committee

Article 169

Appointments Committee:

1) prepares a proposal for a candidate for executive director, with an opinion and recommendation for appointment;

2) gives an opinion for the proposed candidates for members of the governing body, when it is required of her;

3) at least once a year prepares a report on the adequacy of the composition and number of members of the management body and gives an opinion;

4) gives an opinion on the personnel policy of the company during the election of management persons in the company and performs other tasks related to the personnel policy of the company entrusted to it by the board of directors.

Remuneration Commission

Article 170

Remuneration Commission:

1) prepares a draft decision on the compensation policy of the company's management body;

2) makes a proposal on the amount and structure of compensation for each member of the management body and other bodies of the company;

3) makes recommendations to management bodies on the amount and structure of compensation for persons in management positions in the company and performs other tasks related to the compensation policy of the company entrusted to it by the board of directors.

Termination of membership in the board of directors

Article 171

(1) The mandate of a member of the board of directors ends:

1) at the end of the period for which he was appointed;

2) when he ceases to meet the requirements for membership in the board of directors from Article 157 of this law;

3) by submitting a resignation;

4) by dismissal by the shareholders' assembly.

(2) A member of the board of directors may submit his resignation in writing before the end of his mandate, by informing the board of directors about it 15 days before the meeting of the board of directors.

(3) Resignation from paragraph 2 of this article takes legal effect on the date of appointment of a new member of the board of directors.

(4) The decision on the dismissal of a member of the board of directors can be made by the company's assembly at any time, without specifying a special reason for the dismissal.

(5) If the decision on dismissal from paragraph 4 of this article terminates the mandate of a member of the board of directors without a special reason for dismissal established by the statute, that person acquires the right to the payment of severance pay in accordance with the contract concluded with the company.

(6) Termination of membership in the board of directors shall be registered in CRPS, within 15 days from the date of occurrence of the circumstances referred to in paragraph 1 of this article.

(7) In case of termination of membership in the board of directors in one of the cases referred to in paragraph 1 of this article, a new board of directors shall be elected within 60 days from the date of registration of termination of membership in the board of directors.

SECTION D
EXECUTIVE DIRECTOR

Appointment of Executive Director

Article 172

(1) The executive director is appointed by the company's board of directors.

(2) A person who meets the conditions established by the company statute and Article 157 of this law can be appointed as executive director.

(3) The executive director cannot be a member of the board of directors, except in the case of a one-member company.

Responsibilities of the executive director

Article 173

(1) Executive Director:

1) represents and represents the company;

2) concludes contracts on behalf of the company;

3) organizes and manages the affairs of the company;

4) manages the assets of the company;

5) executes the decisions of the board of directors;

6) decides on the disposal of the company's financial resources;

7) decides on the rights and obligations of employees in connection with work;

8) submits quarterly reports on the current operations of the company and other reports;

9) performs other duties established by law and the company's statutes.

(2) The executive director performs the duties of the company secretary, if the company secretary has not been appointed.

(3) The executive director cannot issue a power of attorney for representation or represent the company in a dispute in which he is the opposing party.

(4) The contract on establishing the employment relationship of the executive director in the company is concluded between the chairman of the board of directors and the executive director, for the period until the end of the mandate.

(5) The salary and other remuneration for the work of the executive director is determined by the board of directors, in accordance with the remuneration policy.

Termination of the mandate of the executive director

Article 174

(1) The mandate of the executive director ends at the end of the period for which he was appointed, in accordance with the contract concluded with the president of the board of directors.

(2) The mandate of the executive director also ends in the event of the termination of fulfillment of the conditions for appointment established by this law.

(3) The board of directors may dismiss the executive director even before the end of the mandate, without giving reasons, in which case the executive director may request the payment of severance pay in accordance with the contract concluded with the president of the board of directors.

(4) The executive director may resign before the end of his mandate, by notifying the board of directors at least 15 days before the resignation.

(5) Resignation takes effect in relation to the company on the date of submission, unless a later date is specified in the resignation.

(6) Termination of the executive director's mandate in the cases referred to in para. 1 to 4 of this article shall be registered in the CRPS, within 15 days from the date of acquisition of the conditions for registration.

(7) In the cases referred to in para. 1 to 4 of this article, the board of directors appoints an acting executive director until a new executive director is appointed, in accordance with this law.

(8) If the board of directors has not appointed an acting executive director, the executive director whose mandate has ended continues to work until a new executive director or temporary representative is appointed.

(9) The board of directors is obliged to appoint a new executive director within 60 days from the date of registration of the termination of the executive director's mandate in CRPS.

(10) The competent authority for registration is obliged to record the resignation of the executive director.

Appointment of a temporary representative

Article 175

(1) If a new executive director is not appointed in the cases referred to in Article 174 of this law within 60 days from the date of registration of the termination of the executive director's mandate in CRPS, the executive director, shareholder or other interested person may ask the competent court to appoint a temporary representative with all the rights and obligations of the executive director.

(2) The applicant from paragraph 1 of this article may propose to the court a person who will be appointed as a temporary representative, but the court is not bound by that proposal.

(3) The temporary representative of the company must meet the conditions from Article 172 of this law.

(4) The court is obliged to make a decision on the request for appointment of a temporary representative no later than eight days from the date of receipt of the request.

SECTION E
SUPERVISORY BOARD

Members of the supervisory board

Article 176

(1) The Supervisory Board has at least three members.

(2) Exceptionally from paragraph 1 of this article, the supervisory board of a public joint-stock company has at least five members.

(3) The number of supervisory board members is determined by the statute and must be odd.

(4) The members of the supervisory board are registered in the CRPS in accordance with this law.

Requirements for members of the supervisory board

Article 177

(1) Persons who meet the requirements of Article 157 of this law may be appointed members of the supervisory board.

(2) Members of the supervisory board cannot be persons employed in the company, members of the management board of the company, as well as procurators of the company.

Independent member of the supervisory board

Article 178

(1) A joint-stock company must have at least a third of independent members of the supervisory board, and in the supervisory board of a public joint-stock company, independent directors must represent at least two-fifths of the members.

(2) The provisions of Article 156 of this law apply accordingly to the independent member of the supervisory board.

Election and mandate of supervisory board members

Article 179

(1) Members of the supervisory board are elected by the assembly.

(2) Candidates for members of the supervisory board may be nominated by shareholders who together have at least 5% of the share capital.

(3) The selection of members of the supervisory board is carried out in accordance with Article 158 of this law.

(4) The provisions of Art. 159 and 171 of this law.

Compensation for the work of members of the supervisory board

Article 180

Members of the supervisory board have the right to compensation for work in accordance with Article 133 paragraph 1 point 6 of this law.

Responsibilities of the supervisory board

Article 181

(1) Supervisory Board:

1) determines the company's business strategy and monitors its implementation;

2) gives guidelines for the work of the board of directors, establishes the company's accounting policies and risk management policies;

3) appoints the members and president of the board of directors, as well as the secretary of the company, if there is one in the company;

4) approves the reports of the board of directors on the company's operations, determines the company's financial reports and submits them to the assembly for adoption;

5) grants and revokes power of attorney;

6) appoints the company's internal auditor;

7) convenes the assembly sessions and determines the proposed agenda;

8) makes a decision on the acquisition of own shares, in accordance with this law;

9) proposes to the assembly the remuneration policy for management bodies;

10) elects the chairman of the supervisory board;

11) submit reports to the assembly in accordance with Article 162 of this law;

12) performs other tasks in accordance with this law and the company statute.

(2) The Supervisory Board cannot delegate tasks within its competence, except for additional powers transferred to it by the company's statutes.

Chairman of the Supervisory Board

Article 182

(1) The provision of Article 163 of this law applies to the election of the president of the supervisory board.

(2) The chairman of the supervisory board concludes a work contract with the chairman of the board of directors and the secretary of the company.

The work of the supervisory board and the responsibility of the members

Article 183

(1) The supervisory board adopts the rules of procedure.

(2) The provisions of art. are applied to the work and responsibility of the supervisory board. 164 and 165 of this akon.

Commissions of the Supervisory Board

Article 184

The supervisory board can form commissions for the performance of certain professional tasks within its competence (appointment commission, compensation policy commission and other commissions) in accordance with Art. 166 to 170 of this law.

SECTION F
BOARD OF DIRECTORS

Composition of the board of directors

Article 185

(1) The management board has at least three members.

(2) The number of members of the board of directors is determined by the statute and must be odd.

(3) The members of the management board are registered in the CRPS in accordance with this law.

Requirements for members of the board of directors

Article 186

(1) A person who meets the conditions from Article 157 of this law can be appointed as a member of the management board.

(2) Members of the board of directors cannot be persons who are members of the company's supervisory board.

Appointment and mandate of the members of the management board

Article 187

(1) Members of the management board are appointed by the supervisory board, in accordance with the company's statute.

(2) The members of the management board are appointed for the period determined by the statute, which cannot exceed four years.

(3) If the statute or the decision of the supervisory board on the appointment of members of the management board does not determine the length of the mandate, the mandate lasts one year.

(4) Upon the expiration of the mandate, a member of the management board may be reappointed.

Compensation for the work of the members of the board of directors

Article 188

(1) Members of the board of directors are entitled to compensation for their work.

(2) Fees for the work of the members of the management board are determined in accordance with Article 133 paragraph 1 point 6 and Article 160 of this law.

Jurisdiction of the board of directors

Article 189

(1) The Board of Directors:

1) manages the affairs of the company;

2) determines the internal organization of the company, with the consent of the supervisory board;

3) supervises the management of the company's business books and the preparation of the company's financial reports;

4) proposes the agenda for company assembly sessions to the supervisory board;

5) calculates the amount, that is, the amount of dividends, determines the day, procedure and method of their payment, in accordance with the decisions of the company assembly;

6) executes decisions of the assembly and decisions of the supervisory board;

7) submits quarterly reports on the company's current operations to the supervisory board;

8) performs other tasks and makes decisions in accordance with this law, the statute, the decisions of the assembly and the supervisory board.

(2) The powers of the board of directors cannot be transferred to the company's supervisory board.

Termination of membership in the board of directors

Article 190

The provisions of Article 171 of this law apply accordingly to the termination of membership in the board of directors.

Chairman of the board of directors

Article 191

(1) The president of the board of directors represents the company and manages the company's affairs in accordance with the founding act, statute and decisions of the assembly, i.e. the supervisory board of the company.

(2) The chairman of the management board is appointed by the supervisory board.

(3) The president of the board of directors coordinates the work of the other members of the board of directors, organizes and manages the affairs of the company, convenes and presides over meetings of the board of directors, proposes the agenda, is responsible for keeping minutes of board meetings and performs the duties of the company secretary, if the company secretary is not appointed.

(4) The president of the board of directors is obliged to ensure the legality of the company's work, respect the guidelines and execute the decisions and orders of the supervisory and board of directors in connection with the management of assets and the internal organization of the company, i.e. the business of the company.

(5) The chairman of the board of directors cannot issue a power of attorney or represent the company in a dispute in which he is the opposing party.

(6) The employment relationship of the chairman of the board of directors is based on the contract concluded with the chairman of the supervisory board of the company, for the period until the end of the mandate.

(7) The chairman of the board of directors may be dismissed by the supervisory board, provided that his membership in the board of directors does not cease.

(8) The termination of the mandate shall be registered in the CRPS within 15 days from the date of termination, and the chairman of the board of directors whose mandate has ended continues to work until the appointment of a new chairman of the board of directors or a temporary representative.

(9) The supervisory board is obliged to appoint a new president of the board of directors, within 60 days from the date of registration of the termination of the mandate of the president of the board of directors in CRPS.

Appointment of a temporary representative

Article 192

(1) If the chairman of the board of directors is not appointed and registered within 60 days from the date of registration of the termination of the mandate from Article 191 paragraph 8 of this law, the shareholder or other interested person may ask the competent court to appoint a temporary representative of the company with all rights and obligations chairman of the board of directors.

(2) The applicant from paragraph 1 of this article may propose a person who will be appointed as a temporary representative, but the court is not bound by that proposal.

(3) The temporary representative of the company must meet the requirements for appointment from Article 186 of this law.

(4) The court is obliged to make a decision on the request for appointment of a temporary representative within eight days from the date of receipt of the request.

Mode of operation of the board of directors

Article 193

The provisions of Art. 164 and 165 of this law.

SECTION G
SOCIETY SECRETARY

Appointment and mandate of the secretary of the company

Article 194

(1) A joint-stock company may have a company secretary appointed by the board of directors, i.e. the supervisory board.

(2) The bodies of the company referred to in paragraph 1 of this article determine the amount of salary, i.e. compensation, to the secretary of the company, in accordance with this law.

(3) The secretary does not have to be employed by the company.

Competence of the company secretary

Article 195

If the articles of association or the decision on the appointment of the company secretary do not stipulate otherwise, the company secretary:

1) prepares assembly sessions and keeps minutes;

2) prepares material for meetings of the board of directors, management board and supervisory board and keeps minutes;

3) keeps documentation, minutes and decisions from the sessions referred to in point. 1 and 2 of this paragraph;

4) makes the acts and documents available to the shareholders of the company and conducts direct communication with the shareholders on behalf of the company.

SECTION H
AUDITOR

Financial statement audit

Article 196

(1) The audit of the financial report of the company is carried out after the end of the financial year, before holding the regular assembly, in accordance with the law.

(2) The audit of the report referred to in paragraph 1 of this article is carried out by an independent auditor who meets the requirements established by law.

Appointment of auditors

Article 197

(1) The auditor is appointed by the shareholders' meeting, for a term determined by the statute, which cannot exceed one year.

(2) Shareholders who own at least 5% of the share capital have the right to propose a candidate for the auditor of the company.

Rights, obligations and responsibility of the auditor

Article 198

(1) During the audit, the auditor has the right to inspect all business books of the company at the agreed time and has the right to request from the members of the board of directors, i.e. the members of the supervisory and management boards, the executive director and other employees of the company, explanations and data that are necessary for the preparation of the audit report.

(2) The auditor has the right to attend the assembly and give explanations and answers to the questions raised in connection with the evaluations and opinion given in the audit report.

(3) An extract from the audit report is read at the annual meeting, which is available for inspection by all shareholders at that meeting.

Termination of the contract with the auditor by the company

Article 199

(1) By decision of the assembly, which is passed by a majority of votes, the auditor may be dismissed before the expiration of the term for which he was appointed.

(2) The decision on dismissal shall be submitted for registration in the CRPS, within seven days from the date of the decision on termination of the contract with the auditor.

Termination of the contract with the company by the auditor

Article 200

(1) The auditor may terminate the contract before the expiration of the agreed term by submitting a written notice to the company about the termination of the contract, which contains a statement

that the contract is terminated for reasons that do not need to be notified to the company's shareholders or creditors.

(2) The auditor is obliged to submit a copy of the notice for registration in the CRPS within seven days from the date of delivery of the contract termination notice to the company.

(3) If the notice of termination of the contract contains a statement that the contract is terminated due to circumstances about which the shareholders or creditors must be notified, the company is obliged, within seven days from the date of receipt of the notice, to deliver a copy of the notice to any person who has the right to receive copies of financial statements.

(4) If the notice contains a statement about the circumstances that must be notified to shareholders or creditors, the auditor may request the convening of a meeting of shareholders to explain those circumstances, for the purpose of informing creditors and shareholders.

(5) In the case referred to in paragraph 4 of this article, the board of directors or the supervisory board is obliged to convene the assembly within 28 days from the date of receipt of the notice of contract termination.

(6) The auditor can prepare a written report for the assembly, which is considered at the assembly from paragraph 5 of this article, that is, at the first following assembly.

Prohibition of influencing the auditor's work

Article 201

The company must not influence the auditor's work during the audit.

Chapter VI
CAPITAL OF THE JOINT STOCK COMPANY

SECTION A
ACTIONS

The concept of actions

Article 202

(1) A share is a security that represents an ownership stake in the issuer.

(2) Shares are issued, acquired, and transferred in dematerialized form and registered in the securities register of the CKDD, in accordance with the law governing the capital market.

(3) The share cannot be divided.

(4) If the share is owned by several persons, all owners are considered as one shareholder, and the rights from the share are exercised by one of the co-owners, with the consent of the other owners.

(5) In the case referred to in paragraph 4 of this article, share owners are jointly and severally liable for the obligations they have as shareholders.

(6) The nominal as well as the market value of the action is expressed in euros.

(7) Shares of a joint-stock company are issued in registered name and must be registered with the Commission for the Capital Market and registered with the CKDD.

(8) Shares of a bankrupt company may be acquired.

(9) Shares are classified according to the rights they confer on the basis of the law, statute or company decision made in the process of their issuance.

Nominal value of the action

Article 203

(1) The company may issue shares with or without nominal value.

(2) The nominal value of the share is the value determined by the decision on the issue of shares.

(3) If the company issues shares without nominal value, all shares of the company must be without nominal value.

(4) The company cannot issue shares below the nominal value, and if the shares do not have a nominal value, the shares cannot be issued below the accounting value.

Right of pre-emption of shares

Article 204

(1) When the capital is increased by monetary contributions, the shares must be offered based on the right of pre-emption to the existing shareholders, in proportion to the number of shares they own.

(2) Only those shareholders who had that status on the day of the decision on the capital increase are considered shareholders from paragraph 1 of this article.

(3) If the shareholders from paragraph 2 of this article sell their shares, they lose the right of pre-emption and this right is not transferred to the buyer of the shares.

(4) If the company has several classes of shares or other ownership securities, the rights of other classes of shares must be represented in such a way that they are offered shares that will maintain a proportional participation in the capital of the company.

(5) The decision on the right of pre-emption can only be made at the shareholders' meeting, which is attended by shareholders who own at least two-thirds of the shares, the majority of present or represented shareholders with the right to vote.

(6) The conditions of the offer of shares based on the right of pre-emption, including the period in which this right must be exercised, are published in the "Official Gazette of Montenegro" and at least twice in one daily printed media in Montenegro at a time interval of at least five, and a maximum of ten days between postings.

(7) The right of pre-emption must be exercised within at least 30 days from the day of publication of the offer or from the day of notification to shareholders, depending on which of those two days is later in time.

(8) The right of pre-emption cannot be used after the deadline from paragraph 7 of this article has expired.

(9) The right of pre-emption can be changed or canceled only by the decision of the shareholders' assembly, adopted in accordance with Article 133 paragraph 1 point 16 of this law.

(10) In the case referred to in paragraph 9 of this article, the board of directors, i.e. the supervisory board, submits a written report to the shareholders' meeting with the reasons for limiting or canceling the right of pre-emption and an explanation of the proposed initial share price.

(11) The decision referred to in paragraph 9 of this article for the purpose of registration in the CRPS shall be submitted within seven days from the date of adoption.

Types of actions

Article 205

A joint-stock company can issue ordinary and preferred shares, depending on the rights granted to the owners of the shares.

Ordinary actions

Article 206

(1) Ordinary shares are shares that give the holder rights from Art. 122 and 123 of this law, as well as other rights prescribed by this law and the company statute.

(2) Ordinary shares cannot be converted into preferred shares or other securities.

Preferred shares

Article 207

(1) Preferred shares are shares that give:

1) the right to the payment of a dividend in a predetermined monetary amount or a percentage of the nominal value of the preferred share, which is paid before the payment of the dividend to the owners of ordinary shares;

2) the right of priority during the distribution of the rest of the assets after the liquidation or bankruptcy of the company in relation to the owners of ordinary shares;

3) property and non-property rights prescribed by this law, the statute of the company or the decision on their issue, with restrictions from Article 208 of this law;

(2) Preferred shares can be cumulative or non-cumulative.

(3) The owner of a cumulative preferred share has the right to the dividend determined for that share, and if the profit is not realized or is not sufficient to pay the amount of dividends, the unpaid part is paid during the following business years when the profit is sufficient for payment.

(4) In the case of non-cumulative preferred shares, the unpaid dividend cannot be transferred as a liability of the company, i.e. a shareholder's right to the next business year.

(5) Preferred shares can be converted into ordinary shares, with the proviso that, before converting preferred shares into ordinary shares, the company is obliged to settle all due obligations towards the owners of preferred shares.

(6) The total nominal value of issued preferred shares cannot exceed 50% of the basic capital of the company.

Rights of owners of preferred shares

Article 208

(1) Shareholders who are owners of preferred shares have the right to participate in the work of the assembly, without the right to vote.

(2) Exceptionally from paragraph 1 of this article, shareholders with preferred shares have the right to one vote per share at the general meeting within their class of shares on:

1) increasing or decreasing the total number of shares of that class;

2) changes to any preferential right granted by the shares of that class;

3) division or merger of shares of that class, or their exchange for shares of another class;

4) the issue of a new class of shares that grant greater rights in relation to the rights granted by shares of that class or the modification of rights from shares of another class so that they grant equal or greater rights in relation to the rights granted by shares of that class;

5) limitation or exclusion of the right of pre-emption and the existing right to vote from shares of that class, if that right is established by the statute in accordance with paragraph 3 of this article.

(3) The articles of association of a joint stock company may stipulate that shareholders with preferred shares have the right to vote together with shareholders with ordinary shares, if the dividend due to them according to the decision of the assembly has not been paid, until the payment of that dividend, in proportion to the participation of preferred shares in the company's share capital.

SECTION B
BONDS

Definition of bond

Article 209

(1) A bond of a joint-stock company is a security with a fixed income, which entitles the owner to interest and other rights determined by the bond issue or bond redemption agreement.

(2) The owner of the bond is paid the principal amount equal to the contracted value on the maturity date.

(3) The decision on the issue of bonds is made at the shareholders' meeting by the majority of votes of the present and represented shareholders or by the board of directors, i.e. the supervisory board, except for exchangeable bonds, if this is provided for by the statute.

(4) The joint-stock company is obliged to redeem the bonds on the agreed date, with the fact that the decision on the issuance of bonds may establish the company's right to redemption before maturity.

Convertible bonds

Article 210

(1) A convertible bond is a bond that can be exchanged for a company share.

(2) The decision to issue convertible bonds is made at the shareholders' meeting attended by two-thirds of the shareholders in person or represented by proxy or through ballots.

(3) The decision from paragraph 2 of this article must determine the number of shares that are allocated on the basis of each exchangeable bond.

(4) Shareholders have the right of pre-emption of convertible bonds in proportion to the number of shares they own in the company.

(5) The right of pre-emption of convertible bonds from paragraph 4 of this article can be exercised in a period that cannot be shorter than 30 days from the date of publication of the proposal for the issue of convertible bonds or from the date of notification to shareholders, taking into account the day that is later in time .

(6) The right of pre-emption of convertible bonds held by existing shareholders may be limited or terminated by a decision of the shareholders' meeting in accordance with Article 133 paragraph 1 item 16 of this law.

(7) Before making the decision referred to in paragraph 6 of this article, the board of directors, that is, the company's supervisory board, submits to the assembly a written statement containing the reasons for limiting or canceling the right of pre-emption of convertible bonds.

(8) The decision from paragraph 2 of this article is published in the "Official Gazette of Montenegro".

(9) The provisions of para. 1 to 8 of this article apply to the issuance of other securities that are exchangeable for shares or that give the right to acquire shares.

SECTION C
INCREASE IN THE SHARE CAPITAL OF THE JOINT STOCK COMPANY

Method of capital increase

Article 211

The share capital of a joint-stock company can be increased:

1) additional contributions of existing or new shareholders;

2) conversion of receivables and exchangeable securities into shares;

3) from reserves and retained earnings of the company;

4) status change.

Increase of basic capital by additional contributions

Article 212

(1) The company can increase the basic capital with additional contributions from its shareholders or other persons to whom it issues new shares.

(2) In the case of an increase in the basic capital with non-monetary contributions, the assessment of the value of the capital is carried out in accordance with Article 58 of this law.

Conversion of convertible securities into shares

Article 213

(1) If the company has issued convertible bonds, the basic capital of the company can be increased by issuing new shares, for which owners of convertible bonds can exchange their bonds.

(2) The provision of paragraph 1 of this article also applies to other securities, exchangeable for shares or which give the right to acquire shares.

Increase in basic capital from reserves and retained earnings

Article 214

(1) The share capital can be increased from the reserves and undistributed profits of the company, if this does not contradict the purpose of the reserves and if the company has no uncovered loss according to the last annual calculation.

(2) Shares that are issued in accordance with paragraph 1 of this article are distributed to shareholders who were shareholders of the company on the day when the shareholders' meeting made a decision to increase the company's basic capital from the company's reserve funds or the company's undistributed profit, in proportion to their participation in the total number company action.

(3) The company can increase the share capital from undistributed profit and reserves that remain after covering the loss.

Conditions for increasing the share capital

Article 215

(1) The share capital of the company can be increased based on the decision on the new issue of shares, if the shareholders or their representatives who own at least two-thirds of the shares attend the assembly.

(2) The decision to increase the share capital is made separately for each class of shares, in order to protect the rights of shareholders.

Registration and publication of the share capital increase

Article 216

(1) If a decision is made to increase the share capital referred to in Article 215 of this law, changes to the articles of association must be made, which are registered in the CRPS, after registration and payment of shares, within 15 days from the date of adoption of the decision of the Capital Market Commission confirming the success of the show.

(2) The share capital is considered increased on the day of registration of changes to the statutes in the CRPS.

The amount of the authorized capital increase

Article 217

(1) The company's statute or the assembly's decision, which was passed by a two-thirds majority of present or represented shareholders or through ballots, may authorize the board of directors, that is, the supervisory board, to make a decision on the issue of shares.

(2) The articles of association or the decision of the assembly of the company shall determine the amount of the approved increase in the share capital and the term until which the authorization of the board of directors or the supervisory board is valid, which cannot be longer than five years from the date of adoption or amendment of the statute by which the decision on the approved increase of the share capital was made of capital, i.e. from the date of the decision at the shareholders' meeting.

(3) The approval for capital increase can be extended by decision of the shareholders' assembly, several times for a period of up to five years for each approval.

(4) The amount of the approved capital increase must be less than the amount of the part of the basic capital that consists of issued ordinary shares.

Distribution of dividends in the form of shares

Article 218

(1) If the company pays out dividends in the form of shares, shareholders have the right to receive those shares for free, and their number must be proportional to the total number of shares they own.

(2) Shares issued in the case referred to in paragraph 1 of this article carry the same rights as other shares of that class.

SECTION D
REDUCTION OF SHARE CAPITAL

Method of capital reduction

Article 219

The share capital of a joint stock company can be reduced:

1) by withdrawing and canceling actions;

2) by reducing the nominal value of shares.

Making a decision on the reduction of the basic capital

Article 220

(1) The share capital of the company can be reduced by the decision of the shareholders' assembly voted by the shareholders who represent two-thirds of the votes of the shareholders present in person or by proxy, or through ballots.

(2) If the company issued shares of different classes, the decision of the shareholders' assembly is made separately for each class of shares in order to protect the rights of shareholders.

(3) The notification on convening the assembly contains the reasons for reducing the share capital, as well as the manner in which the share capital will be reduced.

(4) The decision of the shareholders' assembly on the reduction of the share capital shall be submitted for registration in the CRPS, within 15 days from the date of the decision.

(5) The share capital is considered reduced when changes to the articles of association are registered in the CRPS.

(6) The decision to reduce the share capital is published in the "Official Gazette of Montenegro".

Protection of creditors

Article 221

(1) The company is obliged to notify in writing every creditor known to the company, whose individual claim amounts to at least 10,000 euros on the day the decision is announced, after making a decision to reduce the share capital.

(2) Creditors whose claims, regardless of the due date, arose before the publication of the decision on the reduction of the company's share capital, may request in writing from the company the security of their claims within 60 days from the date of delivery of the notice or from the date of publication of the notice in the "Official Gazette" Montenegro", taking into account the day that is later in time.

(3) Creditors may demand the payment of their claims within the period referred to in paragraph 2 of this article.

(4) If the creditors from para. 2 and 3 of this article, on the basis of the request, security was not provided, i.e. claims were not paid, creditors can ask the competent court to make a decision on security, i.e. payment of claims, if they prove that the settlement of claims is threatened by the reduction of the basic capital.

(5) The company cannot pay the funds to the shareholders until the creditors are settled or until the competent court determines that their claims are unfounded.

Security of creditors

Article 222

(1) The company is not obliged to provide security for its obligations to creditors, if their claims are already fully and reliably secured.

(2) The company is not obliged to provide security for its obligations to creditors, if the total claims of creditors after reducing the company's basic capital exceed the value of the company's net assets assessed by an independent appraiser.

(3) The company is not obliged to provide security to the creditors when the purpose of reducing the basic capital is to cover the loss and in the case of reducing the basic capital without changing the company's net assets.

Reducing the basic capital without changing the company's net assets

Article 223

(1) The company's net assets do not change in the event of a reduction in the basic capital by:

1) create or increase reserves to cover future losses of the company or to increase the basic capital from the company's net assets;

2) cover losses.

(2) Reserves from paragraph 1 point 1 of this article, after reducing the basic capital, cannot exceed 10% of the value of the basic capital.

(3) Reduction of the basic capital of the company from paragraph 1 point 2 of this article can only be done if the company does not have undistributed profit and reserves that can be used for those purposes and in an amount that cannot be greater than the amount of losses to be covered.

(4) The protection of creditors when reducing the share capital without changing the company's net assets is provided in accordance with Article 221 of this law.

The largest amount of reduction of the basic capital

Article 224

The basic capital of the company cannot be reduced below the amount of the minimum founding capital established by this law.

SECTION E
OWN ACTIONS

The method of acquiring own shares

Article 225

(1) Own shares are shares that a joint-stock company acquires from its shareholders.

(2) The company cannot subscribe to its own shares.

(3) Shares of the company may not be subscribed by its subsidiary company, nor by a third party acting on its own behalf, for the account of the subsidiary company.

(4) If the shares of the company were registered by a third party acting in his own name, and for the account of the company, it will be considered that this person registered the shares for his own account.

(5) If the subsidiary company acquired shares of the parent company before the establishment of control, after the establishment of control these shares will not be considered own shares, in the sense of this law.

(6) In the case referred to in paragraph 5 of this article, the shares cease to give the right to vote and are taken into account when determining the conditions referred to in article 226, paragraph 1, point 2.

(7) The shareholders who establish the company, and in the case of an increase in the basic capital, the members of the board of directors, that is, the members of the supervisory board, are responsible for the payment, that is, the entry of contributions for shares that have not been registered in accordance with para. 1 and 2 of this article.

Conditions for acquiring own shares

Article 226

(1) The company may acquire its own shares directly or through a third party that acquires the shares in its own name, and for the account of the company, if:

1) the assembly made a decision for the acquisition of its own shares by which it gave approval for the acquisition of its own shares;

2) by acquiring its own shares, the net assets of the company will not be less than the paid-in basic capital increased by the reserves that the company is obliged to maintain in accordance with the law or the statute, if such reserves exist, except for the reserves established by the statute for the acquisition of own shares;

3) shares acquired, purchased and owned by the company, as well as shares purchased by a person in his own name, but for the account of the company, including previously acquired shares, do not exceed 10% of the company's basic capital;

4) the shares acquired by the company as a whole are paid up.

(2) The board of directors, i.e. the supervisory board, are obliged to check whether the conditions from paragraph 1 point 2 of this article are met after each acquisition of own shares and to prepare a written report.

Content of the decision on the acquisition of own shares

Article 227

The decision to acquire own shares must contain:

1) maximum number of shares that can be purchased;

2) the minimum and maximum price of shares that can be paid;

3) the deadline for the purchase of own shares, which cannot be longer than two years.

Acquisition of own shares without a decision of the shareholders' assembly

Article 228

(1) The board of directors, i.e. the supervisory board, can make a decision on the acquisition of the company's own shares, if the acquisition of own shares is established by the statute and if it is necessary to protect the company from damage, with the condition that the acquired shares cannot exceed 10% of the company's basic capital .

(2) The board of directors, i.e. the supervisory board, is obliged to submit a report on the reasons for the acquisition of the company's own shares, on the number and nominal value of the acquired shares, their participation in the total share capital of the company, and the price at which the shares are sold at the next meeting of the company's shareholders. redeemed.

Exemption for acquiring own shares

Article 229

The provisions of Article 226 of this law do not apply to own shares that have been acquired:

1) by executing the decision of the shareholders' assembly on the reduction of the basic capital;

2) on the basis of universal legal succession;

3) free of charge or commission from a bank or other financial institution;

4) by fulfilling legal obligations or a court decision ordering the purchase of shares from minority shareholders, especially in cases of mergers, changes in the activity or form of the company, transfer of the registered seat of the company abroad or the introduction of restrictions on the transfer of shares;

5) from minority shareholders of affiliated companies as a consequence of the rights they exercise;

6) in the procedure of forced sale on the basis of a court decision for the payment of a debt to a joint stock company by the shareholder, if there is no other way of collection;

7) by investment funds.

Alienation of own shares

Article 230

(1) Own shares acquired by the company in accordance with Article 226 of this law must be disposed of within three years from the date of acquisition.

(2) Own shares acquired by the company in accordance with Article 229 item 2 to 7 of this law, whose nominal value is greater than 10% of the basic capital, must be disposed of within three years from the date of acquisition, so that the total value of the company's own shares acquired does not exceed 10% of the basic capital.

(3) Own shares that the company did not acquire in accordance with the provisions of Article 226 or Article 229 item. 2 to 7 of this law must be disposed of within one year from the date of acquisition.

(4) The company is obliged to transfer its own shares that it has not disposed of in accordance with para. 1, 2 and 3 of this article, cancel it within three days from the date of expiry of the deadline from paragraph 1 of this article, without a decision of the company's assembly and within three days from the day of cancellation, notify the Commission for the Capital Market and CKDD about the cancellation of own shares.

(5) If, by canceling the shares from paragraph 4 of this article, the net assets of the company would be less than the basic capital, increased by reserves that can be used for payments to shareholders, in accordance with this law, the company is obliged to cancel the shares by reducing the basic capital of the company in in accordance with this law.

(6) The decision from paragraph 4 of this article is made by the board of directors, i.e. the supervisory board.

Status of own actions

Article 231

When the company owns its own shares, during their ownership:

1) the nominal value of those shares, i.e. the accounting value of shares without a nominal value may remain included in the basic capital or be excluded from the basic capital, with the fact that reserves that cannot be paid to shareholders are increased by that amount;

2) own shares do not give the right to vote and are not counted in the quorum of the assembly;

3) own shares do not give the right to dividends or other income.

Reporting on own actions

Article 232

A company that acquired or disposed of its own shares during the year is obliged to state in the financial report for that business year:

1) reasons for acquiring own shares during the financial year;

2) data on the number and nominal value, that is, the accounting value of shares without nominal value, purchased and sold own shares during the year and their participation in the total number of company shares;

3) the amount of funds that the company gave for the purchase, that is, received on the basis of the sale of its own shares.

Providing financial assistance for the acquisition of company shares

Article 233

(1) The company may not, directly or indirectly, give loans, guarantees or provide any other type of financial support to a person who intends to buy shares of that company.

(2) Prohibition of granting loans, guarantees or provision of other financial support by the company from paragraph 1 of this article, does not apply to financial organizations and the acquisition of shares with the aim of giving those shares to employees of the company.

Registration of own shares and prohibition of pledging

Article 234

(1) The company is obliged to register its own shares in the CRPS within 15 days from the date of settlement of the change of ownership in the CKDD.

(2) A joint stock company cannot pledge its own shares.

SECTION F
ACQUISITION OF PROPERTY FROM FOUNDERS OR SHAREHOLDERS

Conditions for acquiring property from the founder or shareholder of the company

Article 235

(1) In order to acquire property from the founder or shareholder of the company within two years from the date of company registration, for which the payment of an amount greater than one tenth of the basic capital is proposed, the following conditions must be met:

1) the acquisition must be examined in the manner prescribed by Article 58 of this law;

2) the appraiser's report is submitted to the shareholders' meeting, and the shareholders' meeting decides on the acceptance of the transaction by a two-thirds majority vote of the shareholders who are personally present or through representatives, that is, who voted via ballots;

3) in case of dispute, the shareholder whose property is acquired by the company has the right to court protection in accordance with this law;

4) the appraiser's report is submitted for registration in the CRPS.

(2) The provision of paragraph 1 of this article shall not be applied if:

1) acquisition made within the framework of the company's regular activities;

2) legal work performed under supervision or on the basis of a court or administrative authority decision;

3) acquisition made on the stock exchange.

SECTION G
FINANCE AND DISTRIBUTION OF PROFITS

Financial year

Article 236

(1) A financial year is a calendar year.

(2) If the company was registered after the beginning of the financial year, the end of the financial year is considered the end of the first financial year.

(3) If the company was deleted from the CRPS before the end of the financial year, the last financial year ends on the day the company was deleted from the CRPS.

Restrictions on payments to shareholders

Article 237

(1) If, at the end of the financial year, the company's net assets, according to the annual report, amount to or would amount to less than the value of the company's basic capital, together with reserves that cannot be distributed according to the law or the company's statutes, after the distribution of profits to the shareholders, the company cannot distribute profit to shareholders.

(2) The amount intended for distribution to shareholders cannot exceed the amount of profit realized at the end of the financial year, increased by the profits from previous years and the available amount of reserves, reduced by the losses carried over from previous years and by the amounts determined for reserves, in accordance with by law and company statute.

(3) If the company proves that the shareholders knew or could have known that the profit distribution was not carried out in accordance with paragraph 2 of this article, the shareholders shall return the received profit.

Dividend

Article 238

(1) A dividend is the payment of part of the company's profit to its shareholders.

(2) As a rule, the dividend is paid in cash, but it can also be paid in the form of company shares or other securities.

(3) The dividend can be paid to persons who were shareholders of the company on the day when the shareholders' meeting made a decision on the payment of the dividend.

(4) A shareholder who has not been paid a dividend has the right to a dividend even if he disposed of the shares after the day of the shareholders' meeting where the decision on the payment of the dividend was made.

Chapter VII
RESTRUCTURING OF THE JOINT STOCK COMPANY

SECTION A
TYPES AND RULES OF RESTRUCTURING

Restructuring procedures

Article 239

(1) A joint stock company can be restructured through a status change and a change in the form of the company.

(2) Status change of a joint stock company is a procedure in which one or more companies are restructured in such a way that assets and liabilities are transferred to one or more other companies, and shareholders acquire shares in the company, i.e. companies to which assets and liabilities have been transferred.

(3) A status change can be made:

1) by merging two or more companies;

2) by division into two or more companies;

3) separation with the establishment of one or more companies.

(4) Changing the form of a company is a procedure in which the company changes its existing form to one of the other forms of business companies established by this law.

Restructuring rules

Article 240

(1) Restructuring of a joint stock company can only be carried out if the assets of the company are greater than its liabilities.

(2) A company with which bankruptcy proceedings have been initiated, i.e. judicial or voluntary liquidation proceedings in accordance with this law, may not participate in restructuring proceedings, unless the law governing bankruptcy provides otherwise.

(3) Companies that take over assets and liabilities may, in addition to the shares, pay a sum of money to the shareholders of the companies whose assets they take over, as fair compensation, provided that this amount does not exceed 10% of the nominal value of the shares issued for the taken over assets.

(4) The decision to accept the merger agreement, the decision to divide into two or more companies, the decision to separate with the establishment of one or more companies, the decision to change the form, as well as the decision to issue shares based on the restructuring of the company is made by a two-thirds majority of the votes present. and represented shareholders through proxies or through ballots.

(5) Exceptionally from paragraph 4 of this article, the consent of all the company's shareholders is required for making a decision on the restructuring of a joint-stock company on the basis of which the shareholders acquire the status of a member of a limited partnership, i.e. a partnership.

(6) Minutes from the assemblies of companies where decisions from paragraph 4 of this article are made are drawn up in the form of a notary record.

(7) If there are several classes of shares in the company, the decision referred to in paragraph 4 of this article must be made by a two-thirds majority of the votes of the present and represented shareholders through proxies or through ballots, for each of those classes.

(8) The issue or cancellation of shares in the restructuring process is registered with the Commission for the Capital Market.

(9) Shares in the company that ceases to exist will not be exchanged for shares of the company that takes over the assets and liabilities, if the owners of the shares to be exchanged are:

1) a company that takes over assets and liabilities, that is, persons who own them in their own name, and for the account of that company;

2) the company that ends or the persons who own them in their own name, and for the account of that company.

(10) Provisions of Art. 239 to 252 on the restructuring of joint-stock companies, as well as the provision of Article 127 paragraph 1 point. 2 and 3 of this law, are accordingly applied to the restructuring of other companies, if this law does not prescribe otherwise.

SECTION B
CONNECTIONS

Types of joint stock company mergers

Article 241

(1) Restructuring of a joint-stock company by merger can be carried out when one or more companies are merged with an existing company by transferring all assets and liabilities to that company, which in exchange issues shares to the shareholders of the merging companies (merger by merger) or two or more companies merge by forming a new company that issues shares of the newly formed company to the shareholders of the merging companies (merger through the establishment of a new company).

(2) The company to which the merger was carried out, that is, the company that was created through the merger through the establishment of a new company, is called the acquiring company, and the company that transferred the assets and liabilities is called the acquired company.

The procedure for merging joint stock companies

Article 242

(1) The board of directors, i.e. the board of directors, with the previously obtained consent of the supervisory board of the companies involved in the merger, agree on the draft of the merger agreement, which contains:

1) name, form and headquarters of each company included in the merger;

2) the ratio of the value of shares when they are exchanged, and when a monetary amount is additionally given for fair compensation, the proposed amount of compensation;

3) method and term of undertaking certain obligations;

4) manner and conditions of distribution of shares in companies that have taken over assets and liabilities;

5) the date from which the owners of the shares referred to in point 4 of this paragraph have the right to participate in the profits of the transferee company, as well as other conditions that may affect the acquisition of that right;

6) the date from which all actions of the acquired companies are considered and for accounting purposes treated as actions taken by the acquiring company;

7) the rights that the acquiring company gives to the shareholders of the acquired company who have shares with special rights, to persons who own other securities that give special rights, as well as other measures taken against those persons;

8) monetary payments or other benefits made to employees, members of bodies and members of commissions of individual bodies of companies involved in the merger or to an independent expert who prepares a report on the draft merger agreement, as well as the reasons for these payments;

9) a precise description of the assets and liabilities that should be transferred to the transferee company, the form of organization and the name of the new company in the case of a merger through the establishment of a new company;

10) changes to the founding act and statutes of the existing acquiring company, i.e. the proposal for the founding act and statutes of the acquiring company, in the case of a merger through the establishment of a new company.

(2) The agreed draft of the merger agreement, on behalf of each of the companies participating in the merger, is signed by a member of the board of directors, that is, the board of directors, which is designated by each company involved in the merger.

(3) The board of directors or the board of directors of the company involved in the merger prepares a written report for the shareholders' meeting at which the draft merger agreement will be considered, which contains:

1) detailed legal and economic explanation of the agreed draft merger agreement;

2) explanation of the share replacement ratio;

3) possible special difficulties when assessing the value of the assets of the merging companies and determining the proportion of exchange of shares;

4) additional explanation of legal consequences;

5) notification of all changes in assets and liabilities arising from the date of drafting of the merger agreement until the date of the meeting of shareholders that decides on the draft of the merger agreement.

(4) In addition to the data contained in the report from paragraph 3 of this article, the board of directors, i.e. the board of directors, submits to the assembly of shareholders of its own company, as well as to the board of directors, i.e. the board of directors of other companies included in the merger, an amendment to the report from paragraph 3 of this article with regard to all significant changes to the company's assets and liabilities arising from the date of drafting of the merger agreement until the date of the meeting of shareholders that should make a decision on the merger, unless the shareholders or owners of other securities with voting rights of each company involved in the merger have not agreed otherwise.

(5) Along with the reports of the management board from para. 3 and 4 of this article, the decision of the supervisory board on the adoption of the report of the management board must also be submitted to the assembly.

(6) The board of directors, that is, the board of directors of each company participating in the merger process, with the prior consent of the competent court, will appoint one or more independent experts to examine the draft merger agreement.

(7) Reports of independent experts on examination of the draft merger agreement contain:

1) statement on the adequacy of the methods used for the proposed share exchange ratio;

2) precise data on the values obtained using each of the methods from point 1 of this paragraph;

3) the opinion of independent experts on the relative importance of the methods from point 1 of this paragraph in calculating the proposed share exchange ratio;

4) information and explanation about possible special difficulties when assessing the value of the assets of the merging companies and determining the appropriateness and fairness of the proposed share exchange ratio.

(8) An independent expert may be designated as an auditor, a court expert in the field of economics or an authorized appraiser appointed by the board of directors, i.e. the board of directors (natural person), as well as the auditing company, with the proviso that this cannot be a person employed by the company merges, a person who is in a business relationship with the merging company, as well as a spouse or a relative of the first degree of kinship of a member of the board of directors, i.e. the management board or an employee of the merging company.

(9) At the request of an independent expert, the companies participating in the merger are obliged to provide him with all the data and documents necessary for the preparation of a report on the examination of the draft merger agreement.

(10) The engagement of independent experts, as well as the report from paragraph 3 of this article, are not required in the merger procedure in accordance with this law, if all shareholders or owners of other securities with voting rights of each of the companies included in the merger have agreed to it .

(11) The companies participating in the merger are obliged to provide their shareholders, at the company's headquarters, at least one month before the date of the shareholders' meeting at which the proposed method of merger will be considered, as well as during the duration of the shareholders' meeting, to provide copies for inspection and to hand them over free of charge the following documents:

1) draft merger agreement;

2) the report of the board of directors, that is, the management board from paragraph 3 of this article;

3) annual financial statements for the last three years of each company involved in the merger;

4) report of an independent expert, if hired;

5) a separate financial statement showing the state of the company as of a date no more than three months before the date of drafting the merger agreement, if the draft was drawn up after six months from the end of the last business year, except in the case referred to in paragraph 4 of this article.

(12) The special financial statement referred to in paragraph 11 point 5 of this article does not have to be made available for inspection even when the company publishes a semi-annual financial report in accordance with the regulations governing the capital market for public joint stock companies and makes it available for inspection to shareholders in the manner referred to in paragraph 11 of this article.

(13) The special financial statement referred to in paragraph 12 of this article presents the data in the manner in which they are presented in the annual financial statement, with the fact that the valuation changes from the last annual financial statement are made only on the basis of changes in bookkeeping in relation to the state expressed in the last annual financial statement, without carrying out an inventory of assets, but with the obligation to take into account medium-term depreciation, provision of costs and losses, as well as material changes in real value that are not shown in the books.

(14) If the documentation referred to in paragraph 11 of this article is published on the website of the company involved in the merger at least one month before the meeting of shareholders at which the draft merger agreement will be considered, and if it is possible to download them unlimited and free of charge in electronic form, the company is not obliged to copy the documentation free of charge and make it available to the shareholders for inspection.

(15) The companies participating in the merger are obliged to submit the draft of the merger agreement to the authority responsible for registration for publication in the "Official Gazette of Montenegro", at least one month before the day of the meeting of shareholders at which the draft of the merger agreement is decided upon and the following information:

1) notification that the agreed draft of the merger agreement has been submitted for registration in the CRPS;

2) the name and registered office of each of the companies participating in the merger;

3) information on how creditors and minority members of the companies participating in the merger can exercise their rights and the place where the necessary information can be obtained, without paying a fee.

(16) The merger agreement is valid when it is adopted in the same text by the assemblies of the merging companies and if it is drawn up in the form of a notarial document.

(17) Exceptionally from paragraph 16 of this article, the decision on the merger, i.e. the decision on the issue of shares based on the merger for the acquiring company, can be made by the board of directors, i.e. the supervisory board, provided that:

1) that the acquiring company publishes the draft of the merger agreement at least one month before the date of the assembly of the company or companies that are the subject of the takeover, at which the draft of the merger agreement is decided;

2) that at least one month before the deadline established in point 1 of this paragraph, all shareholders of the transferee company can inspect the documentation from paragraph 11 of this article at the headquarters of the transferee company, in accordance with this article;

3) that the shareholder or several shareholders of the acquiring company who together own at least 5% of the shares of that company did not request that the decision on the merger be made by the assembly of shareholders of the acquiring company;

4) that the minutes from the session of the management body that made the decision instead of the shareholders' assembly were made in the form of a notarial record;

5) that the minutes from point 4 of this paragraph contain the integral text of the draft merger agreement.

(18) The company is obliged to, within 15 days from the date of publication of the decision of the Capital Market Commission on the registration of the issue based on the merger in the "Official Gazette of Montenegro", for the purpose of registration in the CRPS, submit:

1) merger agreement, signed and certified in accordance with paragraph 16 of this article;

2) the minutes from the meeting of the shareholders' assembly from paragraph 16 of this article or the minutes from the meeting of the authorities of the acquiring company from paragraph 17 of this article at which the decision on the merger was made;

3) the decision on the issue of shares based on the merger;

4) a statement that the creditors have been notified of the merger in accordance with Article 243 of this law.

(19) The competent authority for registration, after receiving the documentation from paragraph 18 of this article, will register the status change in the CRPS and publish the merger agreement in the "Official Gazette of Montenegro".

(20) The acquiring company may, instead of the acquired companies, perform some or all actions related to registration and publication related to the acquired companies.

Protection of creditors' rights

Article 243

(1) The company that participates in the merger is obliged to give to every creditor whose claims amount to at least 5,000 euros no later than the date of publication of the merger agreement in the "Official Gazette of Montenegro" in accordance with Article 242 paragraph 15 of this law, including holders of convertible bonds and other of debt securities issued by the company, submit a written notification on the implementation of the merger procedure with the documentation from Article 242 paragraph 11 of this law and a notification on the rights that creditors have in the merger procedure.

(2) The chairman of the board of directors, i.e. the chairman of the supervisory board, are obliged to make a written statement that the creditors from paragraph 1 of this article have been timely and fully informed.

(3) Any creditor of a company participating in the merger procedure who considers that the restructuring procedure in which his debtor is participating threatens the settlement of his claim, no later than 60 days from the date of publication in the "Official Gazette of Montenegro" in accordance with Article 242 paragraph 15, may request an additional protection of his claims from the company that is his debtor at the time of filing the request.

(4) Additional protection of creditors from paragraph 3 of this article is provided by the company in one or more of the following ways:

1) by providing additional means of security;

2) early repayment of part or total debt;

3) undertaking other actions and measures that provide the creditor with a position that is not worse than the position it had before the implementation of the status change.

(5) The company participating in the restructuring procedure is obliged to provide additional protection of claims to its creditors who demand it when their claim is not sufficiently secured and when the financial situation of the company is such that the merger procedure threatens the settlement of its claim, so providing additional protection is necessary as the position would not aggravate the creditor by its implementation.

(6) A creditor who has not received additional protection from paragraph 4 of this article within 15 days from the date of submission of the request for additional protection, has the right to file a lawsuit within 30 days to the competent court for a decision determining additional protection, as well as the imposition of a temporary measure prohibiting the implementation of the merger procedure, if that procedure has not been completed at the time of submission of the request for the imposition of a temporary measure.

(7) The acquiring company must provide protection to the holders of all other securities issued by the acquired companies, as well as to other creditors of those companies, except when the merger or change of rights is approved by the owner of the securities.

(8) Holders of securities issued by acquired companies to whom special rights have been granted, except for holders of shares, acquire rights in the acquiring company that are identical to the rights they had in the acquired company, unless the holders of those securities have agreed otherwise or if those persons are guaranteed the right to purchase securities by the acquiring company.

(9) Holders of securities who do not agree with the proposed method of redemption referred to in paragraph 8 of this article, have the right, within 30 days from the date of publication of the draft merger agreement in accordance with Article 242 of this law, to demand the determination of the price with a lawsuit from the competent court for the purchase of securities, as well as the imposition of a temporary measure prohibiting the implementation of the merger procedure.

Legal consequences of the merger

Article 244

(1) The merger of joint stock companies is considered to have been completed on the day of registration, when:

1) the assets and liabilities of the acquired company become the assets and liabilities of the acquiring company in accordance with the adopted valid merger agreement;

2) shareholders of the acquired company become shareholders of the acquiring company;

3) the acquired company ceases to exist without the liquidation procedure being carried out and the shares of the acquired company are cancelled;

4) employees of the acquired company continue to work in the acquiring company in accordance with the labor regulations and the merger agreement;

5) other legal consequences occur, in accordance with the law.

(2) After the registration of the merger, the transferring of rights and obligations, which is carried out on the basis of registration in public books, or is conditioned in another way, is taken care of by the acquiring company.

Reversal of the merger decision

Article 245

(1) The provisions of Article 154 of this Law apply to the procedure for annulment of the merger decision after it enters into force in accordance with Article 244 of this Law.

(2) In the proceedings for the annulment of the decision from paragraph 1 of this article, the court will leave a reasonable deadline for the defendant company to eliminate the reasons for annulment established in the procedure, if it is about deficiencies that can be eliminated.

(3) The final judgment canceling the merger shall be submitted by the court within 15 days from the date of finality for registration in the CRPS and publication in the "Official Gazette of Montenegro".

(4) The competent authority for registration publishes the decision from paragraph 3 of this article in the "Official Gazette of Montenegro" and makes changes to the CRPS based on it.

(5) In case of annulment of the merger, for the obligations created by the acquiring company in the period from the date of registration of the status change of the merger in accordance with Article 242, paragraph 19 of this law, until the publication of the court's decision on the annulment of the merger in accordance with paragraph 3 of this Article, shall be responsible jointly and severally with companies that were involved in the merger process.

Responsibility of the members of the management body and the independent expert

Article 246

(1) Members of the management body of the merging company, as well as independent experts hired in accordance with Article 242 paragraph 6 of this law, are responsible for the damage they cause to the company, that is, to the shareholders of the company during the merger process.

(2) The provisions of this law governing the filing and procedure of a claim for breach of the duty of care referred to in Art. 33 to 35 of this law.

Simplified connections

Article 247

(1) The provisions of this law, which refer to the procedure for the merger of joint stock companies, are also applied to simplified mergers, unless otherwise stipulated in this article.

(2) The acquiring company will be considered the owner of the shares of the acquired company when those shares are registered in its name, as well as in the case that other persons own them in their own name and for their account.

(3) In the case of a merger of a company with an acquiring company that owns at least 90% of the shares, but not all shares and other securities with voting rights of the acquired company, the decision on the merger of the company, i.e. on the issue of shares based on restructuring, instead of the shareholders' meeting of the acquiring company can be adopted by the board of directors, i.e. the supervisory board of the acquiring company if the following conditions are met:

1) from Article 242 paragraphs 11 and 15 of this law;

2) that a shareholder or several shareholders of the acquiring company who together own at least 5% of the shares of that company did not request that the decision on the merger be made by the assembly of shareholders of the acquiring company.

(4) In the case of a merger of the acquired company with the acquiring company that owns at least 90%, but not all of the shares and securities with the right to vote, when the decision is made by the shareholders' meeting of the acquiring company, the provisions of Article 242, paragraph 3 and para. 6 to 11 of this law.

(5) In the event of a merger of the acquired company with the acquiring company that owns all the shares and other securities with the right to vote of the acquired company, the provisions of Article 242, paragraph 1, do not apply. 2, 4 and 5, para. 3 and 6 to 10 and paragraph 11 point. 2 and 4, Article 244 paragraph 1 point 2 and Article 246 of this law, provided that all shareholders of the acquiring company had the right to inspect the documents from Article 242 paragraph 11 point free of charge. 1, 3 and 5 of this law, at least one month before the end of the merger procedure, at the headquarters of the company.

(6) In the case referred to in paragraph 5 of this article, the decisions on merger, i.e. on the issue of shares based on restructuring, instead of the assembly of companies participating in the merger procedure, may be made by the boards of directors, i.e. the supervisory boards of those companies, if the following conditions are met:

1) from Article 242 paragraph 11 point. 1, 3 and 5 of this law;

2) that a shareholder or several shareholders of the acquiring company who together own at least 5% of the shares of that company did not request that the decision on the merger be made by the assembly of shareholders of the acquiring company.

SECTION C
DIVISION AND SEPARATION WITH THE ESTABLISHMENT OF ONE OR MORE COMPANIES

Division

Article 248

(1) By restructuring a joint-stock company through division, the company ceases to exist by transferring all of its assets and liabilities to two or more existing or newly formed companies (acquiring companies), which in exchange issue shares to the shareholders of the company being divided.

(2) The provisions of this law on the merger of companies shall apply accordingly to the division of a joint-stock company.

(3) In the event of the division of a company and the transfer of assets and liabilities to two or more existing companies, the boards of directors, i.e. the management boards of the companies included in the division, shall agree on a draft agreement on the regulation of mutual relations arising from the division of a joint-stock company, which, in addition to the documents from Article 242 paragraph 1 of this law, must contain:

1) description of the assets and liabilities to be transferred to the companies taking over the assets and liabilities,

2) the plan for the distribution of assets and liabilities to be transferred to the companies that took over the assets and liabilities;

3) proposal for distribution of shares of companies that have taken over assets and liabilities to the shareholders of the company that is the subject of division;

4) criteria for the distribution of assets and shares from point 2 and 3 of this paragraph.

(4) In the event of the division of a joint stock company into two or more new companies, the board of directors, i.e. the board of directors, shall prepare a written proposal for the shareholders' meeting on the conditions and method of division, containing the information from paragraph 3 of this article, proposals for articles of incorporation and articles of association. of new companies, as well as the proposal for a decision on the issue of shares based on the division, with the provisions relating to the draft contract referring to the proposal for a decision on the division.

(5) Companies that submit the report of the board of directors shall also submit to the assembly the decision of the supervisory board on the adoption of the report of the board of directors.

(6) If the distribution of shares of companies created by division is carried out proportionally to the ownership share in the company being divided, the provisions of Article 242 para. 3, 4, 6, 7, 8, 9 and 11 of this law.

(7) If the distribution of the shares of the companies created by the division is not carried out proportionally to the ownership structure of the company being divided, the reasons and the applied criteria for the division shall be specifically stated in the report referred to in Article 242 paragraph 3.

(8) If a part of the property is not or cannot be divided in accordance with the proposed conditions of division, the part of the property that is proportional to the participation of the companies that have taken over the assets and liabilities in the division of the net assets of the company being divided is transferred to the companies that take over the assets and liabilities.

(9) If the liabilities are not or cannot be divided in accordance with the proposed terms of division, each of the companies that take over the assets and liabilities is jointly and severally responsible for those liabilities.

(10) For obligations that are not settled by the undertaking company, which assumed obligations in accordance with the contract from paragraph 3 of this article, the other undertaking companies are jointly and severally liable.

unless otherwise agreed with a certain creditor, and the joint and several liability of the transferee companies is limited to the value of the net assets taken over by those companies in the restructuring process.

Separation with the establishment of one or more companies

Article 249

(1) By restructuring a joint-stock company through separation with the establishment of one or more companies, the existing company transfers part of its assets and liabilities to one or more companies that are established (new company), and in exchange, they issue shares to the shareholders of the existing company, whose share capital is reduced for the value of the transferred property, with the provision that the provisions of this law on the reduction of the basic capital do not apply to the reduction of the share capital of the existing company, except for Art. 219 and 224 of this law.

(2) The provisions of this law on the division of companies shall apply accordingly to the separation of a joint stock company.

(3) In the case referred to in paragraph 1 of this article, the board of directors, i.e. the board of directors of the existing company prepares for the shareholders' meeting in written form a proposal for a decision on the conditions and method of separation, which contains:

1) a precise description of assets and liabilities to be transferred to the new company;

2) the amount of reduction in the basic capital of the existing company;

3) proposal to distribute the shares of the new company to the shareholders of the existing company;

4) name of the new company;

5) proposal for a decision on separation with establishment;

6) proposal for a decision on the issuance of shares based on separation.

(4) Along with the report of the board of directors, the decision of the supervisory board on the adoption of the report of the board of directors is submitted to the assembly.

(5) The distribution of shares of the new company to the shareholders of the existing company is carried out proportionally to the ownership structure of the existing company.

(6) If the distribution of the shares of the new company to the shareholders of the existing company is not carried out proportionally to the ownership structure of the company being divided, the reasons and the applied criteria for the division shall be specifically stated in the report from Article 242 paragraph 3 of this law.

(7) The decision on separation along with the establishment of a company constitutes a decision on the establishment of a new company.

(8) The existing company and the new company, i.e. all new companies, are jointly and severally liable for the obligations that are not settled by the new company, which assumed the obligations in accordance with the separation decision, if more than one new company is established by the separation, unless with otherwise agreed by a particular creditor.

(9) The new and existing company are jointly and severally liable for obligations that are not settled by the existing company, unless otherwise agreed with the creditor, with the joint and several liability of the new company being limited to the value of the net assets transferred to that company.

SECTION D
CHANGE IN THE FORM OF ORGANIZATION OF THE JOINT STOCK COMPANY

Conditions for conducting the procedure and applying the provisions of this law

Article 250

(1) A joint-stock company can be restructured by changing its form into a limited liability company, a limited partnership or a partnership, under the following conditions:

1) that the number of shareholders on the date of the decision of the company assembly on restructuring is not greater than 30;

2) that the procedure for increasing or decreasing the share capital of the joint stock company is not in progress.

(2) The ownership structure of a joint-stock company is expressed by the shares that are divided among the members in proportion to the share ownership, expressed as a percentage, unless all shareholders have agreed otherwise.

(3) The provisions of Art. 67, 68, 93 and 94 and Art. 268 to 273 of this law.

The process of changing the form of society

Article 251

(1) The procedure for changing the form of the company is carried out by the board of directors, i.e. the management board of the company, prepares and submits for approval to the shareholders' meeting, which will decide on the change of the form of the company, the following acts and documentation:

1) a proposal for a decision on changing the form of a joint-stock company, which contains a plan for the conversion of shares into shares in the company for each of the members of the new company individually;

2) proposal for a decision on founding a company in a new form;

3) proposal for a decision on the appointment of members of the company's bodies;

4) confirmation that a request for the suspension of trading in the company's shares has been submitted to the Capital Market Commission no later than seven days before the day of the shareholders' meeting that will decide on the change in the company's form;

5) a report on the need to implement the procedure for changing the form of the company, which contains the reasons and expected effects and data on the consequences of the change in the form of the company and the rights of dissenting shareholders from Article 127 of this law, in the case of a change of form to a limited liability company.

(2) Along with the documentation from paragraph 1 of this article, the decision of the supervisory board on the adoption of the documentation from paragraph 1 of this article is submitted to the shareholders' meeting that decides on the change in the company's form.

(3) The Capital Market Commission will issue a decision on the suspension of trading in the company's shares as per the request from paragraph 1 point 4 of this article.

(4) If, within seven days from the day of the meeting of shareholders referred to in paragraph 1 of this article, the Capital Market Commission is not notified of the company's decision on changing

the company's form, or if it receives a decision not to accept the proposal to change the company's form, the continuation of trading will be allowed actions of the company.

(5) The company referred to in paragraph 1 of this article, within 15 days from the date of the meeting of shareholders that made the decision to change the form of the company, submits for registration to the CRPS the decision of the Capital Market Commission from paragraph 3 of this article and the adopted decision from paragraph 1 point. 1 to 3 of this article, for the purpose of registering the implemented restructuring procedure and publishing the decision on the change of company form in the "Official Gazette of Montenegro".

(6) A creditor of a company whose claim arose before the publication of the decision referred to in paragraph 5 of this article and who considers that the restructuring process jeopardizes the settlement of his claims, may, no later than three months from the date of registration of the change in the company's form, demand from the competent court the security of his claims in accordance with Article 243 para. 4, 5 and 6 of this law.

(7) The company in the process of changing the form of the company is obliged to provide the holders of convertible bonds and other securities with special rights the retention of the same rights they had before the change of the form of the company or appropriate monetary compensation.

(8) If the agreement on monetary compensation referred to in paragraph 7 of this article has not been reached, the holders of convertible bonds and other securities with special rights may submit a lawsuit to the competent court to determine the amount of compensation, no later than within 30 days from the date of publication of the decision on the change of form society in the "Official Gazette of Montenegro".

Legal consequences of implementing the change of form procedure

Article 252

(1) After changing the form of a joint-stock company, the company continues to operate as a limited liability company, limited partnership or partnership from the date of registration in the CRPS, in accordance with this law.

(2) In the case of a change in the form of a joint-stock company to a limited partnership or partnership, the general partners, that is, partners in such companies, are liable for the entire assets and liabilities of the company that arose before the completion of the change of form procedure.

(3) The shares of the joint stock company are canceled and deleted from the CKDD register, in accordance with the law.

Chapter VIII
TERMINATION OF THE JOINT STOCK COMPANY

SECTION A

Grounds for terminating a joint-stock company

Article 253

(1) A joint stock company ceases to exist by deletion from the CRPS, due to:

1) status change resulting in the termination of the company;

2) implementation of the liquidation procedure based on the decision of the company's assembly (voluntary liquidation);

3) implementation of the liquidation procedure based on a court decision (judicial liquidation);

4) conducting bankruptcy proceedings in accordance with the law governing bankruptcy.

(2) The procedure of liquidation of the company referred to in paragraph 1 item 2 and 3 of this article are implemented only when the company has enough funds to settle all its obligations.

(3) If, during the course of the voluntary or judicial liquidation procedure, it is determined that the liquidation mass is not sufficient to settle all the company's obligations, within 30 days from the day of knowledge, the liquidator is obliged to submit a proposal for the initiation of bankruptcy proceedings in accordance with the law manages the bankruptcy.

SECTION B
VOLUNTARY LIQUIDATION OF THE JOINT STOCK COMPANY

Initiation of the voluntary liquidation procedure

Article 254

(1) Voluntary liquidation of a joint stock company is carried out:

1) based on the decision of the board of directors, i.e. the company's supervisory board, if the company's articles of association establish that the company's liquidation can be carried out after a certain period or the occurrence of a certain event, and that period has passed or that event has occurred;

2) if a decision on the voluntary liquidation of the company is made at the extraordinary meeting of shareholders with at least three-quarters of the votes of the shareholders present in person or by proxy, i.e. through ballots, and if the notice of convening the extraordinary meeting was delivered to the shareholders at least 21 days before its holding;

3) if the company, at the meeting of shareholders, with two-thirds of the votes of the shareholders present in person or by proxy, or through ballots, makes a decision on the cessation of business and voluntary liquidation;

4) based on the reasoned decision of the temporary representative from Art. 175 and 192 of this law, you will make it no earlier than 90 days from the date of the court's decision on the appointment of that person.

(2) The decision from paragraph 1 point 2 of this article is valid also in the event that the notice of convening the assembly was not delivered 21 days before its holding, provided that the shareholders holding at least nine tenths of the votes agree to the holding of the extraordinary assembly of shareholders.

(3) With the decision on the voluntary liquidation of the company, the liquidation administrator is also appointed and registered in the CRPS, in accordance with Article 119 of this law.

(4) After making the decision from paragraph 3 of this article, the liquidation procedure cannot be suspended.

Registration and publication of the decision on voluntary liquidation

Article 255

(1) The decision on the voluntary liquidation of the company is submitted by the board of directors, i.e. the supervisory board of the company for registration in the CRPS, in accordance with Article 119 of this law.

(2) The decision on the voluntary liquidation of the company shall be submitted for publication in the "Official Gazette of Montenegro" within five days from the date of registration of the decision.

(3) By making a decision on voluntary liquidation:

1) the powers of the members of the management body cease, except for the management bodies for which the liquidator decides that it is necessary to continue performing their duties until the current affairs of the company are completed;

2) the company ceases to operate and the employment contracts concluded by the company with employees are cancelled, except for employees whose employment is necessary for the continuation of business and the completion of the liquidation procedure of the company;

3) transfer of shares, disposal of assets or borrowing without the approval of the liquidator does not produce legal consequences, unless otherwise prescribed by law;

4) on business letters and invoices, the notice that the company is being liquidated is highlighted.

Protection of creditors' rights in the voluntary liquidation procedure

Article 256

(1) The company for which the decision to start the voluntary liquidation procedure has been made invites all known creditors of the company to report their claims in writing.

(2) The company is obliged to publish the notice of voluntary liquidation at least twice in one daily printed media published in Montenegro with an interval of at least 15 and at most 30 days between the publications.

(3) Notification from para. 1 and 2 of this article contains the deadline in which claims must be reported, which cannot be shorter than 60 days from the date of publication of the notification from paragraph 1 of this article, that is, for creditors who have not received the notification in writing, from the date of publication of the last notification from paragraph 2 of this article.

(4) The claims of creditors who have reported their claims after the deadline from paragraph 3 of this article will be settled from the remaining assets until the end of the voluntary liquidation procedure.

(5) The creditor whose claim is contested by the liquidator is obliged, within 30 days from the date of receipt of the notification, to initiate proceedings with the competent court for the determination of the claim.

(6) The procedure of voluntary liquidation cannot be completed until the expiration of the period referred to in paragraph 5 of this article, that is, until the verdict becomes final, except in the case of additional security of the contested claim.

(7) A disputed claim is considered secured when the creditor notifies the liquidation manager in writing or when it is confirmed by the court before which the proceedings from paragraph 5 of this article are conducted at the request of the liquidation manager.

Rights and obligations of the liquidator

Article 257

(1) The liquidator appointed to carry out the voluntary liquidation has all the rights and obligations of the executive director, that is, the chairman of the board of directors.

(2) The liquidator represents the company in liquidation before the court, towards state authorities and towards third parties.

(3) Liquidator:

1) compiles a list of all assets and an accounting report on operations since the beginning of the liquidation procedure with a balance sheet;

2) fulfills obligations under concluded contracts and, if necessary, concludes new contracts;

3) terminate contracts in justified cases;

4) convenes and presides over the shareholders' meeting of the company;

5) distributes the remaining assets of the company to creditors and, when possible, to shareholders;

6) submits a proposal for initiation of bankruptcy proceedings in accordance with the law, if he determines that the assets of the company in liquidation are not sufficient to settle all creditors' claims;

7) undertakes other actions necessary for the liquidation of the company.

Proceedings in the event of a longer duration of the voluntary liquidation procedure

Article 258

(1) If the company's liquidation procedure lasts longer than one year, the liquidator prepares a temporary report on voluntary liquidation, within three months after the end of the financial year.

(2) The interim report on voluntary liquidation contains:

1) balance sheet;

2) sources of income and method of use;

3) a list of assets that have been alienated and the income generated by alienation;

4) information on problems in the implementation of the voluntary liquidation procedure and a proposal for how to solve them;

5) the amount of liquidation costs and compensation due to the liquidator;

6) other data on voluntary liquidation carried out in the past period of time.

(3) The interim report must be available for inspection at the company's headquarters to all shareholders and interested parties, until the end of the voluntary liquidation procedure.

Completion of the voluntary liquidation procedure

Article 259

(1) If the affairs of the company have been completely or to a significant extent terminated, the liquidator prepares a final report on voluntary liquidation with data on the method of conducting the voluntary liquidation and disposing of the company's assets.

(2) The final report on voluntary liquidation contains data from Article 258 paragraph 2 of this law.

(3) After the preparation of the final report on voluntary liquidation, the liquidator convenes an extraordinary meeting of shareholders at which he is obliged to inform the present shareholders of the contents of the final report on voluntary liquidation.

(4) The final report on voluntary liquidation shall be submitted within seven days from the day of the extraordinary meeting of shareholders for registration in the CRPS, with a request to delete the company from the CRPS.

(5) The competent authority for registration, after receiving the final report and the request for deletion from the CRPS, makes a decision on deletion from the CRPS, which it submits to the "Official Gazette of Montenegro" for publication.

Abbreviated procedure of voluntary liquidation

Article 260

(1) Voluntary liquidation can be carried out according to an abbreviated procedure, if after the decision on voluntary liquidation is made, all shareholders give certified statements that all the company's obligations to creditors, including obligations to employees, have been settled and that they agree to the abbreviated procedure of voluntary liquidation.

(2) The competent authority for registration will accept the request for the deletion of the company from the CRPS based on the decision from paragraph 1 of this article, unless it

determines within the legally established deadline for issuing a decision on registration that the company has not settled its tax debt or is on the list of blocked economic entities published by the Central Bank of Montenegro.

(3) Shareholders referred to in paragraph 1 of this article shall be jointly and severally liable for the obligations of the joint-stock company three years after the deletion of the company from the CRPS.

(4) Creditors and other persons who have a legal interest, within 30 days from the date of publication of the decision on the voluntary liquidation of the company by abbreviated procedure, may initiate a procedure for annulment of the decision before the court.

(5) The decision on the voluntary liquidation of the company by summary procedure will be annulled by the court if it determines that the shareholders or creditors have been harmed by that decision and will appoint a liquidator who will carry out the voluntary liquidation procedure.

(6) A joint stock company that has been voluntarily liquidated by summary procedure is deleted from the CRPS.

(7) After deletion, the following are entered in the CRPS: personal name, unique registration number and address of shareholders of natural persons, i.e. name, seat and registration number of shareholders of legal entities, with indication of unlimited joint and several liability for the obligations of the deleted company that has been deleted from CRPS.

(8) The decision on the deletion of the company from the CRPS is published in the "Official Gazette of Montenegro".

SECTION C
JUDICIAL LIQUIDATION OF THE JOINT STOCK COMPANY

Grounds for initiating judicial liquidation proceedings

Article 261

Judicial liquidation of a joint-stock company is carried out at the request of an interested person or ex officio:

1) if, within 30 days from the day the company was founded, the company does not register the continuation of the company's operations in the CRPS, or does not initiate a judicial liquidation procedure within that period based on the decision of the company's assembly;

2) if the basic capital of the company is reduced below the amount of the minimum founding capital, and the company within six months:

- does not increase the basic capital at least to the amount of the minimum founding capital; or

- does not change the form of the company to a form for which it meets the conditions; or

- does not make a decision on liquidation.

3) if the establishment of the company was annulled by a final judgment in accordance with Article 116 of this law;

4) when the company, even after the imposition of a penalty in accordance with this law or another regulation, does not remedy a legally established violation of the law and other regulations that endangers the interests of company members, creditors, employees and members of the company's bodies who are not responsible for the established irregularities within a given or reasonable time. ; and 5) in other cases provided by law.

The manner of conducting the judicial liquidation procedure

Article 262

The judicial liquidation procedure is carried out in accordance with the law governing bankruptcy, with the proviso that during the judicial liquidation procedure, the reorganization of the company and other procedures preventing the termination of the company cannot be carried out.

Application of provisions on the liquidation of a joint stock company

Article 263

The provisions of this law relating to the procedure for voluntary and judicial liquidation of a joint-stock company are accordingly applied to the liquidation of other forms of business companies, unless otherwise prescribed by this law.

PART SIX
LIMITED LIABILITY COMPANY

Chapter I
TERM, TYPES AND CORRESPONDING APPLICATION OF OTHER PROVISIONS OF THIS LAW

Definition of limited liability company

Article 264

(1) A limited liability company is a company founded by one or more legal or natural persons by investing monetary or non-monetary funds for the purpose of carrying out activities under a joint name, whose basic capital is divided into shares that do not have the characteristics of securities.

(2) The company can have a maximum of 30 members.

The principle of freedom of contract

Article 265

The members of the limited liability company regulate their mutual relations in the company, as well as their relations with the company, freely, unless otherwise regulated by this law.

Application of other provisions of this law to a limited liability company

Article 266

(1) The provisions of this law that refer to a joint-stock company shall accordingly apply to a limited liability company.

(2) The provisions of this law relating to shares shall be applied accordingly to shares.

(3) When there is a discrepancy between the provisions relating to the limited liability company and the provisions relating to the joint stock company, the provisions relating to the limited liability company shall apply.

Single-member company with limited liability

Article 267

(1) A single-member limited liability company is a company founded by one natural or legal person, i.e. a company in which one person, after its establishment, acquires all the shares, in accordance with this law.

(2) The provisions of Article 108 of this law shall apply accordingly to a single-member limited liability company.

Chapter II
ESTABLISHMENT OF THE COMPANY AND NOTIFICATION TO THE PUBLIC

Method of establishing a limited liability company

Article 268

(1) The company is founded on the basis of the contract concluded by the founders.

(2) If the company is founded by one founder, the founding act is the decision of the sole founder to establish the company.

(3) The founder's proxies in the establishment procedure must have a power of attorney certified in accordance with the law.

Costs of establishing a limited liability company

Article 269

(1) The articles of incorporation of a limited liability company may stipulate that the costs of establishing the company shall be borne by the company or the founders.

(2) Article 112 of this law applies accordingly to the costs of establishing a limited liability company.

Founding Act

Article 270

The decision, that is, the contract on the establishment of a limited liability company contains:

1) name, unique registration number and residence of the founder who is a domestic natural person, i.e. name, passport number or other identification number and residence of the founder who is a foreign natural person, i.e. name, registration number and seat of the founder who is a domestic legal entity, i.e. name , registration number or other identification number and seat of the founder who is a foreign legal entity;

2) name of the company being established;

3) designation that it is a limited liability company ("LLC");

4) rights and obligations of the founder;

5) the name, that is, the title of the founders who enter non-monetary contributions, description of the roles, the nominal value of the share received for the contribution and the deadline by which non-monetary contributions must be entered into the company;

6) the share of each member of the company in the total share capital expressed as a percentage;

7) bodies of the association;

8) estimated establishment costs and the method of their compensation;

9) procedure for resolving disputes between founders;

10) authorization for one or more founders to represent the founders in the process of founding the company;

11) other matters of importance for the establishment of the company.

Statute of the limited liability company

Article 271

The statute of the limited liability company contains:

1) name of the company;

2) headquarters of the company;

3) the predominant and other activities of the company;

4) information that the company was founded as a limited liability company and the amount of the basic capital;

5) conditions and method of appointing the executive director;

6) the method of appointing the members of the board of directors, that is, the management and supervisory board, if they are elected in the company, their rights and obligations, the method of dismissal and their powers;

7) the method of changing the amount of the basic capital, if it is not determined by the contract of establishment;

8) persons authorized to represent the company, collectively or individually;

9) the term for which the company is established, if it is not established for an indefinite period;

10) procedure for amendments to the statute;

11) other provisions of importance for the operation of the company.

Registration of a limited liability company

Article 272

(1) A limited liability company shall be registered in the CRPS, based on a registration application accompanied by the following documentation and data:

1) founding act of the company;

2) the statute of the company;

3) list with the names of the members of the company's management body, date and place of birth, unique registration number, place of residence, that is, residence with decisions on the appointment of members of the company's management body;

4) professions of members of management bodies who are not employees of the company, as well as information on membership in other management bodies, positions they hold in Montenegro or outside of it, as well as the place of registration of those companies, if they are not registered in Montenegro;

5) name and address of auditor and company secretary, with decisions on their appointment;

6) name and address of members of the audit committee, with decisions on their appointment;

7) statement of the members of the management body, that is, the auditor and secretary of the company, about accepting the appointment, which does not have to be certified;

8) e-mail address;

9) address for receiving mail, if any;

10) proof of payment of the registration fee.

(2) The documentation submitted for the registration of the company must also contain data for the persons representing the company, as well as the determination of whether they represent the company collectively or individually.

(3) The registration of the company in the CRPS is carried out on the basis of the decision on registration.

(4) Information on the name and seat of the company, the names of the members of the management body and members of other bodies of the company registered in the CRPS, the auditor and the secretary of the company, if there is one in the company, the date of adoption of the founding act, adoption of the statute and registration of the limited liability company, are published in "Official Gazette of Montenegro".

Registration of changes and notification to the public

Article 273

(1) The limited liability company is obliged to submit documentation and data on changes in the company related to:

1) the statute, including the extension of the term established for the continuation of the company's work;

2) name and headquarters of the company;

3) address for receiving mail;

4) address for receiving electronic mail;

5) persons elected as members of the management body and their appointment and dismissal;

6) persons who, collectively or individually, have the authority to represent the company in relations with third parties and their appointment and dismissal;

7) liquidation of the company;

8) annulment of the establishment of the company by the competent court;

9) appointment of a liquidator;

10) shares and the amount of the basic capital, if the increase of the basic capital does not require an amendment of the articles of association.

(2) Data from paragraph 1 of this article are published on the company's website, if it exists.

Chapter III
SHARE CAPITAL

Minimum share capital

Article 274

The founders of a limited liability company are obliged to determine the amount of the basic capital, which cannot be less than 1 euro, unless a higher amount of the minimum basic capital has been established by a special law for companies that perform certain activities.

Increase of basic capital

Article 275

(1) The share capital is increased:

1) new roles of existing members or a member joining the company;

2) by converting company reserves or profits into share capital;

3) by conversion of claims against the company into basic capital;

4) status changes resulting in an increase in the basic capital.

(2) The share capital is increased based on the decision of the company assembly.

Right of pre-emption of shares

Article 276

The members of the company have the right to preemptively register their shares when increasing the basic capital with new contributions in proportion to their shares, unless otherwise determined by the founding deed.

Reduction of the basic capital

Article 277

The share capital of a limited liability company can be reduced based on the decision of the assembly of members, but not below the amount of the minimum share capital prescribed by law.

Reduction of share capital in case of loss

Article 278

If the company's net assets amount to half or less of the value of the company's basic capital, the company may convene an assembly of company members in accordance with Article 151 of this law.

Chapter IV
SHARES

Acquisition of shares

Article 279

(1) By paying contributions, a member of the company acquires a share in the company, proportional to the value of the entered contribution, unless it was determined otherwise by the founding act during the founding of the company or by a unanimous decision of the assembly, in the case of subsequent contributions.

(2) A member of the company may have only one share in the company, which is his percentage in the basic capital of the company.

(3) If one person acquires ownership of several shares in the company at the same time, these shares are merged and together form one share.

The method of exercising rights based on shares

Article 280

(1) Shares do not have the property of securities.

(2) The voting rights of the members of the limited liability company and their property rights towards the company are proportional to the shares of the members in the company's share capital.

Financial assistance of the society

Article 281

(1) The company cannot, directly or indirectly, provide financial assistance of any kind for the purpose of purchasing its shares, unless all members of the company decide unanimously.

(2) A legal transaction concluded contrary to paragraph 1 of this article is null and void.

Acquisition of own shares

Article 282

(1) A limited liability company may acquire a share from one or more members of the company, if such a decision is made by members of the company whose shares make up at least two thirds of the basic capital.

(2) A copy of the proposed contract on the acquisition of own shares is delivered to all members at least 21 days before the decision is made.

(3) The company may pay compensation for its own share only from:

1) funds of the company's reserves that can be used for these purposes;

2) funds generated by the sale of the company's own share acquired by the resignation of that company member.

(4) The company cannot distribute profits to its members or acquire new own shares, until the full amount of share compensation is paid to the member who resigned from the company.

Transfer of shares between company members

Article 283

The share can be transferred between members of the company without restrictions, unless this law or the statute of the company stipulates otherwise.

Right of pre-emption

Article 284

(1) If a member of the company intends to transfer his share, the other members and the company have the right of pre-emption to purchase that share, unless otherwise determined by the articles of incorporation or the statute of the company.

(2) If there is no agreement on the purchase of shares between the member of the company transferring the share and the other members of the company, the share is divided proportionately among the members of the company according to their shares, unless otherwise determined by the founding deed or statute.

(3) A company member who transfers a share is obliged to offer his share to other members of the company and the company in writing before transferring the share to a third party.

(4) The offer from paragraph 3 of this article contains: elements of the contract on the transfer of shares, the address to which the offer is submitted, the deadline for concluding the contract on the transfer of shares, the method and deadline for the payment of shares.

(5) For an offer that does not contain elements from paragraph 4 of this article, it will be considered that it has not been submitted.

(6) The member of the company who has the right of pre-emption is obliged to inform the member of the company transferring the share in writing about the acceptance of the offer in its entirety, within 30 days from the day of receipt of the offer, unless another deadline is provided by the statute, which cannot be shorter than eight days, nor longer than 180 days from the date of submission of the offer.

Violation of the right of first refusal

Article 285

(1) A member of the company who has the right of pre-emption may file a lawsuit for annulment of the share transfer agreement, if the member of the company transferring the share has not submitted an offer in accordance with this law.

(2) The claim referred to in paragraph 1 of this article shall be filed within 30 days from the day of learning about the conclusion of the contract on the transfer of shares, and no later than six months after the date of registration of the transfer of shares in the CRPS.

Transfer of shares to a third party

Article 286

If the members of the company and the company do not accept the offer to purchase a share in the company from Article 284 paragraph 3 of this law, within 30 days from the day the offer was submitted, the share can be transferred to a third party, under conditions that cannot be more favorable than the conditions offered to members of society or society.

Sale of shares in enforcement proceedings

Article 287

(1) The court is obliged to inform the members of the company and the company about the sale of shares in the company in the enforcement procedure.

(2) If, within 15 days from the date of receipt of the notification from paragraph 1 of this article, the members and the company do not express an interest in purchasing shares, the share in the company is sold in accordance with the law regulating enforcement.

Transfer of shares by inheritance

Article 288

(1) In the event of the death of a natural person or the termination of a legal entity, the share is transferred to his heirs or legal successors, unless otherwise prescribed by the company's statutes.

(2) If the company's articles of association prohibit the transfer of shares, the members of the company or the company are obliged to buy back that share in the manner and within the time limit established by the articles of association.

(3) If the members of the company or the company do not buy the share in the company in accordance with paragraph 2 of this article, the share is withdrawn in accordance with Art. 219 to 224 of this law.

Transfer of shares by contract

Article 289

A share in the company can be transferred on the basis of a contract concluded in writing, which is certified in accordance with the law.

Consequences of share transfer

Article 290

In case of share transfer, the member of the company transferring the share and the person to whom the share is transferred shall be jointly and severally liable to the company for obligations that fell due before the transfer of the share in accordance with this law.

Pledge of stake

Article 291

(1) A member of the company may pledge a share or a part of a share, unless otherwise specified in the founding deed.

(2) The pledgee of shares does not have the right to vote or the right to manage in the company until he becomes a member of the company.

Chapter V
TERMINATION OF MEMBERSHIP OF THE SOCIETY

Ways to terminate the status of a member of the company

Article 292

(1) The capacity of a member of a limited liability company ends:

1) by death, i.e. termination of the legal entity;

2) by leaving the company;

3) by transfer of shares;

4) exclusion from society.

(2) The termination, procedure and consequences of the termination of the status of a member of the company are regulated by the statute or the founding act.

Representation of a member of the company

Article 293

(1) A member of the company may resign from the company at any time, if he does not request compensation for the share in the company, unless his resignation in that case would cause damage to the company.

(2) A member of the company cannot waive in advance the right to withdraw from the company from paragraph 1 of this article, nor can that right be limited by the company's acts.

(3) Representation of a member of the company in accordance with para. 1 and 2 of this article does not exclude the right of pre-emption of other company members from article 284 of this law.

Representation of a member of the company in case of damage caused

Article 294

(1) A member of a limited liability company may withdraw from the company if the other members or the company cause him damage, if he is prevented from exercising his rights in the company or if some members of the company or the company impose disproportionate obligations on him.

(2) A member of the company who wants to withdraw from the company is obliged to submit to the company in writing a request for withdrawal from the company, in which he states the reasons for the withdrawal and the amount of compensation he is requesting from the company for his share, within six months from the day of learning for the reason for resignation, i.e. two years from the occurrence of the reason for resignation.

(3) The decision on acceptance or rejection of the application for resignation is made by the assembly of the company within 60 days from the date of receipt of the application and informs the applicant within 15 days from the day of the assembly at which the decision was made.

(4) The decision from paragraph 3 of this article, which accepts the withdrawal request, also contains a deadline for the payment of compensation for the share, which cannot be longer than 120 days from the date of the assembly at which the decision was made.

(5) In the event that the assembly of the company does not make a decision within the period referred to in paragraph 3 of this article, it will be considered that the request has been accepted as a whole.

(6) In the event of a decision rejecting the request, the member of the limited liability company has the right to, within 30 days from the date of delivery of the decision rejecting his request, initiate a procedure before the competent court to determine the justification of the reason for leaving the company and determine fees equal to the market value of the shares.

(7) On the payment of shares of a member of the company who resigned from the company in accordance with para. 1 and 2 of this article, Article 282, paragraph 4 of this law shall apply, and the funds of the company's reserves until full payment can only be used for the payment of shares to a member who resigned from the company.

(8) The decision of the court from paragraph 6 of this article cannot establish a deadline for the payment of compensation for a share longer than 18 months from the date of finality of the judgment, taking into account the need to ensure the liquidity and sustainability of the company's operations.

(9) The decision to accept the request for withdrawal from the company and proof of the payment of the requested fee, i.e. the legally binding and enforceable court decision on withdrawal, for the purpose of registering the termination of membership, shall be entered in the CRPS.

The right of the company in case of resignation of a member of the company

Article 295

(1) In the case of a member of the company appearing contrary to the provisions of art. 293 and 294 of this law, the company has the right to compensation for damage caused by the resignation of a member of the company.

(2) The company cannot waive the right from paragraph 1 of this article in advance, nor can this right be excluded or limited by the company's acts.

Exclusion of a member of the company

Article 296

(1) A member of the company may file a lawsuit for the exclusion of another member of the company if:

1) a member of the company intentionally or through gross negligence causes significant damage to the company or other members of the company;

2) a member of the company, by his action or inaction, prevents or significantly hinders the business of the company.

(2) For the share of a member of the company that was excluded by the decision on exclusion, the court shall, at the expense of the plaintiff, determine compensation in the amount of a proportional part of the net value of the company's assets on the day of filing the lawsuit.

(3) When determining the compensation referred to in paragraph 2 of this article, the court will also determine the deadline for payment of the compensation, with the fact that this deadline cannot be longer than two years from the date of finality of the judgment.

(4) When determining the deadline for payment from paragraph 3 of this article, the court will take into account the financial situation in which the plaintiff is, and at the request of the defendant, it may oblige the plaintiff to attach appropriate means of security regarding the execution of the judgment on the exclusion of the member of the company in the payment part forfeited stake fees.

(5) In case of exclusion of a member of the company, the company reserves the right to compensation for damages caused by the excluded member of the company by actions that caused him to be excluded from the company.

(6) A final and enforceable court decision on the exclusion of a member of the company shall be submitted for the purpose of registration of the termination of the status of a member of the company in the CRPS.

Chapter VI
BODIES OF THE LIMITED LIABILITY COMPANY

Governing bodies

Article 297

(1) The bodies of the limited liability company are the assembly and the executive director, and the statute of the limited liability company may determine other management bodies in accordance with this law.

(2) Exceptionally from paragraph 1 of this article, in the case of a single-member company with limited liability, the assembly is not a mandatory body of the company.

(3) Public limited liability companies must have management bodies of public joint stock companies, in accordance with this law.

(4) A limited liability company, which is considered a large legal entity in accordance with the law regulating accounting, must have management bodies as a joint stock company, in accordance with this law.

(5) The companies referred to in paragraph 3 of this article are obliged to harmonize the structure of the management bodies, that is, the structure of the members of those bodies within three months from the day when their securities or other financial instruments are included in trading on the regulated market.

(6) The companies referred to in paragraph 4 of this article are obliged to harmonize the structure of the management bodies, i.e. the structure of the members of those bodies within six months from the end of the financial year in which the conditions for the change of status were met.

Assembly of a limited liability company

Article 298

(1) The assembly of the limited liability company consists of the members of the company.

(2) If the founding act or statute does not stipulate otherwise, the assembly of the limited liability company:

1) amends the founding act and statutes;

2) approves the financial statements, as well as the auditor's reports if the financial statements were the subject of the audit;

3) appoints and dismisses the executive director, members of the board of directors, that is, the supervisory board and determines the compensation for their work;

4) supervises the work of the director;

5) decides on the increase and decrease of the basic capital of the company, as well as on every issue of securities;

6) decides on the distribution of profits and the method of covering losses, including the determination of the date of acquisition of the right to share in the profit and the day of payment of the share in the profit to the members of the company;

7) decides on the initiation of liquidation proceedings, restructuring, as well as the submission of a proposal for initiation of bankruptcy proceedings by the company;

8) appoints a liquidation manager;

9) decides on the acquisition of own shares;

10) decides on the request for the resignation of a member of the company;

11) decides on the exclusion of a member of the company due to non-payment, that is, failure to enter the registered contribution;

12) decides on initiating a dispute for the exclusion of a member of the company;

13) gives a proxy;

14) decides on the initiation of proceedings and the granting of a power of attorney to represent the company in a dispute with the procurator, as well as in a dispute with the executive director;

15) decides on the initiation of proceedings and the granting of a power of attorney for the representation of the company in a dispute against a member of the company;

16) approves the contract on the accession of a new member to the company and gives consent to the transfer of shares to a third party;

17) decides on changes in the form of organization of the company;

18) adopts rules of procedure on its work;

19) performs other tasks in accordance with this law, the founding act and the company statute.

(3) In limited liability companies referred to in Article 297 paragraph 3 of this law, the decisions referred to in paragraph 2 of this article are the exclusive competence of the assembly.

(4) The meeting of the company's assembly may be held without convening, if all members of the company are present, unless the articles of incorporation or statute stipulate otherwise.

Holding sessions and making decisions

Article 299

(1) Assembly sessions can be held using a conference connection or other audio and visual communication equipment, in such a way that all persons participating in the work of the session can communicate with each other at the same time.

(2) Persons who participate in the work of the session in the manner referred to in paragraph 1 of this article are considered to be present in person.

(3) A member of the company can vote by letter, unless otherwise determined by the founding agreement, the statute or the rules of procedure of the assembly.

(4) In the case of voting by letter, for the purposes of determining the quorum, that member of the company is considered to be present at the meeting.

(5) Decisions of the assembly can be made even without a meeting, if they are signed by all members of the company with the right to vote.

Executive Director

Article 300

(1) The executive director is a mandatory body of a limited liability company.

(2) The executive director represents the company and manages the company's affairs in accordance with the founding act, statute and decisions of the assembly, i.e. the collective management bodies of the company.

(3) The executive director cannot issue a power of attorney or represent the company in a dispute in which he or a person related to him is the opposite party.

(4) In the case referred to in paragraph 3 of this article, the power of attorney is issued by the assembly, or another body of the company, in accordance with the company's statutes.

Conditions for the appointment of the executive director

Article 301

(1) The executive director is appointed by the company's assembly in the manner determined by the company's founding act or statute.

(2) Only a person capable of business and a person who has established an employment relationship in the company can be appointed as executive director.

(3) The conditions to be met by the executive director are determined by the company's statutes.

Termination of the mandate of the executive director

Article 302

(1) The assembly of the company may dismiss the executive director at any time, without stating the reason for the dismissal, unless otherwise provided by the founding act or the decision of the assembly.

(2) Article 174 of this law applies accordingly to the termination of the mandate of the executive director of a limited liability company.

Chapter VII
KEEPING BUSINESS RECORDS AND BUSINESS PUBLICITY

Obligation to keep acts and documents

Article 303

(1) The company is obliged to keep the following documentation:

1) founding act and statute of the company;

2) decision on the registration of the establishment of the company;

3) general acts of the company;

4) minutes from assembly sessions and assembly decisions;

5) register of shares of the company;

6) documentation proving ownership and other property rights of the company;

7) contracts concluded with the company by members of the management body and members of the company or persons related to them.

(2) The company is obliged to keep the documentation from paragraph 1 of this article at its headquarters or in another place that is known and accessible to all members of the company.

Access to acts and documents of the company

Article 304

(1) Members of the limited liability company have access to the acts and documents of the company, in accordance with Art. 124, 125 and 126 of this law.

(2) Members of a limited liability company who have resigned from the company have the right to access documents from Article 124 paragraph 2 of this law, which were created during their membership in the company.

Chapter VIII
RESTRUCTURING OF LIMITED LIABILITY COMPANY

Status changes in a limited liability company

Article 305

Art. is applied to procedures for changes in the status of a limited liability company. 239 to 249 of this law, which refer to the joint stock company.

Changing the form of a limited liability company

Article 306

(1) A limited liability company can change its form to a joint stock company if:

1) the assembly of members of the company passes a decision on changing the form of a limited liability company to a joint stock company;

2) the basic capital of the company is not less than 25,000 euros at the time of making the decision referred to in point 1 of this paragraph;

3) the statute of the company establishes that the company is organized as a joint stock company;

4) members' shares in the limited liability company are canceled and if shares are issued in proportion to the existing ownership structure, unless all interested members have agreed otherwise;

5) the shares of the joint stock company are registered in accordance with the law governing the capital market.

(2) A limited liability company that has changed its form to a joint-stock company, limited partnership or partnership, continues to operate in the new form, from the day of registration of the change in CRPS.

Chapter IX
TERMINATION OF LIMITED LIABILITY COMPANY

Grounds for dissolution of the company

Article 307

A limited liability company ceases to exist upon deletion from the CRPS, due to:

1) status change resulting in the termination of the company;

2) implementation of the liquidation procedure based on the decision of the company's assembly;

3) implementation of the liquidation procedure based on a court decision;

4) concluding bankruptcy proceedings in accordance with the law governing bankruptcy.

PART
SEVEN CROSS-BORDER MERGER OF CAPITAL COMPANIES

Definition of cross-border merger of capital companies

Article 308

(1) Cross-border merger of capital companies is the merger of one or more companies (acquired companies) that are registered in Montenegro by merging with a company (acquiring company) that is registered in another country, by transferring all assets and liabilities to that company, which in exchange, except when the acquiring company is the owner of all shares and other securities with voting rights of the acquired company, issues shares or issues shares to members of the merging companies (cross-border merger through merger), or two or more companies, at least one of which is registered in Montenegro ,and at least one in another country (acquired companies) is merged by forming a new company (acquiring company) which issues shares or issues shares of the newly formed company to the members of the merging companies (cross-border merger through the establishment of a new company).

(2) The following may participate in a cross-border merger:

1) joint stock company or limited liability company with registered office in Montenegro;

2) a capital company that is registered in a member state of the European Union or a signatory state of the Treaty on the European Economic Area with its headquarters, management or main place of activity in one of these states.

(3) The following cannot participate in the cross-border merger of a capital company:

1) cooperatives, even if they are registered as capital companies in a member state of the European Union or a signatory state of the Treaty on the European Economic Area;

2) investment fund management companies and investment funds.

(4) A cross-border merger can also be carried out when one of the acquired companies is founded and has its registered seat in a country that is not a member of the European Union, i.e. a signatory state of the Agreement on the European Economic Area, when the acquiring company is founded or already has its registered seat in Montenegro .

(5) The provisions of Art. 241 to 247 of this law, which refer to the merger of joint stock companies.

(6) The provisions of this law on cross-border mergers shall also be applied to cases of cross-border mergers in which the law of the country applicable to the participants of the cross-border merger whose registered office is not in Montenegro allows a payment in cash to the members of the acquired companies that exceeds 10% of the nominal value or, if the nominal value does not exist, the book value of the shares, that is, shares representing the capital of the acquiring company.

Draft contract on cross-border merger

Article 309

The management bodies of the companies participating in the cross-border merger agree on the draft contract on the cross-border merger, which must contain the following information:

1) form, name and headquarters of the merging companies and the proposed form, name and headquarters of the acquiring company, if the cross-border merger procedure for the establishment of a new company is being carried out;

2) the ratio of the value of the shares, that is, the share at the time of exchange, and if a monetary amount is additionally given for fair compensation, the proposed compensation amount;

3) conditions for the allocation of shares or shares that represent the capital of a company created by a cross-border merger;

4) the consequences of the merger on the status of employees in the companies participating in the merger process;

5) the date from which the acquirers of shares or shares in the acquiring company have the right to participate in the company's profits, as well as other conditions for acquiring that right;

6) the date from which the actions of the acquired companies are considered and for accounting purposes treated as actions taken by the acquiring company;

7) the rights that the acquiring company gives to members of the company who have special rights and to persons who own other securities that give special rights, as well as the measures that are proposed in relation to them;

8) monetary payments or other benefits for independent experts who examine contracts on cross-border mergers, as well as members of the management and supervisory bodies of companies participating in the merger;

9) founding agreement and statute of the acquiring company;

10) information on the method of involving employees when determining their rights to participate in the management of a company that is created by a cross-border merger;

11) assessment of the value of assets and liabilities transferred to the transferee company;

12) the date to which the company's financial statements refer, which are taken into account when determining the terms of the merger.

Publication of the draft cross-border merger agreement

Article 310

(1) Companies referred to in Article 308 paragraph 2 point 1 of this law are required to submit a draft contract on a cross-border merger for registration in the CRPS and publication of data and information on the cross-border merger in the "Official Gazette of Montenegro".

(2) Data and information from paragraph 1 of this article must be published at least one month before the date of the company's assembly that is to make a decision on the cross-border merger, namely:

1) notification that the agreed draft contract on cross-border merger has been submitted for registration in the CRPS;

2) form of organization of the company, name and registered seat of each of the companies participating in the cross-border merger;

3) data on registers in which companies participating in cross-border mergers are registered;

4) the way in which creditors and minority members of companies participating in a cross-border merger can exercise their rights, as well as the address where they can get the necessary information, without paying a fee.

Cross-Border Merger Report

Article 311

(1) The competent management bodies of each company that participates in the cross-border merger procedure are obliged to prepare a written report on the cross-border merger for the purposes of informing the assembly of their companies, that is, members.

(2) The report from paragraph 1 of this article contains a detailed explanation of the agreed draft of the cross-border merger agreement, and in particular an explanation of the legal consequences of the implementation of the cross-border merger procedure on the members, creditors and employees of the companies participating in the cross-border merger.

(3) The employees of the company, that is, their representatives, must be allowed to view the report from paragraph 1 of this article no later than one month before the company's assembly, at which the draft contract on cross-border merger will be considered.

(4) If employees make their opinion in writing on the report on the cross-border merger and submit it to the authorities referred to in paragraph 1 of this article, that opinion must be attached to the report on the cross-border merger in order to present it to the general meeting of the company, where the draft contract on cross-border merger.

(5) The independent expert's report on the proposed draft contract on cross-border merger is prepared in accordance with Art. 242 and 246 of this law.

(6) Instead of independent experts who prepare a report for the needs of each of the merging companies, one or more independent experts appointed for this purpose, at the joint request of those companies, by the competent judicial or administrative bodies in the member state in which one of the companies is located the merging company, or the company resulting from the cross-border merger, may examine the joint draft agreement for the cross-border merger and draw up a single written report intended for all members of the merging companies.

Decisions of assemblies of companies participating in a cross-border merger

Article 312

(1) Based on the report from Article 311 par. 1 and 4 of this law, the assemblies of the merging companies decide on the draft cross-border merger agreement, with the right to decide the conditions by accepting subsequently reached agreements on the employment of employees of the acquired companies in the acquiring company.

(2) The decision on cross-border merger and other decisions that, in order to implement the cross-border merger procedure, are made at the assembly of the acquiring company, instead of the assembly, may be made by the board of directors, i.e. the supervisory board, if the conditions from Article 242 paragraph 17 of this law are met.

Simplified cross-border mergers

Article 313

(1) The provisions of Article 309, paragraph 1, item 2, 3 and 5, Article 242 para. 6 to 10 and Article 317 paragraph 3 point 3 of this law do not apply in the case of a cross-border merger by merger of a company carried out by the acquiring company which is the owner of all shares and other securities with voting rights of the acquired company.

(2) In the case referred to in paragraph 1 of this article, the provisions of article 312 paragraph 1 of this law shall not apply to the taken over companies.

(3) If the cross-border merger by merger is carried out by the acquiring company that owns at least 90%, but not all of the shares and other securities with voting rights of the acquired company, the provisions of Article 247 of this law shall apply.

Special rights of company members

Article 314

(1) As an exception to Article 308 paragraph 5 of this law, the protection of the rights of dissatisfied members from Article 127 paragraph 1 point 3 and the protection of the rights of creditors from Article 243 of this law applies to companies with headquarters in Montenegro that participate in the cross-border merger procedure only when other companies in the process of cross-border merger, which are located in countries where there is no possibility of starting such procedures, expressly accept such possibility when deciding on the draft contract on cross-border merger, which the authority responsible for supervising cross-border merger in Montenegro takes into account ex officio .

(2) In the cases referred to in paragraph 1 of this article, the authority responsible for the supervision of the cross-border merger procedure may issue a certificate that all necessary actions in the cross-border merger procedure have been completed in full and in accordance with

the law and before the completion of the initiated procedures referred to in paragraph 1 of this article.

Registration of a cross-border merger in the register of the acquired company with a registered seat in Montenegro and issuance of a certificate of fulfillment of the conditions for a cross-border merger

Article 315

(1) Supervision of all actions undertaken by the acquired company registered in Montenegro in the cross-border merger procedure is performed by the competent registration authority.

(2) After the adoption of the agreed draft of the cross-border merger agreement at the company's assembly, the board of directors, i.e. the board of directors of the acquired company, i.e. the executive director of a limited liability company in which there are no other management bodies, submits an application for registration of the cross-border merger in the CRPS, in which the information from Article 314 of this law.

(3) When registering a cross-border merger from paragraph 2 of this article, the competent authority for registration enters a note in the CRPS that the cross-border merger will become valid only after fulfilling the conditions established by the regulations of the state of the acquiring company.

(4) The competent authority for registration is obliged to publish the data on the cross-border merger in the "Official Gazette of Montenegro" with information on the duration of the procedures from paragraph 2 of this article and the existence of a note from paragraph 3 of this article.

(5) The decision on registration in the CRPS of a cross-border merger contains the data from paragraph 4 of this article and is considered a confirmation that all actions that the acquired company registered in Montenegro is obliged to undertake in the cross-border merger procedure have been completed in full and in accordance with the law.

(6) The acquired company is obliged to submit to the competent authority in the country where the registered office of the acquiring company is registered the decision from paragraph 5 of this article and the agreed draft of the contract on cross-border merger adopted by the assembly of the acquired company, no later than six months from the date of the adoption of the decision .

(7) Upon receipt of the notification of merger by the competent authority in the state where the headquarters of the acquiring company is registered, which confirms the legal completion of all prescribed actions in the cross-border merger procedure in that state, the competent authority for registration will delete from the CRPS the entry from paragraph 3 of this of Article, enter a note that the cross-border merger procedure has been successfully completed and submit to the competent authority from paragraph 6 of this Article a copy of the documentation of the acquired company that is with him.

Application of a cross-border merger for the registration of the transferee company based in Montenegro

Article 316

(1) Supervision over the implementation and verification of the legality of the cross-border merger procedure for the acquiring company with its registered office in Montenegro is carried out by the competent registration authority.

(2) The competent registration authority is obliged to determine whether the companies participating in the cross-border merger process agreed and adopted the draft of the cross-border merger agreement in accordance with the law, and is particularly obliged to establish that the draft of the cross-border merger agreement by of each company participating in the merger was adopted in an identical text, as well as that the agreements on the further engagement of employees were made in accordance with the law.

(3) In the case of a cross-border merger through merger, the application for registration of the cross-border merger in the CRPS for the acquiring company is submitted by its board of directors, i.e. the board of directors, i.e. the executive director, to the limited liability company that has no other management bodies, and if the cross-border merger is carried out with the establishment of a new company, the application for registration for the acquiring company is jointly submitted by the authorized bodies of the acquired companies.

(4) With the application for registration, the adopted contract on cross-border merger drawn up in the form of a notarial record and for each of the taken over companies the decision from Article 315 paragraph 5 of this law or documents equivalent to them in the laws of the states that apply to those companies, which are not they must be older than six months.

(5) After the registration of the cross-border merger of companies, the cross-border merger agreement is published by the competent authority for registration in the "Official Gazette of Montenegro" and informs all the registers in which the acquired companies were registered, through the system of interconnection of registers of economic entities from Article 321 of this law. .

Legal consequences of a cross-border merger

Article 317

(1) The legal consequences of a cross-border merger for the transferee company registered in Montenegro occur on the day of registration in the CRPS, in accordance with Article 316 of this law.

(2) The legal consequences of a cross-border merger for the acquired company that is registered in Montenegro occur in accordance with the regulations of the country where the headquarters of the acquiring company is registered.

(3) Legal consequences of a cross-border merger completed in accordance with para. 1 and 2 of this article are that:

1) the merger cannot be cancelled;

2) all assets and liabilities of the acquired companies are transferred to the acquiring company;

3) members of the acquired companies become members of the acquiring company;

4) taken over companies cease to exist;

5) the rights and obligations of the acquired companies from labor relations, which arose before the day of registration of the cross-border merger, are taken over by the acquiring company.

PART EIGHT
FOREIGN SOCIETY

Method of registration of a foreign company

Article 318

(1) A part of a foreign company is a part of a company that was founded and registered outside Montenegro and that performs activities on the territory of Montenegro.

(2) A foreign company that performs activities through its part of the company on the territory of Montenegro is obliged to perform economic activities according to the regulations of Montenegro.

(3) Foreign companies that establish parts of their companies in Montenegro, within 30 days from the date of establishment of part of the company, are required to submit the following information for registration in the CRPS:

1) the address of the headquarters of part of the foreign company in Montenegro;

2) activity of the company;

3) the name and form of the foreign company and the name of the part of the company, if it is different from the name of the company;

4) a certified copy of the statutes of the foreign company and a translation of the statutes or articles of incorporation into the Montenegrin language, certified by a court interpreter, if the adoption of the statutes is not mandatory in the country where the foreign company is registered;

5) a copy of the foreign company's registration certificate, i.e. a certified document confirming the validity of the company's registration in the home country;

6) names and addresses of persons who are authorized to represent the company in Montenegro, i.e. a body of the company or members of that body, permanent representatives of the company for the business of a part of a foreign company, as well as the authorization for these persons to represent the company, individually or collectively;

7) the latest balance sheet and income statement, or other financial documents prescribed by the law of the country where the company is registered.

(4) Foreign companies that have established their part on the territory of Montenegro are obliged to, within 20 days from the day of the change, submit for registration in the CRPS the data from paragraph 3 of this article, as well as:

1) notice on the liquidation of the company, the appointment of the liquidator and information on the opening of bankruptcy proceedings or other proceedings conducted against the company;

2) data on the termination of the economic activity of a part of the company.

(5) A part of a foreign company shall state in all business letters and other business documents:

1) name of the competent authority for registration;

2) the number under which it is registered in the CRPS;

3) the name, form and seat of the foreign company and the name of a part of the foreign company, if it is different from the name of the foreign company;

4) headquarters of a part of a foreign company;

5) note that the foreign company is in the process of liquidation.

PART NINE
REGISTRATION

Method of registration in CRPS

Article 319

(1) Registration in the CRPS is done on the basis of a registration application or ex officio.

(2) The registration application from paragraph 1 of this article is submitted on a single form prescribed by the state administration body responsible for finances (hereinafter: the Ministry).

Submission of registration application and supporting documentation

Article 320

(1) The registration application for enrollment in the CRPS shall be submitted in paper or electronic form, in accordance with the regulations governing electronic administration, electronic identification and electronic signature, electronic document and administrative procedure.

(2) The registration application for registration or data change shall be submitted with the prescribed documentation by the authorized person of the company, that is, the entrepreneur.

(3) The authorized person referred to in paragraph 2 of this article shall be deemed to be the founder of the company or a person authorized by the founder, in the case of company registration, that is, representatives of the company referred to in Art. 24 and 25 of this law and persons authorized by those representatives, in case of registration of change.

(4) The authorized person referred to in paragraph 2 of this article shall be deemed to be an entrepreneur and a person authorized by the entrepreneur, in the case of registration of the entrepreneur, that is, an entrepreneur, manager and persons authorized by those persons, in the case of registration of a change.

(5) The authorized person referred to in paragraph 2 of this article is considered to be the legal representative of the foreign company and the person authorized by the legal representative of the foreign company, in the case of registration of a part of the foreign company, that is, the person referred to in Article 318 paragraph 3 point 6 of this law and authorized by those persons persons, in case of registration of change.

(6) In the case of bankruptcy, the authorized person is the bankruptcy administrator and other persons determined by the law governing bankruptcy or persons authorized by them.

(7) In case of liquidation of a joint-stock company, limited liability company, limited partnership and partnership, the authorized persons are the liquidators.

(8) After receiving the registration application and documentation, the authorized person is issued a certificate of receipt of the registration application and documentation, which contains the date of submission of the registration application, i.e. the date of issuance of the certificate.

CRPS registration procedure

Article 321

(1) When registering in the CRPS, a registration number is assigned to a company, a part of a foreign company and an entrepreneur.

(2) The registration number from paragraph 1 of this article, in addition to the unique designation of the registered entity, must also contain a designation that will be common to all entities registered in CRPS, so that through the system of interconnection of registers of economic entities, it can be established indisputably that the company is registered in Montenegro Burning.

(3) The system of interconnection of registers of economic entities from paragraph 2 of this article is a system of connection between the registers of economic entities of the member states of the European Union, which is based on a common electronic-technological platform and a portal that represents a unique European access point.

(4) The competent authority for registration will reject the application for registration, if:

1) the information entered in the registration application is incomplete;

2) complete documentation was not submitted with the application;

3) another form of economic activity is registered under the same name;

4) a special condition for rejecting a request for registration, prescribed by another law, is met.

(5) The decision on the rejection of the registration application shall be made within three working days from the date of submission of the application.

(6) If the competent authority for registration does not reject the application within the period referred to in paragraph 5 of this article, it will be considered that the registration has been completed according to that application.

(7) Data from the application and documentation attached to the application based on the registration decision are registered in the CRPS.

(8) The decision on registration shall be delivered to the applicant of the registration application, that is, to the authorized person, within eight days from the date of the decision, by mail or electronically in accordance with the law.

(9) The decision from paragraph 7 of this article also determines the tax identification number, VAT registration number and customs number of the customs payer, in accordance with the law.

(10) An authorized person may file an appeal with the Ministry against the decision referred to in paragraph 7 of this article.

(11) The appeal from paragraph 10 of this article does not postpone the execution of the decision.

CRPS registration fee

Article 322

(1) A fee is paid for registration in the CRPS.

(2) Criteria for determining compensation and the amount of compensation referred to in paragraph 1 of this Article shall be prescribed by the Ministry.

(3) Funds from the fees referred to in paragraph 1 of this article are the income of the Budget of Montenegro.

Responsibility for the credibility of registered data

Article 323

(1) The competent authority for registration ensures that the data registered in the CRPS are identical to the data from the registration application.

(2) Persons who enter into legal transactions with registered companies and entrepreneurs bear the risk of determining the accuracy of the data contained in the register for their needs, unless otherwise specified by this law.

Way of guiding and insight into CRPS

Article 324

(1) CRPS is maintained in electronic form as a single database.

(2) Data entered in the CRPS are public.

(3) An integral part of the CRPS is a collection of documents consisting of original documentation that is attached to the application for registration.

(4) Original documentation from paragraph 3 of this article is also considered an electronic document in accordance with the law governing electronic documents.

(5) Inspection of the collection of documents referred to in paragraph 3 of this article may be carried out six hours a day on every working day.

(6) Inspection of the data registered in the CRPS can be done at any time through electronic means of communication, in accordance with the law governing electronic administration and electronic business.

(7) Personal data processed in the CRPS registration process shall be subject to the personal data protection act.

(8) The registration procedure, detailed content and way of conducting the CRPS shall be prescribed by the Ministry.

PART TEN OF THE
PENAL PROVISIONS

Fines up to 10,000 euros

Article 325

(1) A company or a part of a foreign company shall be fined between EUR 1,000 and EUR 10,000 if:

1) does not use the name of the company under which it is registered in the performance of its activities, in accordance with this law (Article 17 paragraph 4);

2) performs activities without the minimum basic capital established by law (Article 105 paragraph 3 and Articles 224 and 274);

3) does not keep a book of decisions in the manner established by this law (Article 108 paragraph 3);

4) fails to prepare a report on relations with the parent company and companies in which its parent company has the status of a parent or subsidiary company (Article 133 paragraph 2 and Article 162 paragraph 1 point 1);

5) affects the auditor's work during the audit (Article 201);

6) in the case of shares of the same class with different nominal values in that company, he fails to adjust the structure of the basic capital within the terms prescribed by this law (Article 329 paragraph 6);

7) the increase of the basic capital and the issue of new shares or the issuance of shares is contrary to this law, the founding agreement, the statute or other valid regulations (Art. 204, 208, 211 and 275);

8) distributes profits, fails to refund received profits or pays dividends contrary to this law, the founding agreement, the statute or other applicable regulations (Art. 218 and 237);

9) to provide a loan, guarantee or other type of financial support to a person for the purpose of purchasing shares of that company (Article 233 paragraph 1);

10) fails to harmonize the structure of management bodies, that is, the structure of the members of those bodies, within three months from the date of adoption of the decision of the Capital Market Commission determining the success of the issue (Article 297 paragraph 5);

11) fails to harmonize the structure of management bodies, that is, the structure of the members of those bodies, within six months from the end of the financial year in which the conditions for the change of status were met (Article 297 paragraph 6).

(2) For the misdemeanor referred to in paragraph 1 of this article, the responsible person in the company shall be fined in the amount of 200 euros to 2,000 euros.

(3) For the misdemeanor from paragraph 1 of this article, the entrepreneur will also be fined in the amount of 200 euros to 2,000 euros.

Fines up to 7,500 euros

Article 326

(1) A company or part of a foreign company shall be fined in the amount of EUR 750 to EUR 7,500, if:

1) fails to timely submit for registration information determined by this law or changes to data that he is obliged to submit under this law (Article 7, Article 60 paragraph 1, Articles 80, 99, 119, Article 171 paragraph 6, Article 174 paragraph 6, Article 191 paragraph 8, article 199 paragraph

2, article 204 paragraph 11, article 216 paragraph 1, article 220 paragraph 4, article 242 paragraphs 15 and 18, article 243 paragraph 1, article 251 paragraph 5, article 255 paragraph 1, article 273 paragraph 1 and Article 318 paragraph 4);

2) fails to submit the articles of incorporation and articles of association properly or if he fails to enter in those documents the data established by law (Art. 67, 68, 93, 94, 113, 114, 115, 270, 271, 272, Article 318 paragraph 3 and Article 323);

3) refuses to provide information or an answer that is required to be provided on the basis of this law or the articles of association, the founding agreement or other founding act to a member or shareholder of the company or if it provides false information or if it prevents them from exercising their right to receive information or if it does not publish data that is required to be published by law, does not issue notifications in the manner established by law or if it makes a false statement or other public notification or proclamation (Article 100, Article 117 paragraph 3, Articles 124, 125, 126, 138 and 151, Article 198 paragraph 2, Article 242 paragraph 11, Article 258 paragraph 3 and Article 304);

4) fails to provide prescribed information in business letters and other business documents, or on the company's website (Article 118 and Article 318 paragraph 5);

5) fails to ensure compliance with the prescribed procedure for convening the assembly (Art. 135, 136, 137 and 138);

6) fails to hold a regular meeting of shareholders within the prescribed period (Article 135 paragraph 6);

7) does not enable electronic voting in accordance with this law (Art. 136, 145 and 147);

8) does not make voting results available to shareholders in accordance with this law (Article 150);

9) fails to hold a shareholders' meeting within the time limit determined by the court's decision (Article 152);

10) does not provide the appropriate composition of the board of directors, that is, the supervisory board (Art. 155, 176 and 297);

11) in case of termination of membership of a member of the board of directors, a member of the management or supervisory board, does not elect a new board of directors within 60 days from the date of registration of termination of membership in accordance with this law (Article 171 paragraph 7, Article 179 paragraph 4 and Article 190) ;

12) in the case of termination of the executive director's office, does not elect a new executive director within 60 days from the date of registration of the termination of the executive director's mandate in CRPS (Article 174 paragraph 9);

13) in the case of termination of the position of the chairman of the board of directors, he does not elect a new chairman of the board of directors within 60 days from the date of registration of the termination of the mandate of the chairman of the board of directors in CRPS (Article 191 paragraph 9);

14) the decision on bond issuance is not made in the procedure prescribed by this law (Article 209 paragraph 3 and Article 210 paragraph 2);

15) the reduction of capital is carried out contrary to the provisions on the protection of creditors (Articles 219, 220, 221, 222, 223, 224 and 278);

16) acquires or disposes of own shares contrary to this law (Art. 225, 226, 227, 228, 229 and 230).

(2) For the misdemeanor referred to in paragraph 1 of this article, the responsible person in the company shall be fined in the amount of 150 euros to 1,500 euros.

(3) For the misdemeanor from paragraph 1 of this article, the entrepreneur will also be fined in the amount of 150 euros to 1,500 euros.

Article 327

An entrepreneur will be fined from EUR 200 to EUR 2,000 for a misdemeanor if:

1) performs the activity through a manager who is not registered in accordance with the law on registration, is not employed by an entrepreneur or does not meet the special conditions prescribed with regard to the personal qualifications of the entrepreneur (Article 63);

2) fails to register in accordance with Art. 65, 319 and 329 paragraph 4 of this law.

PART ELEVEN
TRANSITIONAL AND FINAL PROVISIONS

Passing by-laws

Article 328

(1) By-laws from Art. 319 and 324 of this law will be adopted within 60 days from the date of entry into force of this law.

(2) Until the adoption of regulations from paragraph 1 of this article, the regulations adopted on the basis of the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 6/02 and "Official Gazette of Montenegro", Nos. 17/07, 80/08 and 36) shall apply /11).

Coordination of organization and registration

Article 329

(1) Joint-stock companies and limited liability companies from Article 297 para. 3 and 4 of this law, which are registered in CRPS before this law enters into force, are obliged to harmonize the organization (statute, company bodies and other acts) with this law and register the changes within nine months from the date of entry into force of this law .

(2) Other companies that were registered in the CRPS before the entry into force of this law in order to comply with the provisions of this law, are obliged to harmonize the organization with this law and register the changes in the CRPS within 18 months from the date of entry into force of this law .

(3) Partnerships and entrepreneurs who were not registered in the CRPS before the entry into force of this law, are obliged to register in the CRPS in accordance with this law, within nine months from the date of entry into force of this law.

(4) Entrepreneurs who were registered in the CRPS before the entry into force of this law are obliged to coordinate their operations and submit a registration application for registration in the CRPS in accordance with this law, within six months from the date of entry into force of this law.

(5) The competent authority for registration shall, within 30 days after the expiration of the deadlines referred to in para. 1 and 2 of this article, in front of the competent court, initiate the procedure of judicial liquidation of companies that have not fulfilled the obligation of registration within the deadline and delete them after the judicial liquidation procedure has been carried out.

(6) Joint-stock companies in which ordinary shares of different nominal values existed on the date of entry into force of this law are obliged to homogenize the shares in order to unify the nominal value, within one year from the date of entry into force of this law, in such a way that maintain a proportional participation in the total number of shares.

Proceedings have been initiated

Article 330

(1) Procedures for the registration and restructuring of business companies that were started by convening the competent body of the company before the entry into force of this law, will be completed according to the law that was in force at the time the procedure was initiated.

(2) Procedures for the reduction or increase of capital and the issue of shares initiated by the convening of an assembly of shareholders of a joint-stock company and the procedures for the issuance of shares pursuant to acts on the founding issue of shares are recorded and approved in accordance with the provisions of the law regulating the business of companies in force at the time of the convening of the assembly with the above proposal decision.

Application of provisions

Article 331

The provisions of Article 120 para. 8 and 9 and Art. 308 to 317 of this law will be applied from the day of Montenegro's accession to the European Union.

Termination of validity

Article 332

On the day this law enters into force, the Law on Business Companies ("Official Gazette of the Republic of Montenegro", No. 6/02 and "Official Gazette of Montenegro", No. 17/07, 80/08 and 36/11) ceases to be valid.

Entry into force

Article 333

This law enters into force on the eighth day from the day of its publication in the "Official Gazette of Montenegro".