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Deadline for change of corporate documents and contracts of service

As we have already informed you, business corporations are obliged under Section 777 (2) BCA to adjust their **memoranda of association, articles of association or by-laws** to the new legal regulation and deposit the adjusted documents in the collection of deeds of the competent registration court **within six months** following the day on which the Business Corporation Act became effective. If a business corporation fails to fulfil this obligation, the registration court calls the business corporation to do so setting a reasonable time period to remedy the situation. If this obligation is not fulfilled within this additional period of time, the court may **dissolve** the business corporation and **order its liquidation**.

Considering the fact that notaries do not have sufficient capacity at present, many companies will probably fail to keep the above-mentioned deadline provided by law. In our opinion, it is, however, highly unlikely that registration courts will proceed in the way the act on business corporations enables them in this situation. Moreover, registration courts are first obliged to set an additional time period in which the company has to adjust its corporate documents to the new legal regulation. For the sake of completeness, it should be noted that even when companies were obliged to amend their memoranda of associations and by-laws on the basis of a comprehensive amendment to the Commercial Code in the past, registration courts did not send any calls for remedy. We therefore assume that if companies carry out the required amendments by the end of this calendar year, there is no real risk of penalties by the registration court in connection with such delay.

However, as far as this similar obligation under Sec. 777 (3) BCA is concerned, that is the obligation to adjust the provisions of **service contracts and remuneration contracts** with statutory bodies within **six months** (otherwise the performance of office shall be deemed to be performed **free of charge**), we recommend that these contracts are signed and approved by the general meeting (the sole shareholder) by 30 June 2014. These contracts and the approval thereof do not require any certification.

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