

COMMENTS ON THE MORE SIGNIFICANT AMENDMENTS IN THE COMMERCIAL LEGISLATION OCCURRED WITH THE ADOPTION OF THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE COMMERCIAL ACT

As we promised in the earlier published material regarding the decapitalization of the commercial companies herewith we would like to present to your attention the continuation of our comments on the amendments of the Commercial Act (CA) (Law on amendment and supplementation of the CA /LASCA/, published, SG, issue 58 of 27 June 2003). In view of the considerable volume of the introduced amendments the subject of our comments in the present material are the amendments concerning **regulation of the general provisions for the traders, commercial companies and improvement of the joint stock companies management.**

The major amendments in the general part relate to change in the procedure on registration of a branch of the trader and change in the seat of the trader. According to the new rules the transfer of the management in the region of another court and opening a branch by the trader shall be entered by the court, in which region the seat of the trader is located **at the time the respective entering is applied.** A requirement that entries made in the company's batch shall be reported ex officio to the batch of its branch and vice versa is introduced. As a result **updated and systematized information for the trader** will be available in both places. The procedure for the separate management in the cases of transfer of enterprise is improved. According to the amendment, **two publications** of the transfer shall be made in the State Gazette by the court, in which the seat of the alienator is located and by the court, in which the seat of the successor is located.

Upon the amendments in the part concerning the commercial companies the accent is put on the improvement of the management of the joint stock companies and establishment of a more effective and overall protection of the rights and interests of the minority shareholders. As a result significantly bigger opportunities for real participation of the minority shareholders in the General Meeting, and therefore, in the company's management, are provided. Guaranties **for better transparency and more information regarding company's matters are provided to shareholders.** Procedure is provided for according to which the company's shareholders have the right to **include issues in the agenda** of the summoned general meeting. Requirement for quorum is introduced upon taking some decisions important to the company. Procedure for calling and holding the General Meeting is improved as well.

The powers of the General Meeting are broadened in respect with the **decision-making process for conclusion of deals**, which due to their character (subject and

value) may influence materially the financial and the property status of the company.

Significant amendments are made also in respect with the bodies performing the operating management of the company Board of Directors, respectively Managing Board. The manner for settlement of the relationships between the company and the boards' members regarding the assignment of the management are clearly regulated. More **strict limitations** for performance of competitive activity and observance of the confidentiality rules are introduced, as well as specific requirements for the due behavior on the part of the management bodies' members upon the management of the company.

If you wish to have access to the detailed commentaries of AFA on the amendments of the Commercial Act or should additional questions arise concerning application of its provision, please contact us on tel. 943 37 00, fax 943 37 07 or send an e-mail message to office@afa.bg.

