

## **PROPOSAL**

### **LAW ON MODIFICATIONS AND AMENDMENTS OF THE LAW ON BUSINESS COMPANIES**

#### **Article 1**

In the Law on business companies ("Official Gazette of the Republic of Montenegro, no. 6/02) in article 1, paragraph 3, the first sentence is modified and it reads as follows: "Forms of carrying out economic activities registered in accordance with this law are bound to obtain, prior to starting with the activities, the approval for carrying out the activities, if the approval for carrying out the activities is prescribed by a specific regulation."

#### **Article 2**

In article 2, paragraph 1, item 6 is modified and it reads as follows:  
"6) Part of foreign company."

After paragraph 2, a new paragraph is added and it reads as follows:  
"(3) Paragraph 2 of this article is not applied in case of failing to extend the registration of joint-stock company."

Previous paragraph 3 becomes paragraph 4.

#### **Article 3**

In article 3, paragraph 2, the second sentence is deleted.

#### **Article 4**

After article 4, titles and two new articles are added and they read as follows:

"Headquarters  
Article 4a

(1) Headquarters is the place in which the entrepreneur and business company carry out the activity.

(2) In case the activity is carried out on several locations, the headquarters is considered to be the place where the headquarters of company's administration is.

Name  
Article 4b

(1) The name of the business company and the entrepreneur is the name under which they do business.

- (2) The business company and the entrepreneur are bound to use the registered name in business letters and in other documents directed to third parties. The name is placed on business premises of the business company and entrepreneur.
- (3) Names of registered joint-stock companies, limited liability companies and limited partnerships must differ from other names entered in CRPS (Central Register of the Commercial Court).
- (4) The name may also contain the mark of the activity.
- (5) The name of the business company and entrepreneur cannot contain data that can cause confusion regarding the business company, i.e. entrepreneur and their activity.
- (6) The name of partnership must contain the word: "partnership" or its abbreviation "**OD**".
- (7) The name of limited partnership must contain the words: "limited partnership" or its abbreviation "**KD**".
- (8) The name of joint-stock company must contain the words: "joint-stock company" or its abbreviation "**AD**".
- (9) The name of limited liability company must contain the words: "limited liability company" or its abbreviation "**DOO**".
- (10) Part of foreign company must contain the original name of the foreign company, sign or abbreviation of the form of this company ("joint-stock company " or "AD", " limited liability company " or "DOO", "limited partnership" or "KD"), alternative name of the part of foreign company, if the original name of the foreign company is used by some other company in the Republic, as well as the form of organisation of the part of foreign company ("part of foreign company", "operating unit", "representative office" and the like).
- (11) Parent company can use in its name the words "holding", "holding company", "parent company", "group" and the like. Parent company is the company that has majority ownership or majority right to manage in other company – dependent company.
- (12) Along with its full name, the business company can use the abbreviated name if determined by the founding act of the company, i.e. by the statute. The abbreviated name of the company is entered in CRPS (Central Register of the Commercial Court).
- (13) The name of the company may contain the name: "Montenegro", its coat of arms, flag and other state symbols in accordance with the law.
- (14) The name of the company may contain names, coats of arms and other symbols of a foreign country or an international organisation, only with the previous consent of the competent governmental body or international organisation to which the name or symbols refer.
- (15) The name of the company may contain the name or part of the name of a physical person only with his/her consent, and if this is a deceased person, with the consent of his/her heirs.

(16) If, with its activities or in any other way, the company violates the honour and the reputation of the physical person whose name is entered in the name of that company, this person, i.e. his/her heirs have the right to ask for deletion of his/her name from the name of that company. "

#### **Article 5**

In article 5 and in other provisions of this law, word "profit" is replaced with the word "gain", in adequate grammatical case.

#### **Article 6**

In article 7, after paragraph 3, two new paragraphs are added and they read as follows:

"(4) Commercial court may exclude the partner who breached the partnership agreement, as per the complaint of one or more partners.

(5) In case as per paragraph 4 of this article, the contribution of the excluded partner will be divided on equal shares among the partners remaining in the partnership. Partners remaining in the company are bound to compensate to the excluded partner the amount that he would have received if the partnership had been terminated. "

Previous paragraphs 4 and 5 become paragraphs 6 and 7.

After the previous paragraph 6 that becomes paragraph 8, a new paragraph is added and it reads as follows:

"(9) Unless otherwise defined by partnership agreement, i.e. otherwise agreed among the partners, at the end of a business year, each partner shall equally participate in the share of the gain, i.e. in covering the loss."

Previous paragraphs 7, 8 and 9 become paragraphs 10, 11 and 12.

#### **Article 7**

In article 9, after the paragraph 5, a new paragraph is added and it reads as follows:

"(6) In case a partner or more partners, on purpose or due to gross negligence, do not fulfil the obligations according to the partnership agreement or the fulfilment of this obligation is impossible, the Commercial court may decide on distribution of the property of that partner(s), on the basis of established facts in the procedure."

#### **Article 8**

In article 11, paragraph 1 is modified and it reads as follows:

"(1) Decisions regarding regular business activities of limited partnership are made by majority vote of active partners, in case it is not otherwise defined by the memorandum of association."

After paragraph 1, a new paragraph is added and it reads as follows:

"(2) Provisions of article 7, paragraphs 10 and 12 of this law are applied to active partners in limited partnership."

Previous paragraphs 2, 3, 4 and 5 become paragraphs 3, 4, 5 and 6.

After previous paragraph 6 that becomes paragraph 7, a new paragraph is added and it reads as follows:

“(8) Silent partner that joins the company after foundation of limited partnership is responsible for the obligations of limited partnership towards the third parties having originated before his joining as well as other silent partners.”

#### **Article 9**

In article 15, paragraph 4, at the end of the text, full stop is deleted and words are added as follows: "in civil procedure."

#### **Article 10**

In article 17, paragraph 6 is deleted.

Previous paragraphs 7 and 8 become paragraphs 6 and 7.

#### **Article 11**

In article 18, paragraph 2 is modified and it reads as follows: "(2) joint-stock company may be founded by one or more founders."

#### **Article 12**

After article 18, a title and a new article are added and they read as follows:

“Single-member joint-stock company  
Article 18a

- (1) Single-member joint-stock company is a joint-stock company founded by one shareholder, i.e. when all the shares after the foundation are acquired by one physical or legal person.
- (2) In case of founding a single-member joint-stock company, the founder is bound to make a decision on founding a joint-stock company. The decision on foundation contains:
  - 1) name and surname of the founder, his/her address and personal identification number, i.e. the name and headquarters of the legal person and his/her personal identification number;
  - 2) name of the company that is being founded;
  - 3) mark of a joint-stock company;
  - 4) number of shares that the founder has and their initial value, i.e. nominal value of shares if determined.
- (3) If, after founding, all shares are acquired by one physical or legal person, the company is bound to register with CRPS (Central Register of the Commercial Court) this change, as well as the name and surname and place of residence, i.e. the name and the headquarters of the only shareholder.

(4) The shareholder of a single-member joint-stock company has the authorisations of the assembly of the joint-stock company and he/she makes all decisions in written form. Decisions are chronologically entered in the decisions book of the company."

### **Article 13**

In article 19, paragraph 2, item 4 is modified and it reads as follows:

"4) provision that the company is a joint-stock company and that the amount of equity is determined as the initial capital and the amount of approved capital expansion (authorised capital), if determined;"

Item 11 is deleted.

### **Article 14**

Above article 20, after the title: "Company formation", a new article is added and it reads as follows:

"Article 19a

Joint-stock company may be founded successively and simultaneously. "

### **Article 15**

Above article 20, a new title is added and it reads as follows: "Successive company formation ".

### **Article 16**

In article 20, paragraph 1 is modified and it reads as follows:

"(1) joint-stock company is founded successively by:

- 1) signing memorandum of association;
- 2) obtaining approvals for constituent issue of shares from the Securities Commission;
- 3) conducting public invitation for subscription and payment of shares;
- 4) subscription and payment of shares by founders;
- 5) obtaining the decision of Securities Commission about the success of constituent issue of shares;
- 6) adopting statute at the constituent assembly;
- 7) registration."

In paragraph 2, after the item 5, a new item is added and it reads as follows:

"5a) name, i.e. the title of the founders making non-monetary contributions, description of contribution, number and type of shares received for their contribution and deadline until which non-monetary contributions must be made to the company;"

In the same paragraph, item 9 is modified and it reads as follows:

" 9) authorisation for one or more founders to represent the founders in the procedure of company formation."

In paragraph 3, the second sentence is modified and it reads as follows: "Signatures on the contract are authenticated in accordance with the law."

Paragraph 5 is modified and it reads as follows:

"(5) If the number of shares determined by prospectus are not subscribed and paid within the period determined for subscription and payment of shares, it is considered that the issue of shares has not been successful and it is annulled. Subscription and payment can be carried out for more shares than those issued by constituent issue determined by the memorandum of association in case prospectus allows for the possibility of payment of more shares."

Paragraph 7 is modified and it reads as follows:

"(7) In case of successful issue of shares, constituent assembly will take place within 30 days from the expiry date of the period for subscription and payment of shares. If, without justifiable reason, constituent assembly does not take place in the above-mentioned period, all that have paid shares are freed from the obligations towards the company and have the right on full refund of contributions within 8 days from the day of submitting the request. "

### **Article 17**

After article 20, a title and a new article are added and they read as follows:

“Simultaneous company formation

Article 20 a

- (1) joint-stock company is founded simultaneously by:
  - 1) signing memorandum of association, i.e. by reaching the decision on founding a single – member joint-stock company;
  - 2) purchasing all the shares when founding the company without public invitation for subscription and payment of shares;
  - 3) obtaining the decision from Securities Commission about record keeping on constituent issue of shares;
  - 4) adopting statute;
  - 5) registration.
- (2) Memorandum of association, i.e. the decision on founding, contains data from article 20 paragraph 2, i.e. article 18a paragraph 2 of this law. After signing memorandum of association of the joint-stock company, the founders open the account in the name of the company being founded with a bank registered in the Republic. Money received from the payment of shares is deposited to this account until the registration procedure of the company is completed.
- (3) Founders are bound to carry out the payment of shares, i.e. to make non-monetary contributions, within the period specified in the memorandum of association.
- (4) In case any of the founders did not pay the shares, i.e. did not make non-monetary contribution, the founders that did pay the shares, i.e. that did make non-monetary contributions, will change the memorandum of association of the joint-stock company in part referring to the founders and their shares, in case conditions from article 17 paragraph 6 of this law are fulfilled.
- (5) Founders are bound to register the issue of shares with Securities Commission.

(6) If all founders of the company sign decisions on acceptance of the statute of the company, evaluations of non-monetary contributions, selection of management bodies, executive bodies and auditors of the company and other decisions that need to be made at the constituent assembly, the constituent assembly of the company will not be convened.

(7) All signatures on decisions from paragraph 6 of this article are authenticated in accordance with the law.

(8) If the agreement is not reached regarding issues from paragraph 6 of this article, the constituent assembly will take place within 30 days from the day of payment of shares."

### **Article 18**

In article 21, paragraph 1, item 2, after the word "statute", words are added as follows: "and special document if the statute does not contain data from article 19, paragraph 3 of this law".

In item 13, after the word "issues", words are added as follows: "i.e. decision of Securities Commission on record keeping of constituent issue of shares, for the company that is being founded simultaneously ".

### **Article 19**

Article 22 is modified and it reads as follows:

"(1) Joint-stock company may be restructured in the following way:

- 1) by merger;
- 2) by division into two or more companies;
- 3) by changing the organisational form.

(2) Restructuring can be done only when the property of the company is bigger than its liabilities. Company that is under bankruptcy proceedings is restructured in accordance with the law that determines the insolvency of business companies.

(3) Aside from the shares, companies that have taken over the property and liabilities may give to the shareholders of the companies whose property they took over, money as a rightful compensation, under condition that this amount does not exceed 10% of nominal value of shares issued for the property taken over or of book value, if nominal value is not determined.

(4) Merger contract, decision on division into two or more companies, decision on change of organisational form, as well as the decision on issue of shares on the basis of restructuring of the company are made by two third majority of the votes of the present and represented shareholders through authorised persons or through ballot papers. If there are more types of shares, for the decision of the assembly it is necessary to have required majority votes for each type of shares.

(5) Issuing or annulling the shares in the procedure of restructuring is recorded with the Securities Commission.

(6) Shares of the companies that cease to exist through merger or division, shall not be exchanged for the shares of the company taking over the property and liabilities, nor the shares that the company

taking over the property and liabilities has, directly or through the third persons owning the shares for its account, in companies that cease to exist.

(7) Provisions on restructuring joint-stock companies are accordingly applied also on restructuring of other business companies. "

## **Article 20**

After article 22, titles and three new articles are added and they read as follows:

“Merging of companies

Article 22a

(1) Restructuring of joint-stock companies by merger can be done when one or more companies are merged with the existing company by transferring the entire property and liabilities onto that company which in turn issues shares to the shareholders of companies being merged, or two or more companies are merged by forming a new company that issues the shares of newly formed company to the shareholders of companies being merged. The company to which the others were merged, i.e. the company formed by new foundation is called the company that took over, and the company that transferred its property and liabilities is called company taken over.

(2) Board of directors of the company included in the merger prepares for the shareholders assembly the written report in which it gives in detail legal and economic justification of the reasons and consequences of the merger and elaboration of the proportion of shares exchange.

(3) Boards of directors of companies included in the merger are bound to agree upon the draft of the merger contract containing:

- 1) Name, form and headquarters of each company included in the merger;
- 2) Proportional ratio for share exchange and the proposed amount of the compensation, if in addition money is given for the rightful compensation;
- 3) Mode and deadline of taking over individual liabilities;
- 4) Mode and terms of distribution of shares in companies that took over the property and liabilities;
- 5) Date from which owners of shares, as per item 4 of this paragraph, have the right to participate in the gain of the company that took over, as well as other conditions that can influence obtaining of this right;
- 6) Date from which business transactions of companies being merged would be considered, for the needs of accounting, as transactions of the company that took over;
- 7) Rights that the company taking over is giving to the shareholders of the company taken over, who have shares with special rights, as well as to persons owning other securities giving them special rights;
- 8) Other payments or benefits, in money or other means, carried out or to be carried out to the bodies or managers of the companies included in the merger or to the independent expert who makes a report on the draft of contract on merger, as well as the reasons for such payment or benefits;
- 9) Precise description of property and liabilities that are to be transferred to the company taking over;
- 10) Form of organisation and the name of the new company, in case when restructuring refers to creation of a new company through merger;

- 11) Proposal of the statute of the new company, in case when restructuring is carried out by creating new company through merger.
- (4) Agreed draft of the merger contract is signed, on behalf of each company being merged, by a member of the board of directors determined by each company included in merger.
- (5) Board of directors of each company being merged will determine one or more independent experts to examine the draft of the merger contract. The boards of directors of the companies being merged can determine together one or more same independent experts to examine the draft of the merger contract.
- (6) Independent experts are, in particular, bound to give their opinion in their reports on conditions and merger proposal, used methods, established proportion of share exchange, including additional monetary payment, as well as to name difficulties if they occurred during the evaluation of the property of the company.
- (7) The independent expert may be an auditor, legal assessor in the field of economy or other appraiser selected by the board of directors as well as the auditing company. The independent expert cannot be a person that was or is an authorised person i.e. employed with the company being merged, nor the person who is a business partner of the company being merged, nor the spouse nor first cousin of a board member or of an employee of the company being merged.
- (8) Companies participating in the merger are bound to provide, at the request of the independent expert, all data and documents necessary for making the report.
- (9) Board members of the company being merged, as well as the independent experts examining the draft of the merger contract, are responsible for the damage they cause to the shareholders of the company in the merger procedure in case they did not act in good faith and with due attention of the good businessman.
- (10) Draft of the merger contract is submitted to CRPS (Central Register of the Commercial Court) for publication in "Official Gazette of the Republic of Montenegro ". The company publishes the notification on merger in at least two daily printed media being issued in the Republic and at least 30 days prior to the day of the shareholders assembly taking place where draft of the merger contract is to be considered.
- (11) Each company included in the merger notifies all creditors about the merger in written form, at least 30 days prior to the day of the shareholders assembly taking place where draft of the merger contract is to be considered.
- (12) The company that is taking over must provide to the holders of convertible bonds and other securities with special rights issued by companies being taken over, the same rights they had with companies taken over i.e. it has to provide them monetary compensation in case the same rights are not secured. In case agreement on the amount of compensation is not reached, the competent court will determine the amount of compensation.
- (13) Companies participating in the merger are bound to provide for examination the following documents to their shareholders in the headquarters of the company, i.e. in the premises of the

company outside the headquarters if the activities are carried out at several locations, at least 30 days prior to the day of the shareholders assembly taking place where the proposed type of merger is to be considered, as well as during the very shareholders assembly:

- 1) draft of the merger contract;
- 2) report of the board of directors with the presentation of reasons and consequences of the merger;
- 3) report of an independent expert;
- 4) annual financial statements for the last three years for each company included in the merger;
- 5) special financial statement presenting the position of the company on the day three months at most prior to the day of making draft of the merger contract, if the draft was made after the expiry of the period of six months from the ending date of the last business year.

(14) Special financial statement from paragraph 13, point 5 of this article presents data in the way they are presented in annual financial statement, where evaluation of the values may be based only on the changes in accounting in relation to the position presented in the last financial statement, without carrying out property inventory.

(15) Companies included in the merger are bound to give or submit free of charge to each shareholder, at his/her request, copies or requested parts of copies of documents from paragraph 13 of this article.

(16) Company that is taking over shall submit to the CRPS (Central Register of the Commercial Court) the merger contract, signed and verified in accordance with paragraph 17 of this article, the minutes from the shareholders assembly meeting where decision on merger was made and decision on issue of shares on the basis of merger, within the period of 15 days at the latest from the day of receiving the decision of Securities Commission about record keeping of the issue of shares on the basis of the merger.

(17) Merger contract is valid when its identical text is adopted by the assemblies of the companies being merged and when all signatures on the contract are authenticated in accordance with the law.

(18) After obtaining the documents from paragraph 16 of this article, CRPS (Central Register of the Commercial Court) shall publish the merger contract in "Official Gazette of the Republic of Montenegro".

(19) Securities Commission publishes the decision on record keeping of the issue on the basis of the merger in "Official Gazette of the Republic of Montenegro". By registering issued shares on the basis of the merger in CDA (Central Depository Agency):

- 1) The property and liabilities of the company taken over become the property and liabilities of the company taking over;
- 2) Shareholders of the company taken over become shareholders of the company taking over;
- 3) Company taken over cease to exist without liquidation process carried out and shares of the company taken over are annulled;
- 4) Employees in the company taken over continue to work in the company taking over in accordance with the labour regulations and merger contract.

(20) The shareholder who voted against or was not present at the assembly that adopted merger contract or company's creditor, can request, within six months from the day of publishing

merger contract in "Official Gazette of the Republic of Montenegro ", from the Court to annul the merger in case important provisions of merger procedures have not been complied with and if creditors, at their request, were not secured with the adequate protection of their claims and merger considerably jeopardized the settlement of their claims. Creditors whose claims have already been settled fully and in reliable manner do not have right on an additional security.

(21) The Court submits the legally binding verdict annulling the merger within 15 days from the day of its coming into effect to CRPS (Central Register of the Commercial Court) so it could be published in "Official Gazette of the Republic of Montenegro ". If within 90 days from the day of publishing legally binding verdict in "Official Gazette of the Republic of Montenegro ", the assembly does not take place and company bodies are not selected, the registrar shall initiate the procedure of winding up by order of the court over the companies involved in the merger.

(22) In case of annulment of the merger, obligations created by the company taking over from the day of recording issue of shares on the basis of new merger in CDA to the day of publishing the verdict of the Court on annulling the merger in "Official Gazette of the Republic of Montenegro " will be valid, and companies that were involved in merger procedure are without limitations jointly and severally liable for the obligations of the company taking over for this period.

#### Simplified merger Article 22b

(1) In case of the merger of company taken over with the company taking over that has at least 90% of shares in company taken over, provisions of the article 22a of this law are applied, where shareholders assembly of the company taking over does not have to take place if the following conditions are fulfilled:

1) If the draft of the merger contract is published in "Official Gazette of the Republic of Montenegro " and notification on merger is published in at least two daily printed media issued in the Republic at least 30 days prior to the day of shareholders assembly of the company taken over taking place;

2) If it is made possible for the shareholders of the company taking over to examine, in the headquarters of the company taking over, the draft of the merger contract, annual financial statements for the last three years and a special financial statement from article 22a paragraph 13, at least 30 days prior to the day of the shareholders assembly of the company taken over taking place where draft of the merger contract is to be considered;

3) If a shareholder or more shareholders of the company taking over who together have at least 5% of shares of this company did not request the decision on the merger to be made by shareholders assembly of the company taking over.

(2) In case as per paragraph 1 of this article, the decision of the board of the directors of the company taking over shall be considered as the decision of the assembly of the company, and the decision of the board of directors on issuing of shares on the basis of restructuring by merger shall be considered as the decision of the assembly of the company taking over.

(3) It is considered that the company taking over is the owner of shares of the company taken over even if somebody else holds the shares of the company taken over for the account of the company taking over.

Division of joint-stock company  
Article 22c

(1) With the restructuring of the joint-stock company through division, the company ceases to exist, by transferring completely its property and liabilities onto two or more existing or newly formed companies, that in exchange issue the shares to the shareholders of the company being divided.

(2) Provisions of this law on merger of companies are accordingly applied to the division of joint-stock company unless otherwise determined by this article.

(3) In case of the division of the company and transfer of property and liabilities onto two or more existing companies, the boards of directors of the companies included in the division shall agree upon the draft of the contract on regulating mutual relations arising from the division of the joint-stock company. Aside from the elements from article 22a, paragraph 3 of this law, the draft of the contract must also contain precise description and division of the property and liabilities that should be transferred onto companies taking over property and liabilities, as well as the proposal of the division of shares of the companies taking over property and liabilities (companies taking over) to the shareholders of the company that was divided and criteria of this division.

(4) In case of division of joint-stock company onto two or more new companies, the board of directors shall prepare for the shareholders assembly a proposal in written form on conditions and mode of division, containing data as per paragraph 3 of this article, names of new companies and proposal of the decision on issuing shares on the basis of the division.

(5) Distribution of shares of the companies created by the division is done proportionally to the ownership structure of the company being divided.

(6) Exceptionally regarding paragraph 5 of this article, different distribution of shares may be allowed for on the basis of specifically stated reasons and criteria.

(7) Shareholders who are against the division of the company or are not satisfied with the distribution carried out in accordance with paragraph 6 of this article, may request their shares to be bought off.

(8) If part of the property is not or cannot be divided in accordance with the proposed division conditions, part of the property is transferred to the companies taking over the property and liabilities, the part being proportionate to the participation of the companies taking over the property and liabilities in the division of net property of the company being divided.

(9) If a liability is not or cannot be divided in accordance with the proposed division conditions, each of the companies taking over the property and liabilities is jointly and severally liable for this liability.

(10) For liabilities that are not settled by the company taking over, that took over these liabilities in accordance with the contract as per paragraph 3 of this article, i.e. in accordance with proposal as per paragraph 4 of this article, other companies taking over are jointly and severally liable unless if it is agreed differently with a specific creditor. Joint and several liability as per this paragraph is limited up to the amount of net property taken over by companies taking over."

### **Article 21**

In article 24, after the paragraph 8, two new paragraphs are added and they read as follows:  
"(9) The company invites in written form all creditors of the company to report their claims.

(10) The company shall publish the notification on voluntary liquidation of the company at least three times in at least one daily printed media being issued in the Republic of Montenegro with at least 15 days interval between the publishings. "

Previous paragraphs 9 and 10 become paragraphs 11 and 12.

In previous paragraph 11 that becomes paragraph 13, the words: "paragraph 10", are modified with the words: "paragraph 12".

Previous paragraph 12 becomes paragraph 14.

### **Article 22**

In article 26, paragraph 1, item 7 is deleted.

After the paragraph 1, a new paragraph is added and it reads as follows:  
"(2) Charges for realization of right as per paragraph 1 of this article can be brought within three years from the day of registering the company with CRPS (Central Register of the Commercial Court)."

Previous paragraph 2 that becomes paragraph 3, is modified and it reads as follows:  
"(3) The commercial court is bound submit to CRPS (Central Register of the Commercial Court) legally binding verdict determining the invalidity within 15 days from the day of verdict becoming valid."

Previous paragraph 3 is deleted.

### **Article 23**

In article 27, paragraph 1 is deleted.

Previous paragraphs 2 and 3 become paragraphs 1 and 2.

### **Article 24**

In article 28, paragraph 1, item 1, after the comma, words are added as follows: "specific document from article 19, paragraph 3 of this law, if the statute does not contain data from this document,".

## **Article 25**

In article 30, paragraph 4 is modified and it reads as follows:

"(4) When it is established that there are irregularities in management or business activities of the company, the company has the right to sue the responsible person to the Commercial court. In case the company does not sue the responsible person, the shareholder has the right, in his own behalf and for the account of the company, to sue the responsible person in the company who is responsible for the irregularities in management or business activities of the company (derivative action). The shareholder has the right on derivative action if he/she previously requested in written form from the company to sue the responsible person, and the company rejected this request or did not file a complaint within 30 days from the day of request submission. Realized compensation of the damage as per derivative action belongs to the company, and the shareholder who submitted the derivative action has the right on compensation of costs. "

In paragraph 7, full stop is replaced with comma and words are added as follows: "and in case the shareholders suffered the damage, the competent court shall reach a verdict on the compensation of the damage."

After paragraph 7, a new paragraph is added and it reads as follows:

"(8) Charges from this article can be brought within three years from the day of occurrence of the event that is the basis for bringing the charges."

Previous paragraph 8 becomes paragraph 9.

## **Article 26**

In article 32, paragraph 2, the words: "paragraph 9", are modified with the words: "paragraph 8".  
In paragraph 4, at the end of the text, a sentence is added: "Limitation from this paragraph does not refer to voting for the members of board of directors"

In paragraph 7, the words: "one tenth or more", are replaced with the words: "at least 5%".

## **Article 27**

After the article 32, a title and a new article are added and they read as follows:

"Special shareholders' rights  
Article 32a

(1) A shareholder can request from the company to buy off his/her shares at the average market value that the shares of the company had at the day when a decision was reached at the shareholders assembly, if he voted against at the shareholders assembly, in cases of:

- 1) changes of memorandum of association i.e. the statute of the company, that endanger his/her rights;
- 2) restructuring of the company through merger, division or change of organisational form;
- 3) when he/she is not satisfied with the adopted proportion of the exchange of shares and with the monetary compensation in restructuring procedure;

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

5) reaching the decision on disposal (purchase, sales, rent, replacement, acquisition or other disposal) of the property of great value by the company.

(2) The shareholder may realize the right from paragraph 1 of this article if he/she submitted to the company, up to the day when shareholder assembly takes place, a written notification about the intent to use this right if the assembly reaches the decision he/she does not agree with. Written request for buying off the shares may be submitted to the company within 30 days from the day of shareholder assembly taking place.

(3) The company is bound to pay to the shareholder the value of shares as per paragraph 1 of this article within 30 days from the day of receipt of the written request.

(4) if a shareholder considers that the amount of the value of the shares paid as per paragraph 3 of this article does not correspond to the average market value of the shares or if the company does not carry out the payment of the compensation within the period as per paragraph 3 of this article, he/she can bring legal action with the competent court within 30 days from the day of payment of funds by the company or from the day overdue regarding payment.

(5) Court verdict as per paragraph 4 of this article refers to all shareholders if they submitted written request for buying off shares within the period, as per paragraph 2 of this article, if the determined value is larger than the value the company paid. "

## **Article 28**

In article 33, paragraph 1, after the second sentence, a new sentence is added and it reads as follows: "Signature on the power of attorney is authenticated in accordance with the law."

In paragraph 2, the word "gathering" is replaced with the word "records".

After the paragraph 2, a new paragraph is added and it reads as follows:

"(3) An authorised person of more shareholders at the shareholders assembly can be one physical or legal person. If it is not explicitly mentioned in the power of attorney that it is given for one session and repeated sessions of the shareholders assembly, it is considered that the power of attorney is given for all sessions of the shareholders assembly taking place until the recall of the power of attorney. The authorised person is bound to act in accordance with given instruction, and if the power of attorney does not contain the instruction, the authorised person shall vote conscientiously, at his/her discretion and in the best interest of the shareholder who gave the power of attorney. Voting of the authorised person bounds the shareholder as if he/she voted by himself/herself. Power of attorney may be recalled at any time. Power of attorney is considered to be recalled even if the shareholder lateron issues another power of attorney or personally votes at the shareholders assembly meeting. "

Previous paragraph 3 becomes paragraph 4.

## **Article 29**

In article 35, paragraph 1, after the first sentence, a new sentence is added and it reads as follows:  
"Members of the Board of Directors are present, as a rule, at the shareholders assembly."

In paragraph 2, item 2, the words: "approves appointment", are replaced with the word "appoints".

After item 3, a new item is added and it reads as follows:

"3a) appoints and relieves the liquidator;"

Item 4 is modified and it reads as follows:

"4) decides on compensation policy and on compensations of members of the board of directors;"

After item 4, two new items are added and they read as follows:

"4a) adopts annual financial statements and a report on company's business activities;

4b) makes a decision on disposal of company's property (purchase, sales, rent, replacement, acquisition or any other mode of disposal) whose value is bigger than 20% of book value of the company's property (property of great value), unless statute determines lower share;"

After paragraph 2, two new paragraphs are added and they read as follows:

"(3) Part of the report on business activities of the company, as per paragraph 2, item 4a of this article, is the report on relationship with parent company and companies in which its parent company has the status of parent or dependent company. In the report, there are all legal business and transactions the company had with its parent company and companies in which its parent company has the status of parent or dependent company, with the statement of the board of directors whether the company suffered damage due to these businesses and transactions, as well as whether the company was compensated for the damage it had due to such legal businesses and transactions.

(4) In case damage to the company was not compensated, members of the board of directors will be responsible for the damage suffered by the shareholders as per article 44, paragraph 7 of this law. "

### Article 30

In article 36, paragraph 2, the words: "at least one tenth", are replaced with the words: "at least 5%".

After paragraph 2, two new paragraphs are added and they read as follows:

"(3) Shareholders whose shares represent at least 5% of equity have the right to convene shareholders assembly within 30 days from the day of publishing in the "Official Gazette of the Republic of Montenegro" of the legally binding verdict annulling the decision of the assembly regarding merger or division of the company. Within this period, existing company bodies are bound to carry out their functions, within their authorisations, except from property disposal.

(4) Shareholders from paragraphs 2 and 3 of this article direct to the board of directors a request for convoking shareholders assembly session, assembly agenda and proposals of the decisions that should be made at the assembly. Board of directors is bound to convoke the shareholders assembly within 30 days from the day of receiving the request for convoking shareholders assembly session to the debit of company's funds. "

Previous paragraph 3 becomes paragraph 5.

In previous paragraph 4 that becomes paragraph 6, the word "list", is replaced with the words: "printed media".

In previous paragraph 5 that becomes paragraph 7, in item 3, the words: "get additional information on the agenda" are replaced with the words: "carry out the review of materials and proposals of decisions that are to be considered at shareholders assembly".

After paragraph 7, three new paragraphs are added and they read as follows:

"(8) Materials with proposals of decisions that should be considered at the shareholders assembly must be available for examination to the shareholders of the company in the headquarters of the company, i.e. in the premises of the company outside the headquarters if the activity is carried out at several locations, at least 20 days prior to the shareholders assembly meeting taking place.

(9) At the request of a shareholder, with the compensation of costs of multiplication and delivery of materials, the company is bound to submit or deliver immediately copies of materials and proposals of decisions that are to be considered at shareholders assembly, unless it is obligatory to submit or deliver relevant materials without compensation.

(10) At the request of a shareholder, if there are technical conditions, and in periods determined by this article, the company is bound to submit notifications on convoking the assembly and materials that are to be considered at the assembly with proposals of decisions by electronic mail to the address determined by the shareholder."

Previous paragraph 6 becomes paragraph 11.

### **Article 31**

In article 37, paragraph 3 is modified and it reads as follows:

"(3) Shareholders who have at least 5% of the equity have the right to request from the board of directors the extension of agenda of the shareholders assembly 15 days at the latest prior to shareholders assembly taking place. Along with the request to extend agenda of the shareholders assembly, the shareholders also submit proposals of decisions with proposed items of the agenda. Board of directors is bound to extend the agenda of the shareholders assembly."

### **Article 32**

In article 38, paragraph 4, the last sentence is modified and it reads as follows: "Copies of powers of attorney and ballot papers of the participants at the shareholders assembly who voted in advance and at the shareholders assembly are enclosed with the minutes."

After paragraph 4, two new paragraphs are added and they read as follows:

"(5) Minutes from the shareholders assembly will be made at the latest 15 days from the day of shareholders assembly taking place.

(6) Minutes from the shareholders assembly must contain: date, place and time of shareholders assembly taking place, names of chairman, secretary of the assembly, person verifying the minutes, members of working bodies of the assembly if they were formed, quorum, agenda, information on the way and results of voting, adopted decisions at shareholders assembly."

### **Article 33**

In article 39, paragraph 1, the second sentence is replaced with two new sentences and they read as follows:

"If necessary quorum is not reached at the assembly, the assembly may be convened again with the same agenda, where the notification of convoking repeated assembly must be published at least twice in at least one daily printed media being published in the Republic, at least seven days prior to the repeated assembly taking place, at which quorum is made of shareholders owning at least 33% of the total number of shares with voting privilege, and who are present or represented through the authorised persons or who voted by means of ballot paper. The repeated assembly may take place at the latest 30 days from the day of assembly taking place at which quorum was not reached. "

Paragraph 2 is modified and it reads as follows:

"(2) If quorum is not reached at the repeated assembly, third assembly may be convoked in the way and in periods as for the repeated assembly, where quorum is not required, and the assembly reaches decisions on all issues on the agenda independently of the number of shares represented"

Paragraph 4 is modified and it reads as follows:

"(4) After voting as per each separate decision, the chairman of the session informs the assembly also about the voting "for" or "against" of the shareholders having voting privilege at the assembly and who did it in written form."

After paragraph 4, a new paragraph is added and it reads as follows:

"(5) The company determines the form of ballot papers used for voting in absence that must be available to the shareholders. The company cannot annul voting of the shareholder who voted in written form but did not use the form of the prescribed ballot paper, if the identity of the shareholder can be determined from the voting and how this shareholder voted regarding individual issues. "

Previous paragraphs 5 and 6 that become paragraphs 6 and 7 are modified and they read as follows:

"(6) Voting by means of ballot papers is obligatory when members of the board of directors are selected and if requested by the shareholders or their authorised persons owning at least 5% of voting privilege at the shareholders assembly.

(7) Shareholders assembly reaches the decision by majority of votes of the present or represented shareholders or by means of ballot papers, except in cases when for reaching a decision, other majority is requested by this law. "

After paragraph 7, a new paragraph is added and it reads as follows:

"(8) Ballot paper must contain information on the name of the company, date and place of shareholders assembly taking place, issues that need voting, title, i.e. the name of shareholders, number of shareholders' votes, possibility of voting "for" or "against" regarding each issue being voted, and if voting refers to members of the board of directors, name of each candidate being voted. Ballot paper must also contain the instruction on mode of voting and conditions for declaring voting valid i.e. null and void."

Previous paragraph 7 that becomes paragraph 9, is modified and it reads as follows:

"(9) During decision-making at the shareholders assembly, present or represented shareholders who do not have voting privilege regarding an issue on the agenda are counted when determining quorum, but are not taken into consideration during decision-making."

### **Article 34**

In article 40, paragraph 2, in item 1, the words: "more than one tenth", are replaced with the words: "at least 5%".

Introductory sentence of the paragraph 4 is modified and it reads as follows:

"Commercial court shall reach a verdict on convoking shareholders assembly or extraordinary shareholders assembly, if:"

In paragraph 4, item 2, after the word "request", words are added as follows: "or as per his/her request, did not schedule the shareholders assembly session within prescribed period."

After paragraph 4, a new paragraph is added and it reads as follows:

"(5) Decision as per paragraph 4 of this article is carried out by the board of directors at the debit of funds of joint-stock company. Complaint on the court's verdict does not withhold its execution. "

Previous paragraphs 5 and 6 become paragraphs 6 and 7.

In previous paragraph 7 that becomes paragraph 8, the words: "seven days", are replaced with the words: "20 days".

### **Article 35**

In article 42, paragraph 5 is modified and it reads as follows:

"(5) Mandate of the members of the board of directors expires at the first annual ordinary session of the shareholders assembly. The person who was BoD member can be re-elected. Number of mandates for BoD member is not limited. "

In paragraph 6, at the end of the text, a new sentence is added and it reads as follows:" In case of resignation of a BoD member or termination of carrying out his/her function in another way, a new BoD member is selected."

Paragraph 7 is deleted.

Previous paragraph 8 becomes paragraph 7.

Previous paragraph 9 that becomes paragraph 8 is modified and it reads as follows:

"(8) BoD members are selected by shareholders assembly. During their selection, each share with voting privilege gives a number of votes equal to the number of BoD members, determined by the statute of the company (cumulative voting). A shareholder or an authorised person of the shareholder may give all votes to one candidate or distribute them, at his/her own discretion, to more candidates. Candidates who obtain the highest number of votes are selected for BoD members by the shareholders assembly. BoD members select among themselves the BoD president. "

Previous paragraph 10 that becomes paragraph 9 is modified and it reads as follows:

"(9) Shareholder and shareholders who together have at least 5% of the equity have the right to propose the candidates for BoD members."

### **Article 36**

In article 43, paragraph 3, the words: "there are no contrary reasons (secrecy reasons etc.)" are replaced with the words: "BoD decides differently".

### **Article 37**

In article 44, paragraph 4, item 3 is modified and it reads as follows:

"3) security for loans, fictitious loans or credit transactions as per items 1 and 2 of this paragraph."

After paragraph 4, a new paragraph is added and it reads as follows:

"(5) The company can, within its regular activities, sign loan agreements and credit transactions and securities for loans and credit transactions, with persons as per paragraph 4 of this article."

Previous paragraph 5 becomes paragraph 6.

In previous paragraph 6 that becomes paragraph 7, at the end of the text, a new sentence is added and it reads as follows: "For the damage and procedure's costs, a BoD member, who entered his disagreement in the minutes regarding the decision on the basis of which the shareholder suffered the damage, would not be liable as well as the BoD member who was not present at BoD meeting, but expressed his disagreement in written form to the BoD immediately after learning about the decision made."

In previous paragraph 7 that becomes paragraph 8, after the word "half", the words "of the present" are added.

Previous paragraph 8 becomes paragraph 9.

In previous paragraph 9 that becomes paragraph 10, the words: "up to the expiry of mandate determined by the statute or " are deleted.

#### **Article 38**

In article 46, after the paragraph 3, a new paragraph is added and it reads as follows:

"(4) BoD also signs the contract containing the elements of the contract as per paragraph 3 of this article with the secretary of the company."

Previous paragraph 4 becomes paragraph 5.

In previous paragraph 5 that becomes paragraph 6, the words:" paragraph 2, items 1), 2), 3), 4) and 5) and paragraphs 3 and 4", are replaced with the words: " paragraphs 2, 3, 4 and 6".

#### **Article 39**

In article 47, paragraph 2, the words: "at least one tenth" are replaced with the words: "at least 5%".

#### **Article 40**

In article 48, paragraph 1, before the item 1, three new items are added and they read as follows:

"1) memorandum of association;

2) statute of the company;

3) financial statements, reports on business activities of the company and reports of the auditor of the company;"

Previous items 1, 2 and 3 become items 4, 5 and 6.

After the previous item 4 that becomes item 7, a new item is added and it reads as follows:

"8) records on shares, contributions and equity that the company has in other business companies;"

Previous items 5, 6, 7 and 8 become items 9, 10, 11 and 12.

After paragraph 2, a new paragraph is added and it reads as follows:

"(3) The company is bound to enable a shareholder or a previous shareholder, for the period he/she was a shareholder in the company, to examine the minutes book of the shareholders assembly and records and documents as per items 1 to 3 and 7 to 11 of this article within seven days at the latest from the day of submitting written request. Right to examine the records and documents as per paragraph 1, items 5, 6 and 12 of this article is realized in accordance with the article 32, paragraph 7 of this law. Copying the documents which the shareholder may examine is allowed unless it represents the business secret of the company."

#### **Article 41**

In article 50, item 1, the words: "article 52" are replaced with the words: "article 51".

#### **Article 42**

In article 51, after the paragraph 4, a new paragraph is added and it reads as follows:

"(5) Issue of shares on the basis of non-monetary contribution is recorded with the Securities Commission."

In previous paragraph 5 that becomes paragraph 6, the first sentence is modified and it reads as follows:

"The report of the authorised appraiser and the decision of the shareholders assembly on accepting non-monetary contribution shall be submitted to the CRPS (Central Register of the Commercial Court) within seven days from the day of the receipt of the decision of Securities Commission on registering issue of shares on the basis of non-monetary contribution."

Previous paragraph 6 becomes paragraph 7.

### **Article 43**

In article 53, after paragraph 2, two new paragraphs are added and they read as follows:

"(3) The existing shareholders as per paragraph 2 of this article are considered to be only those shareholders who had this status on the day of the decision being made regarding capital expansion.

(4) In case existing shareholders as per paragraph 2 of this article sell their shares, they forfeit the right of purchase and this right is not transferred to the buyer of the shares."

Previous paragraphs 3, 4 and 5 become paragraphs 5, 6 and 7.

After paragraph 7, a new paragraph is added and it reads as follows:

"(8) Right of purchase cannot be used again after the expiry of the period as per paragraph 7 of this article."

Previous paragraph 6 becomes paragraph 9.

In previous paragraph 7 that becomes paragraph 10, the words: "of paragraph 6," are replaced with the words: "of paragraph 9".

### **Article 44**

In article 55, paragraph 2, after comma, the words are added as follows: "except for convertible bonds,".

### **Article 45**

In article 56, paragraph 4, the first sentence is modified and it reads as follows:

"Right of purchase of convertible bonds of the existing shareholders may be limited or annulled by the decision of the shareholders assembly reached in accordance with the article 35, paragraph 2, item 12) of this law."

After paragraph 4, a new paragraph is added and it reads as follows:

"(5) Provisions of this article are also applied to the issue of other securities that are convertible into shares or that give right of acquisition of shares."

## **Article 46**

In article 57, after paragraph 2, two new paragraphs are added and they read as follows:

"(3) Paragraph 2 of this article is also applied to all other securities that are convertible into shares or that give right of acquisition of shares.

(4) Equity can be expanded from reserves funds and undistributed gain of the company, under condition that is not contrary to the purpose of reserves funds and if the company, according to the last annual account, does not have uncovered loss. Shares issued on the basis of equity expansion as per this paragraph are given to the persons who were shareholders in the company on the day when the the shareholders assembly reached the decision on equity expansion from the reserves funds or undistributed gain of the company, proportionally to their participation in the total number of shares of the company. "

Previous paragraph 3 becomes paragraph 5.

Previous paragraph 4 is deleted.

Previous paragraphs 5 and 6 become paragraphs 6 and 7.

Previous paragraph 7 that becomes paragraph 8 is modified and it reads as follows:

"(8) With the statute of the company or with the decision of the shareholders assembly that is reached by majority as per paragraph 5 of this article, BoD may be authorised to make a decision on issue of shares. The statute or the decision of the assembly of the company determines the amount of the approved capital expansion (authorised capital) as well as the deadline until which the authorisation of the BoD is valid and which cannot be longer than 5 years from the day of adopting the statute or modification of the statute by which the decision on the authorised capital was reached, i.e. from the day of reaching the decision at the shareholders assembly. The approval may be extended by the decision of shareholders assembly, once or several times, for the period not longer than five years as per each approval. "

## **Article 47**

In article 59, paragraph 7 is modified and it reads as follows:

"(7) Company's equity may be reduced by annulling the proportionate number of shares, carried out proportionally with the participation of each shareholder in the total number of shares or by reducing the nominal value of the shares."

In paragraph 9, the words: "and publish in "Official Gazette of the Republic of Montenegro ""are deleted.

After paragraph 9, a new paragraph is added and it reads as follows:

"(10) Decision on reduction of the equity is published in "Official Gazette of the Republic of Montenegro ""."

In previous paragraph 10 that becomes paragraph 11, full stop is replaced with comma and the words are added as follows: "during which an adequate number of shares shall be annulled of the shareholders to whom part of contribution or the entire contribution was returned."

#### **Article 48**

In article 60, after paragraph 3, a new paragraph is added and it reads as follows:

"(4) Exception to the paragraph 2 of this article, BoD may reach a decision on acquisition of company's own shares if the acquisition of company's own shares is determined by the statute and if it is necessary in order to protect the company from serious and immediate damage. Shares acquired in such a way cannot exceed 10% of the equity of the company. The BoD is bound to submit, at the first following session of shareholders assembly, a detailed report on reasons for acquiring company's own shares, about the number and nominal value of the acquired shares and their participation in the total equity of the company and about the price at which these shares were bought."

After previous paragraph 4 that becomes paragraph 5, two new paragraphs are added and they read as follows:

"(6) Subscription, acquisition and possession of shares carried out by the company for its account in which the issuer of the shares has majority management or majority right to vote, is considered to be subscription, acquisition and possession of shares by the very company of the issuer of the shares.

(7) Paragraph 6 of this article shall not be applied to the shares that the company, in which the issuer of shares has majority management, i.e. majority of BoD members, or majority right to vote, i.e. majority ownership in the company, acquired in the company of the issuer of the shares before the issuer of shares realized majority management or majority right to vote in that company. These shares do not give right to vote and are taken into consideration when determining conditions as per paragraph 5 of this article for the purchase of company's own shares by the company."

Previous paragraph 5 becomes paragraph 8.

In previous paragraph 6 that becomes paragraph 9, the second sentence is modified and it reads as follows: "If it does not alienate the shares within this period, the company is bound to annul them within three days from the day of expiry of the period and to inform the Securities Commission and CDA (Central Depository Agency) about this within the additional period of three days."

Previous paragraph 7 becomes paragraph 10.

Previous paragraph 8 that becomes paragraph 11 is modified and it reads as follows:

"(11) Annual report of the company contains reasons for acquiring company's own shares during the financial year, information on the number and nominal value of the acquired and sold company's own shares throughout the year, the value that the company gave for the purchase of its own shares, i.e. the value it obtained on the basis of sales of its own shares and about the participation of its own acquired shares in the total number of shares of the company."

In previous paragraph 9 that becomes paragraph 12, after the word "loans", a comma and the word "guarantees" are added.

#### **Article 49**

In article 62, paragraph 1, the words: "paragraph 10" are replaced with the words: "paragraph 11".

#### **Article 50**

In article 63, paragraph 6 is modified and it reads as follows:

"(6) Dividends may only be paid to persons who were shareholders of the company on the day when the shareholders assembly reached the decision on payment of dividends. If a shareholder is not paid the dividend, he retains the right on dividend even if he alienated the shares after the day of the shareholders assembly taking place where the decision on payment of dividends was made. "

### **Article 51**

In article 64, paragraph 2 is deleted.

Previous paragraphs 3, 4, 5 and 6 become paragraphs 2, 3, 4 and 5.

### **Article 52**

The title: "Part VII – Parts of foreign companies" is modified and it reads as follows: "Part VII – Part of a foreign company".

### **Article 53**

In article 80, after paragraph 4, a new paragraph is added and it reads as follows:

"(5) Part of the foreign company states in business letters and other business documents:

- 1) name of CRPS (Central Register of the Commercial Court);
- 2) number under which the company is registered with CRPS (Central Register of the Commercial Court);
- 3) name, legal form and the headquarters of the foreign company and the name of the part of the foreign company, if different from the name of foreign company;
- 4) the headquarters of the part of foreign company;
- 5) note that the foreign company is in liquidation, if this is the case."

### **Article 54**

In article 86, paragraph 10 is deleted.

In previous paragraph 11 that becomes paragraph 10, after the word "shall" a comma and the words are added as follows: "after the procedure of winding up by the order of the court is carried out,"

After previous paragraph 12 that becomes paragraph 11, a new paragraph is added and it reads as follows:

"(12) Acts of registrars are final and against them administrative dispute may be initiated."

### **Article 55**

In article 87, paragraph 5, item 4 is deleted.

In item 7, the words: "5 Euros" are replaced with the words: "according to the real publishing costs".

### **Article 56**

Titles above and articles 89, 90 and 91 are deleted.

### **Article 57**

The title above article 92: "Economic offences of the company or the responsible person" is modified and it reads as follows: "Infractions".

## **Article 58**

In article 92, paragraph 1, the words: "50.000 Euros" are replaced with the words: "15.000 Euros" and the words: "economic offences" are replaced with the word "infractions".

In paragraph 2, the word "offences" is replaced with the word "infractions" and the words: "25.000 Euros" are replaced with the words: "1.000 Euros".

In paragraph 3, the words: "economic offence" are replaced with the word "infraction"

Item 1 is modified and it reads as follows:

"1) carries out the activity without special approval for carrying out this activity, if obtaining such an approval is prescribed by specific regulation (article 1, paragraph 3);"

In item 4, the words: "item 7" are replaced with the words: "paragraph 6".

In item 8, the words in brackets are replaced with the words: "article 35, paragraph 2, item 10) and paragraph 3; article 40, paragraph 4; article 44; article 48, paragraph 3; article 60, paragraph 4; article 79, paragraph 1".

In item 9, after the word "loan", comma and the words are added as follows: "guarantee or secure other kind of financial support", and the words: "paragraph 9" are replaced with the words "paragraph 12".

In item 11, the words: "paragraph 4" are replaced with the words: "paragraph 5".

After item 11, two new items are added and they read as follows:

"12) does not keep the decisions book in the way determined by this law (article 18a, paragraph 4 and article 77, paragraph 3);

13) does not make a report on relationship with parent company and companies in which its parent company has the status of parent or dependent company. (article 35, paragraph 3). "

## **Article 59**

The title above article 93: "Infractions of the company or of the responsible person" is deleted.

## **Article 60**

In article 93, the words: "15.000 Euros" are replaced with the words: "10.000 Euros" and the words: "5.000 Euros" are replaced with the words: "500 Euros".

In paragraph 3, item 3, after the words: "article 32", comma and the number "48" are added.

After item 6, a new item is added and it reads as follows:

" 7) in business letters and other business documents does not mention the prescribed data (article 27, paragraph 2, article 80, paragraph 5)."

## **Article 61**

In article 95, paragraph 2 is modified and it reads as follows:

"(2) The joint-stock company that fails to extend its registration with CRPS (Central Register of the Commercial Court), shall be fined in the amount of 10.000 Euros, and limited liability company and limited partnership shall be fined in the amount up to 1.000 Euros."

Transitional provisions

**Article 62**

Restructuring procedures initiated before this law comes into force shall be completed as per regulations that were valid until the day this law comes into force.

The existing joint-stock companies are bound to comply their acts with the provisions of this law, until 31.12.2007 at the latest.

**Article 63**

The Board for constitutional issues and legislation of the Parliament of the Republic of Montenegro is authorised to determine the final text of this law.

Coming into force  
**Article 64**

This law comes into force on the eighth day from the day of its publishing in "Official Gazette of the Republic of Montenegro".