

COMMERCIAL ACT

Republic of Bulgaria

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PART ONE — GENERAL PART

Chapter One — GENERAL PROVISIONS

TRADER

Art. 1. (1) A trader within the meaning of this Act is any natural or legal person who habitually performs any of the following transactions:

1. Purchase of goods or other things for resale in their original, processed or worked form;
2. Sale of goods of own production;
3. Purchase of securities for the purpose of selling them;
4. Commercial agency and brokerage;
5. Commission, forwarding and transport transactions;
6. Insurance transactions;
7. Banking and currency transactions;
8. Bills of exchange, promissory notes and cheques;
9. Warehouse transactions;
10. Licensing transactions;
11. Commodity inspection;
12. Transactions involving intellectual property;
13. Hotel, tourism, advertising, information, software, impresario or other services;
14. Purchase, construction or furnishing of real estate for the purpose of selling it;
15. Leasing.

(2) The following are also traders: 1. Commercial companies; 2. Cooperatives, with the exception of housing construction cooperatives.

(3) Any person who has established an enterprise which, by its subject and scope, requires its affairs to be conducted in a commercial manner shall also be deemed a trader, even if the activity is not listed in paragraph 1.

PERSONS WHO ARE NOT TRADERS

Art. 2. The following shall not be deemed traders:

1. Natural persons engaged in agricultural activities;
2. Craftsmen, persons providing services through personal labour or practising a liberal profession, unless their activity may be defined as an enterprise within the meaning of Art. 1(3);
3. Persons providing hotel services by renting rooms in their own residences.

Chapter Two — COMMERCIAL REGISTER (Repealed — SG No. 38/2006, in force 01.07.2007)

MAINTENANCE OF COMMERCIAL REGISTER

Art. 3. (Supplemented SG No. 66/2005; repealed SG No. 38/2006, in force 01.07.2007)

OBLIGATION TO REGISTER

Art. 4. (Amended SG No. 66/2005; repealed SG No. 38/2006, in force 01.07.2007)

EFFECT OF REGISTRATION

Art. 4a. (New SG No. 84/2000; repealed SG No. 38/2006, in force 01.07.2007)

PUBLIC NATURE OF COMMERCIAL REGISTER

Art. 5. (Repealed SG No. 38/2006, in force 01.07.2007)

PUBLICATION OF REGISTRATION

Art. 6. (Repealed SG No. 38/2006, in force 01.07.2007)

Chapter Three — TRADE NAME AND REGISTERED OFFICE

DEFINITION

Art. 7. (1) The trade name (firm) is the designation under which a trader carries on their business and signs.

(2) Every trade name, beyond the content required by law, may include an indication of the scope of activity, the participating persons, and a freely chosen addition. It must be truthful, must not be misleading, and must not violate public order and morality.

(3) The trader shall write their trade name mandatorily in Bulgarian. They may additionally write it in a foreign language.

(4) Every trader has the right to bring an action for establishment of bad-faith filing or use of a trade name, for cessation of such bad-faith use, and for compensation for damages where the trade name is identical or similar to a previously registered trade name.

(5) The trade name may not be identical or similar to a protected trademark, unless the trader has rights therein.

TRADE NAME AND BRANCH

Art. 8. The trade name of a branch shall include the trade name of the trader and the addition 'branch'.

TRADE NAME IN LIQUIDATION

Art. 9. When the trader is declared in liquidation, the trade name shall contain the addition 'in liquidation', and when declared insolvent — 'in insolvency'.

CHANGE OF TRADE NAME

Art. 10. (1) The trade name may be changed upon request by the trader who registered it. (2) When the trade name contains the name of a departing partner, it may be retained only with that partner's consent.

EXCLUSIVE RIGHT

Art. 11. (1) The trade name may only be used by the trader who registered it. (2) In the event of use of another person's trade name, the interested parties may request cessation of its further use and compensation for damages.

REGISTERED OFFICE AND ADDRESS

Art. 12. (1) The registered office of the trader is the locality where the management of their activity is situated. (2) The address of the trader is the address of the management of their activity.

OBLIGATION TO STATE PARTICULARS

Art. 13. (1) The trader is obliged to state in their commercial correspondence and on their website (if any): the trade name; the registered office and address of management; the unified identification code; and the bank account. The trader may also state an address for communications. When a commercial company states the amount of its capital, it shall also state what proportion thereof has been paid in.

(2) The commercial correspondence of a branch shall state the particulars of the trader under paragraph 1.

CHANGE OF REGISTERED OFFICE

Art. 14. (1) The relocation of the management of the trader's activity to another locality must be filed for entry in the commercial register.

Chapter Four — ENTERPRISES AND TRANSACTIONS THEREWITH

TRANSACTIONS WITH AN ENTERPRISE

Art. 15. (1) An enterprise, as an aggregate of rights, obligations and factual relations, may be transferred by a transaction executed in writing with notarial certification of signatures and content, performed simultaneously. The transferor is obliged to notify the creditors and debtors of the transfer.

(2) When the entire enterprise of a commercial company is transferred, a resolution adopted pursuant to Art. 262p is required.

(3) Upon transfer of an enterprise, unless otherwise agreed with the creditors, the transferor shall be jointly and severally liable for the obligations together with the transferee up to the amount of the rights received. Creditors of callable obligations are obliged to turn first to the transferor.

(4) An enterprise in which employees are employed may be transferred after the transferor has paid all outstanding wages, compensations and mandatory social security contributions owed to the employees, including those whose employment relationships were terminated up to three years before the transfer.

(5) If the parties expressly agree, the enterprise may also be transferred if the acquirer discharges the obligations under paragraph 4.

REGISTRATION

Art. 16. (1) The transfer of an enterprise shall be entered in the commercial register simultaneously in the file of the transferor and the transferee.

(2) The registration shall be made upon submission by the transferor of a declaration in prescribed form that there are no outstanding unpaid obligations under Art. 15(4). The Registry Agency shall immediately notify the Executive Agency 'General Labour Inspectorate' of the submitted declaration.

(3) The Executive Agency 'General Labour Inspectorate' shall, upon a signal or on its own initiative, verify the accuracy of the declared facts. In the event of a discrepancy, it shall send the results to the prosecutorial authorities.

(4) The form of the declaration under paragraph 2 shall be approved by the Minister of Justice and the Minister of Labour and Social Policy.

(5) Where the contract transfers immovable property or a real right therein, the contract shall also be entered in the registry office.

SECURITY FOR CREDITORS

Art. 16a. (1) The transferee shall manage the transferred commercial enterprise separately for a period of 6 months from the date of registration of the transfer.

(2) Within that period, any unsecured creditor of the transferor or transferee whose claim arose before the date of registration of the transfer may request performance or security. If the request is not satisfied, the creditor shall enjoy a right of preferential satisfaction from the rights belonging to their debtor.

(3) The members of the management body of the transferee shall be jointly and severally liable to the creditors for the separate management.

Chapter Five — BRANCHES

BRANCH

Art. 17. (1) Any trader may open a branch outside the locality of their registered office.

(2) The branch shall be entered in the commercial register on the basis of a written application containing: 1. the registered office and scope of activity of the branch; 2. particulars of the person managing the branch and the scope of their representative authority.

(3) The application shall be accompanied by a notarially certified consent with a specimen signature of the person managing the branch.

BRANCH OF A FOREIGN PERSON

Art. 17a. (1) A branch of a foreign person registered with the right to carry on commercial activity under its national law shall be entered in the commercial register.

(2) In addition to the particulars under Art. 17(2), the application for registration shall also contain: 1. the legal form, trade name or designation and registered office of the foreign person, as well as the trade name of the branch if it differs; 2. the register and number under which the foreign person is entered; 3. the law of the state applicable to the foreign person, if not the law of an EU Member State; 4. the persons representing the foreign person, the manner of representation, liquidators and trustees.

(3) The following shall be entered in the register: data under paragraph 2 and any changes, including closing of the branch; winding up of the foreign person, commencement and completion of liquidation; relevant insolvency court acts; and striking-off of the foreign person.

(4) A copy of the constitutive act, contract or articles of the foreign person (including all amendments), and each annual financial statement after it has been registered or filed in the foreign person's home jurisdiction, shall be submitted to the register.

(5) Data relating to the foreign person may also be entered ex officio on the basis of a notification from the register of another Member State through the system of interconnection of registers.

(6) If the foreign person is struck off the register of the other Member State other than as a result of a change in legal form, merger, division or cross-border seat transfer, the branch shall be struck off ex officio.

RELOCATION OF A BRANCH

Art. 18. The rules applicable to the trader concerning registered office, address of management and relocation shall apply mutatis mutandis to the branch.

COMMERCIAL BOOKS OF A BRANCH

Art. 19. The branch shall keep commercial books as an independent trader, without drawing up a separate balance sheet. Branches of legal persons that are not traders, and branches of foreign persons, shall also draw up a balance sheet.

JURISDICTION

Art. 20. In disputes arising from direct relations with a branch, claims may also be brought against the trader at the registered office of the branch.

Chapter Six — COMMERCIAL AGENCY

Section I — COMMERCIAL ATTORNEYS

PROCURIST (COMMERCIAL MANAGER)

Art. 21. (1) A procurist is a natural person entrusted and authorised by a trader to manage their enterprise for remuneration. The authorisation may be granted to more than one person for separate or joint exercise. The authorisation of the procurist (procura) must be notarially certified as to signatures and must be filed by the trader for entry in the commercial register

together with a specimen signature of the procurist.

(2) The procurist shall sign by adding their name and an addition indicating the procura to the trade name.

(3) A person declared insolvent, or a person who was a manager or member of a management or supervisory body of a company dissolved due to insolvency in the last two years preceding the date of the insolvency declaration, where unsatisfied creditors remain, may not be a procurist.

POWERS OF THE PROCURIST

Art. 22. (1) The procurist has the right to perform all acts and transactions related to the exercise of the commercial business, to represent the trader, and to authorise other persons to perform specific acts. They may not authorise others with their statutory rights.

(2) The procurist may not alienate or encumber immovable property of the trader unless specially authorised. The authorisation may be limited to the activities of a specific branch. Other limitations have no effect on third parties.

RELATIONS BETWEEN TRADER AND PROCURIST

Art. 23. The relations between the trader and the procurist shall be governed by contract.

EFFECT OF AUTHORISATION ON THIRD PARTIES

Art. 24. The authorisation shall take effect against third parties upon entry in the commercial register.

TERMINATION OF THE PROCURIST'S AUTHORISATION

Art. 25. (1) The authorisation shall be terminated by its revocation by the trader and entry of the revocation in the commercial register. (2) The authorisation shall not be terminated by the death or incapacitation of the trader.

COMMERCIAL ATTORNEY

Art. 26. (1) A commercial attorney is a person authorised by a trader to perform the acts specified in the power of attorney for remuneration. In the absence of other instructions, the attorney shall be deemed authorised to perform all acts related to the trader's ordinary business. The authorisation shall be made in writing with a notarially certified signature.

(2) For the alienation or encumbrance of immovable property, for the assumption of bill-of-exchange obligations, for taking a loan, and for conducting litigation, the commercial attorney must be expressly authorised. Other limitations may be invoked against a third party only if that party knew or ought to have known of them.

(3) The commercial attorney may not transfer their rights to another without the consent of the trader.

(4) The commercial attorney shall sign by adding their name and an addition indicating that they are an attorney to the trade name.

RELATIONS BETWEEN TRADER AND ATTORNEY

Art. 27. The relations between the trader and the attorney shall be governed by contract.

TERMINATION OF THE COMMERCIAL POWER OF ATTORNEY

Art. 28. The authorisation of the commercial attorney shall be terminated in accordance with the provisions of civil legislation.

RESTRICTIONS AND LIABILITY

Art. 29. (1) The procurist and commercial attorney may not, without the consent of the trader, conclude commercial transactions for their own or another person's account within the scope of the authorisation. Consent shall be deemed granted if the trader, at the time of authorisation, was aware of the exercise of such activity and its discontinuation was not expressly agreed.

(2) In the event of violations, the trader may claim compensation or declare that the transactions concluded are concluded for the trader's own account. The declaration must be made in writing within 1 month of learning of the transaction, but not more than 1 year after its completion.

(3) The claim under paragraph 2 shall be time-barred within 5 years of the completion of the transactions.

COMMERCIAL ASSISTANT

Art. 30. (1) The relations between the trader and the commercial assistant shall be governed by contract. (2) The commercial assistant may not perform transactions on behalf of the trader. When working in a publicly accessible place of trade, they shall be deemed authorised to perform the transactions ordinarily conducted there.

RESTRICTIONS

Art. 31. A commercial assistant may not carry on commercial activity independently or on behalf of others in competition with their employer, except with express consent.

Section II — COMMERCIAL REPRESENTATIVE

DEFINITION

Art. 32. (1) A commercial representative is a person who independently and habitually cooperates with another trader in the conduct of their commercial activity. They may be authorised to conclude transactions in the name of the trader or in their own name for the trader's account.

(2) The contract between the trader and the commercial representative must be concluded in written form. The trader may not invoke against the commercial representative any deviations from the provisions of Arts. 33, 34, Art. 36(4) and (5), and Art. 40 that are detrimental to the representative.

OBLIGATIONS OF THE COMMERCIAL REPRESENTATIVE

Art. 33. (1) The commercial representative undertakes to carry out cooperation or the performance of transactions with the diligence of a good trader, having regard to the interests of the trader. They are obliged to notify the trader immediately of every transaction concluded.

(2) The commercial representative is obliged to follow the trader's instructions and to provide the trader with all information at their disposal in connection with their activity.

OBLIGATIONS OF THE TRADER

Art. 34. (1) The trader is obliged to provide the commercial representative with the necessary information and documents for the conclusion and performance of the transactions entrusted.

(2) The trader is obliged to notify the commercial representative immediately of whether they accept a transaction concluded without representative authority, and of whether they have concluded a transaction prepared by the representative.

(3) The trader is obliged to provide the commercial representative with the information necessary for the conduct of their activity, including any possible significant decrease in the volume of transactions compared to expectations.

REMUNERATION UNDER DEL CREDERE AGREEMENTS

Art. 35. When the commercial representative undertakes to be personally liable for the performance of the obligations under the concluded transactions, they are also entitled to separate remuneration agreed in writing. The parties may not agree in advance that such remuneration is not due.

RIGHT TO REMUNERATION

Art. 36. (1) The commercial representative is entitled to remuneration for all transactions performed by them, with their cooperation, or with clients they have attracted during the period of their contract with the trader. Remuneration is also payable for transactions that were prepared but not concluded, unless this is due to a reason not attributable to the trader.

(2) When a specific territory or clientele has been assigned to the commercial representative, they are also entitled to remuneration for transactions not concluded with their assistance but with persons from the same territory or clientele.

(3) The commercial representative is entitled to remuneration for the trader's claims collected by them.

(4) The trader is obliged to provide the commercial representative with the information necessary for calculating the remuneration due, no later than the period under Art. 38.

(5) Each party may request from the other extracts from the commercial books concerning transactions carried out under the commercial representation agreement, including those necessary for verifying the determined remuneration.

AMOUNT OF REMUNERATION

Art. 37. Where the amount of remuneration has not been agreed, it shall be deemed equal to the customary amount for this type of activity. If the customary amount cannot be established, the remuneration shall be determined by the court on equitable grounds.

PERIOD FOR PAYMENT OF REMUNERATION

Art. 38. The remuneration of the commercial representative shall be paid monthly. The contract may provide for a different period for payment of remuneration, but not longer than the end of the month following the quarter in which the relevant transaction was or should have been concluded.

COMPENSATION FOR ORDINARY EXPENSES

Art. 39. The commercial representative is entitled to compensation for ordinary expenses related to their activity, unless otherwise provided in the contract.

COMPENSATION AND REMUNERATION UPON TERMINATION

Art. 40. (1) The commercial representative is entitled to a lump-sum compensation upon termination of the contract, or their heirs upon their death, if the trader continues to benefit from the clientele created by the commercial representative or where the representative significantly increased the volume of transactions. The right to such compensation shall be assessed in the light of all circumstances, including the existence or absence of restrictive commercial clauses.

(2) The compensation shall be equal to one year's remuneration of the commercial representative, calculated on the basis of the average remuneration over the entire period of the contract, but for no more than the last 5 years.

(3) The compensation under paragraph 2 may not be claimed when: 1. more than one year has elapsed since termination without the representative having notified the trader in writing; 2. the contract was rescinded for reasons attributable to the

representative or was unilaterally terminated by the representative pursuant to Art. 47(1) or (2), except due to permanent incapacity or age; 3. the commercial representative transferred the legal relationship to another person.

(4) Upon termination, the commercial representative may claim remuneration for contracts already concluded or prepared for conclusion by them.

(5) The commercial representative shall not be entitled to remuneration under Art. 36 where, pursuant to paragraph 4, it is owed to a previous commercial representative, unless the circumstances indicate the remuneration should be shared.

RESTRICTIONS AFTER TERMINATION OF CONTRACT

Art. 41. (1) Restriction of the commercial representative in their activity after termination of the contract shall be agreed in writing. (2) The restriction must cover the same territory and type of goods or services that were the subject of the agreement. It may not exceed 2 years from the termination. For the period of restriction the trader owes appropriate compensation. (3) If the commercial representative rescinds the contract for reasons attributable to the trader, they may, by written declaration within 1 month of rescission, release themselves from the restriction.

EFFECT OF RESTRICTION

Art. 42. The commercial representative may, even if not authorised to conclude contracts, receive acts of third parties by which those parties preserve their rights against non-performance by the trader. Restriction of these rights shall have effect on third parties only if they knew or ought to have known of the restriction.

RATIFICATION OF CONTRACT

Art. 43. If the commercial representative concludes contracts without authorisation, and the third party was unaware of this, the contract shall be deemed ratified by the trader if the trader does not reject it immediately upon being notified.

PROHIBITION ON REPRESENTING COMPETITORS

Art. 44. A commercial representative may represent different traders only if they are not competitors of one another. They may agree with the trader to act as that trader's sole representative.

SCOPE OF REPRESENTATIVE AUTHORITY

Art. 45. The commercial representation agreement shall define the subject matter and territory of the commercial representative's activity.

RELATIONS BETWEEN TRADER AND COMMERCIAL REPRESENTATIVE

Art. 46. (1) The internal relations between the commercial representative and the trader shall be governed by their contract. In the absence of other agreement, the commercial representative shall furnish their own office. If the contract does not specify remuneration, the customary remuneration for this type of representation shall be due. (2) Representation under paragraph 1 may not be delegated to another person in the same territory. (3) The commercial representative is obliged to state the particulars under Art. 13 in the documents they issue and in their commercial correspondence.

TERMINATION OF COMMERCIAL REPRESENTATION

Art. 47. (1) Where the commercial representation agreement is concluded without a fixed term, during the first year either party may terminate it with one month's notice; during the second year — with two months' notice; after the second year — with three months' notice. The parties may not agree on shorter notice periods. Where a longer notice period is agreed, it must be equal for both parties. Unless otherwise agreed, termination shall take effect from the end of the calendar month in which the notice period expires.

(2) A contract concluded for a fixed term may be terminated before expiry, provided the party requesting termination compensates the other party for the damages caused.

(3) Termination of the contract under paragraphs 1 and 2 may not affect the rights of the commercial representative under Art. 40.

(4) If, after expiry of the fixed-term agreement, both parties continue to perform their obligations, it shall be deemed extended for an indefinite period.

(5) A commercial representative who has ceased their activity is obliged to request removal of their entry from the commercial register.

(6) When representation has ceased due to the death or incapacitation of the commercial representative, the heirs or guardian, or in the event of insolvency the relevant court, are obliged to request removal from the commercial register.

SCOPE OF APPLICATION

Art. 48. The provisions of Arts. 32–47 shall not apply to persons who participate as representatives or brokers in stock exchange transactions or as representatives of those who conduct auction transactions.

Section III — COMMERCIAL BROKER

DEFINITION

Art. 49. (1) A broker is a trader who habitually acts as an intermediary for the conclusion of transactions.

(2) For brokerage in contracts for maritime carriage, insurance and stock exchange transactions, the provisions governing those activities shall apply even if the brokerage is carried out by a commercial broker.

JOURNAL OF THE COMMERCIAL BROKER

Art. 50. (1) The commercial broker is obliged to keep a journal in which they shall record all contracts concluded daily. At the end of each day, the commercial broker must date and sign the entries made.

(2) The entries of contracts shall be made sequentially in the order of their conclusion and shall contain: the names of the contracting parties, the time of conclusion of the contract, and its essential terms.

(3) The commercial broker is obliged, at the request of the parties, to provide them with extracts from the journal containing everything recorded regarding their contract.

REMUNERATION OF THE COMMERCIAL BROKER

Art. 51. The commercial broker is entitled to remuneration, which shall be owed by one or both parties in accordance with their agreement. In the absence of agreement, the customary remuneration for this type of activity shall be due from both parties.

Section IV — TRADE SECRET

OBLIGATION TO KEEP TRADE SECRET

Art. 52. (1) In carrying out their activities, the procurist, commercial attorney, commercial assistant, commercial representative and commercial broker are obliged to keep the trade secret of the persons who entrusted them with the performance of a particular task, as well as their commercial reputation.

(2) For non-performance of the obligation under paragraph 1, the offender shall be liable in accordance with the Trade Secret Protection Act.

Chapter Seven — COMMERCIAL BOOKS

OBLIGATION TO KEEP ACCOUNTS

Art. 53. (1) Every trader is obliged to keep accounts reflecting the movement of the property of their enterprise. This movement shall be recorded in chronological order.

(2) The trader is obliged, by means of inventory within the periods prescribed by the Accounting Act, to establish the existence and valuation of the elements of the assets and liabilities of the property of their enterprise.

(3) The trader is obliged to summarise the results of their commercial activity on the basis of the entries in the accounting books and the inventory, by preparing an annual financial statement and, where necessary, the relevant accounting statements. The annual financial statement must be certified by a registered auditor in cases provided by law.

LINK BETWEEN OPENING AND PRECEDING BALANCE SHEET

Art. 54. The opening balance sheet for each year must correspond to the closing balance sheet of the preceding year. A balance sheet shall also be drawn up upon cessation of the trader's activity.

EVIDENTIARY CHARACTER

Art. 55. (1) Regularly kept commercial books and entries therein may be accepted as evidence between traders for the establishment of commercial transactions.

(2) Commercial books kept in violation of the requirements of this Act and the Accounting Act may not serve as evidence in favour of those who are obliged to keep them.

PART TWO — TYPES OF TRADERS

Division One — SOLE TRADER

Chapter Eight — TRADER — NATURAL PERSON

DEFINITION

Art. 56. Any legally capable natural person habitually resident in the country may register as a sole trader.

RESTRICTIONS

Art. 57. The following may not be a sole trader: 1. A person subject to insolvency proceedings; 2. An undischarged insolvent person; 3. A person convicted of fraudulent bankruptcy; 4. A person who was a manager or member of a management or supervisory body of a company dissolved due to insolvency in the last two years preceding the insolvency declaration, where unsatisfied creditors remain; 5. A person who was a manager or member of a management or supervisory body of a company in respect of which a final penal decree was issued establishing non-performance of obligations to maintain prescribed petroleum reserve levels.

REGISTRATION

Art. 58. (1) A sole trader shall be registered on the basis of an application stating: 1. the name, place of habitual residence, address and personal identification number; 2. the trade name under which the activity will be carried on; 3. the registered office and address of management of the activity; 4. the subject matter of activity.

(2) The application shall be accompanied by a specimen signature of the trader and a declaration that they are not disqualified from carrying on commercial activity.

(3) The data under paragraph 1 shall be entered in the register.

(4) One person may register only one trade name as a sole trader.

TRADE NAME OF THE SOLE TRADER

Art. 59. The trade name of the sole trader must contain, without abbreviations, the first and family or patronymic name by which they are known in society.

TRANSFER OF TRADE NAME

Art. 60. (1) The trade name of the sole trader may only be transferred to a third party together with their enterprise. The consent for the transfer must be given in accordance with Art. 15(1).

(2) The heirs of the sole trader who take over the enterprise may retain the trader's trade name.

(3) In the cases under the preceding paragraphs, the name of the new owner must be added to the trade name.

(4) The transfer shall be entered in the commercial register.

REMOVAL FROM REGISTER

Art. 60a. The registration of a sole trader shall be removed from the commercial register: 1. Upon cessation of their activity or upon establishment of their residence abroad — at their own request; 2. Upon their death — at the request of the heirs; 3. Upon their placement under guardianship — at the request of the guardian or curator.

Division Two — STATE AND MUNICIPAL ENTERPRISES

Chapter Nine — TRADER — PUBLIC ENTERPRISE

STATUS

Art. 61. A state or municipal enterprise may take the form of a single-member limited liability company or a single-member joint-stock company. State and municipal enterprises may also form other commercial companies or associations of commercial companies.

FORMATION

Art. 62. (1) The formation and transformation of state enterprises as single-member limited liability companies or single-member joint-stock companies shall be carried out in accordance with the procedure established by law.

(2) The formation and transformation of municipal enterprises as single-member limited liability companies or single-member joint-stock companies shall be carried out by a resolution of the municipal council.

(3) State enterprises that are not commercial companies may be established by law.

Division Three — COMMERCIAL COMPANIES

Chapter Ten — GENERAL PROVISIONS

DEFINITION

Art. 63. (1) A commercial company is an association of two or more persons for the performance of commercial transactions with common means. (2) In cases provided by law, a company may be incorporated by a single person. (3) Commercial companies are legal persons.

TYPES OF COMMERCIAL COMPANIES

Art. 64. (1) Commercial companies are: 1. General partnership; 2. Limited partnership; 3. Limited liability company (OOD); 4. Joint-stock company (AD); 5. Limited partnership with shares (KDA); 6. Variable capital company (DPK) — new, SG No. 66/2023.

(2) Only the commercial companies provided for in this Act may be incorporated.

(3) The companies under paragraph 1(1) and (2) are personal companies, while those under items 3–5 are capital companies.

(4) A law may provide that a certain activity may only be carried out by a specific type of commercial company.

MEMBERS OF A COMPANY

Art. 65. (1) The founders of a company must be legally capable Bulgarian or foreign natural or legal persons. (2) Any person may participate in more than one company, to the extent not prohibited by law. (3) When a commercial company participates in another company, its rights shall be exercised by the person entitled to represent it or by a person expressly authorised.

BENEFICIAL OWNER

Art. 65a. (1) The company is obliged to obtain, hold, and provide adequate, accurate and up-to-date information on the natural persons who are its beneficial owners, including detailed data on the rights held by them.

(2) Identification data of the beneficial owners and data on the legal entities through which control is exercised, in accordance with the Anti-Money Laundering Measures Act, shall be entered in the commercial register.

PREPARATORY CONTRACT FOR INCORPORATION

Art. 66. Persons wishing to form a company may agree on the actions to be taken to prepare for the incorporation. In the event of non-performance, the parties shall be liable only for the damages caused.

FORMATION OF A COMPANY

Art. 67. A company shall be deemed to have come into existence from the date of its entry in the commercial register. The application for registration shall be made by the elected management body.

INTERPRETATION OF ARTICLES

Art. 68. In interpreting the articles of association, the intention of the parties and the purpose of the provision being interpreted shall be sought.

LIABILITY FOR ACTS OF THE COMPANY PRIOR TO REGISTRATION

Art. 69. (1) Acts performed by the founders in the name of the company being incorporated prior to the date of registration shall give rise to rights and obligations for the persons who performed them. When performing these transactions, it must be indicated that the company is in the process of incorporation. The persons who concluded the transactions shall be jointly and severally liable for the obligations assumed.

(2) When the transaction was performed by the founders or by a person authorised by them, the rights and obligations shall pass by operation of law to the company upon its formation.

INVALIDITY OF AN INCORPORATED COMPANY

Art. 70. (1) The incorporation of a company shall be invalid only where one of the following violations has occurred: 1. There is no instrument of incorporation or it was not drawn up in the form prescribed by law; 2. For a joint-stock company or limited partnership with shares, the requirements of Arts. 159 and 163 were not complied with; 4. The objects of the company are contrary to law or public morality; 5. The instrument of incorporation or articles do not contain the trade name, objects, or the amount of contributions, as well as the capital where required by law; 6. The part of the capital prescribed by law has not been paid in; 7. Fewer than the legally required number of legally capable persons participated in the incorporation.

(2) Any interested party, as well as the prosecutor, may request the district court to declare the company invalid within one year of the company's formation.

(3) The court's decision declaring the company invalid shall take effect from the date it becomes final. From that moment the company shall be deemed dissolved, and after entry in the commercial register, liquidation shall be carried out by a liquidator appointed by the registration official of the Registry Agency.

(5) Where acts have been performed in the name of the company declared invalid, the founders shall be jointly, severally and unlimitedly liable for the obligations assumed.

PROTECTION OF MEMBERSHIP

Art. 71. Every member of a company may protect the right of membership and individual membership rights by action before the district court at the registered office of the company.

NON-MONETARY CONTRIBUTIONS

Art. 72. (1) If a partner or shareholder makes a non-monetary contribution, the company agreement or articles must contain the name of the contributor, a full description of the non-monetary contribution, its monetary valuation, and the basis of their rights.

(2) A contribution to a limited liability company, joint-stock company or limited partnership with shares shall be valued by 3 independent experts appointed by the registration official of the Registry Agency. The experts' report must contain a full description of the non-monetary contribution, the method of valuation, the value obtained and its correspondence to the size of the share in the capital or the number, par value and issue value of the shares subscribed by the contributor. The report shall be submitted to the commercial register with the application for registration.

(3) The valuation in the company agreement or articles may not be higher than that given by the experts.

(4) If the contributor disagrees with the valuation, they may participate in the company with a monetary contribution or withdraw from participation.

(5) The contribution may not consist of future labour or services.

MAKING OF NON-MONETARY CONTRIBUTIONS

Art. 73. (1) A contribution of a right for the creation or transfer of which notarial form is required shall be made by means of the company agreement or articles. For a contribution to a capital company, the company agreement or articles shall be accompanied by a written consent of the contributor with a notarially certified signature. When certifying the signature, the notary shall verify the contributor's rights.

(2) A contribution of other rights shall be made in the form prescribed by law for their creation or transfer.

(3) A contribution of a claim shall be made by means of the company agreement or articles, with the contributor attaching evidence that they have notified the debtor of the assignment.

(4) The right to the contribution shall be acquired from the moment the company comes into existence.

(5) Where the contribution consists of a real right over immovable property, the relevant organ of the company shall, after the company is formed, submit to the registry office for entry a notarially certified extract from the company agreement or articles.

PROHIBITION ON WAIVER AND SET-OFF

Art. 73a. The obligation of partners in a limited liability company and of shareholders to make capital contributions may not be waived except upon a reduction of capital, nor may it be set off.

CONCEALED NON-MONETARY CONTRIBUTION

Art. 73b. (1) When a joint-stock company, within 2 years of its incorporation, acquires rights at a price exceeding 10 per cent of its capital from a person who subscribed shares at the company's incorporation, this shall require a resolution of the general meeting of shareholders and Art. 72(2) shall apply to the transferred rights.

(2) The transaction shall take effect upon entry of the general meeting's resolution in the commercial register.

(3) Paragraphs 1 and 2 shall not apply to rights acquired in the course of the company's ordinary business, on the stock exchange, or under the supervision of an administrative or judicial authority.

PAYMENTS TO PARTNERS AND SHAREHOLDERS

Art. 73v. Payments to partners and shareholders arising from shares or equity interests that are pledged or subject to enforcement attachment shall be made if the creditor holding the pledge or attachment does not object within one month of written notification. Upon objection, the sum due shall be deposited in a bank as security for the creditor.

SETTING ASIDE A GENERAL MEETING RESOLUTION

Art. 74. (1) Any partner or shareholder may bring an action before the district court at the registered office of the company for the annulment of a general meeting resolution where it is contrary to a mandatory provision of law or to the company agreement or articles. The action shall be brought against the company.

(2) The action shall be brought within 14 days of the date of the meeting if the plaintiff was present or was duly invited; in all other cases — within 14 days of learning of the resolution, but not later than 3 months from the date of the general meeting.

(3) Any partner or shareholder may intervene in the case. They may maintain the claim even if the plaintiff withdraws from or abandons it.

NULLITY IN CASE OF REPETITION OF ANNULLED RESOLUTION

Art. 75. (1) Directions given by the court upon annulment of general meeting resolutions regarding the interpretation of laws, the company agreement and articles shall be binding on the general meeting when it reconsiders the same question.

(2) Resolutions or acts of the company's organs performed in violation of a final court judgment shall be null and void.

Chapter Eleven — GENERAL PARTNERSHIP

Section I — General Provisions

DEFINITION

Art. 76. A general partnership is a company formed by two or more persons for the habitual performance of commercial transactions under a common trade name. The partners shall be jointly, severally and unlimitedly liable.

TRADE NAME

Art. 77. The trade name of a general partnership shall consist of the surnames or trade names of one or more partners with the designation 'general partnership' or 'partnership' ('& Co.').

CONTENT OF THE INSTRUMENT OF INCORPORATION

Art. 78. The instrument of incorporation of a general partnership shall be made in writing with notarial certification of the signatures of the partners and must contain: 1. the name and place of habitual residence, or the trade name, registered office, unified identification code, and address of the partners; 2. the trade name, registered office, address of management and objects of the company; 3. the type and amount of each partner's contribution and its valuation; 4. the manner of distribution of profits and losses; 5. the manner of management and representation.

REGISTRATION OF A GENERAL PARTNERSHIP

Art. 79. (1) The application for registration shall be signed by all partners and the instrument of incorporation shall be attached. (2) The data under items 1, 2 and 5 of the preceding Article shall be entered in the register. (3) The persons representing the company shall submit specimen signatures.

Section II — Legal Relations Between Partners

PRIMACY OF CONTRACT

Art. 80. The legal relations between the partners shall be governed by this Section unless otherwise provided in the instrument of incorporation, except Art. 87.

COMPENSATION FOR EXPENSES AND DAMAGES

Art. 81. (1) A partner is entitled to compensation for necessary expenses incurred in the conduct of company affairs, as well as for damages suffered in connection therewith. (2) The company shall owe the partner statutory interest on expenses incurred or damages suffered.

OBLIGATION FOR INTEREST

Art. 82. If a partner delays payment of monetary contributions, or receives or takes money from the company for personal use without being entitled to do so, they shall owe repayment to the company with statutory interest. If the company's damages are greater, the company may claim the difference.

PROHIBITION ON COMPETITION

Art. 83. (1) A partner may participate in another company or conclude transactions relating to the company's objects only with the consent of the other partners. (2) In the event of a violation, the company may claim compensation or declare that it assumes the rights and obligations under the transactions concluded. The declaration must be made in writing within one month of learning of the transaction, but not more than one year from its completion. (3) The right of action shall be extinguished within 3 months from the day the partners learned of the legal acts, or 3 years from their completion.

MANAGEMENT

Art. 84. (1) Every partner has the right to manage the company's affairs unless the instrument of incorporation entrusts management to one or more partners or to another person. (2) The acquisition and disposal of real rights over immovable property, the appointment of a non-partner manager, and the conclusion of a monetary loan exceeding the amount specified in the instrument of incorporation shall require the consent of all partners.

REVOCAION OF MANAGEMENT APPOINTMENT

Art. 85. The resolution appointing managers may be revoked by the district court at the registered office of the company at the request of some of the partners, where the managers have breached their obligations, as well as on other grounds provided in the agreement. The court's decision shall be sent ex officio to the Registry Agency for entry.

RIGHT OF SUPERVISION OF PARTNER

Art. 86. A partner not directly involved in management may personally inquire into the company's affairs, inspect the commercial books, company documents and other papers, and request explanations from the managers.

ADOPTION OF RESOLUTIONS

Art. 87. Where the instrument of incorporation provides that resolutions are adopted by majority, each partner shall have one vote. Resolutions shall be recorded in a minute-book.

Section III — Legal Relations of Partners with Third Parties

LIABILITY OF THE GENERAL PARTNERSHIP

Art. 88. In an action against the company, the claimant may also direct the claim against one or more partners. Enforcement shall be directed first against the company and, in the event of failure to satisfy the claim, against the partners.

REPRESENTATION

Art. 89. (1) Every partner represents the company unless the instrument of incorporation provides otherwise. (2) Limitation of a partner's representative authority shall have no effect against bona fide third parties if not entered in the commercial register.

WITHDRAWAL OF REPRESENTATIVE AUTHORITY

Art. 90. The representative authority of a partner may be withdrawn under the conditions and in accordance with Art. 85.

DEFENCES OF PARTNERS

Art. 91. A partner may raise against creditors of the company, in addition to the company's defences, their own personal defences.

LIABILITY OF JOINING PARTNERS

Art. 92. A person joining an existing company shall be liable equally with the other partners for all obligations of the company.

Section IV — Dissolution of the Company and Membership

GROUNDINGS FOR DISSOLUTION

Art. 93. A general partnership shall be dissolved: 1. Upon expiry of the agreed term or in other cases provided in the instrument of incorporation; 2. By agreement of the partners; 3. Upon declaration of the company's insolvency; 4. Unless otherwise agreed — upon the death or placement under full interdiction of a partner, or the dissolution of a corporate partner; 5. At the request of the trustee in insolvency of a partner; 6. Upon notice of dissolution by a partner; 7. By court order in cases provided by law.

DISSOLUTION BY A PARTNER WITH NOTICE

Art. 94. Where the company is formed without a fixed term, any partner may seek its dissolution by giving at least 6 months' written notice to all partners in advance, unless the instrument of incorporation provides otherwise.

DISSOLUTION BY COURT ORDER — EXPULSION OF PARTNER

Art. 95. (1) The district court may dissolve the company at the request of a partner, where another partner deliberately or with gross negligence fails to perform an obligation under the instrument of incorporation, or performance becomes impossible. This rule shall also apply where a partner acts against the interests of the company. (2) At the request of a partner, the court may, instead of dissolving the company, expel the defaulting partner.

DISSOLUTION BY NOTICE FROM A PERSONAL CREDITOR

Art. 96. (1) A creditor of a partner who, for a period of 6 months, has been unable to recover their claim through enforcement against the movable property of the partner, may levy attachment on the partner-debtor's liquidation share and seek dissolution of the company by written notice in accordance with Art. 94. (2) The company shall not be dissolved if the company or the remaining partners pay the debt after attachment is levied. In such case, only the partner's membership shall be terminated, unless the partners decide otherwise.

CONTINUATION OF THE COMPANY

Art. 97. (1) The instrument of incorporation may provide that the company will continue when a partner's membership is terminated. In such case, the remaining partners shall pay out the share of the departing partner; upon a partner's death, heirs who express a wish to join shall become members within 3 months of the opening of the succession. (2) Where heirs do not wish to become partners, or upon termination of a partner's membership, the company shall pay the value of the share of the deceased or departing partner from the company's assets and their share in the annual profit up to the date of termination.

LIMITATION PERIOD

Art. 98. (1) Claims against a partner for obligations of the company shall be time-barred within 5 years, unless the claim against the company is subject to a shorter limitation period. (2) The limitation period shall begin to run from the date the dissolution, transformation, or partner's departure is entered in the commercial register. (3) Interruption of the limitation period in respect of the dissolved company shall also have effect against the partners who were in the company at the time of dissolution.

Chapter Twelve — LIMITED PARTNERSHIP

Section I — General Provisions

DEFINITION

Art. 99. (1) A limited partnership is formed by contract between two or more persons for the conduct of commercial activity under a common trade name, where one or more of the partners are jointly, severally and unlimitedly liable for the company's obligations, while the remaining partners are liable only up to the amount of their agreed contribution. (2) The provisions on general partnerships shall apply mutatis mutandis to the limited partnership, unless otherwise provided in this Chapter.

FORM

Art. 100. The company agreement must be made in writing with notarial certification of the signatures of the partners.

TRADE NAME

Art. 101. (1) The trade name of the company must include the designation 'limited partnership' or abbreviated 'LP', and the name of at least one of the unlimitedly liable partners. (2) The name of a limitedly liable partner shall not be included in the trade name; if this is done, that partner shall be deemed unlimitedly liable towards the company's creditors.

CONTENT OF THE AGREEMENT

Art. 102. The instrument of incorporation of a limited partnership must contain: 1. the trade name of the company; 2. the registered office and address; 3. the objects of activity; 4. the name or trade name, unified identification code, address of the partners and the scope of their liability; 6. the type and amount of each partner's contribution; 7. the manner of distribution of profits and losses; 8. the manner of management and representation.

REGISTRATION

Art. 103. The limited partnership shall be entered in the commercial register by the unlimitedly liable partners, who shall submit the instrument of incorporation and specimen signatures.

Section II — Legal Relations Between Partners

PRIMACY OF CONTRACT

Art. 104. The relations between the partners, unless otherwise provided in the contract, shall be governed by this Section.

MANAGEMENT

Art. 105. The management and representation of the company shall be carried out by the unlimitedly liable partners. A limitedly liable partner has no right of management and may not block the resolutions of the unlimitedly liable partners.

ACTS OF THE LIMITEDLY LIABLE PARTNER

Art. 106. If a limitedly liable partner concludes transactions in the name and for the account of the company, without being its manager or attorney, they shall be personally liable unless the company ratifies the transaction.

PROHIBITION FOR THE UNLIMITEDLY LIABLE PARTNER

Art. 107. For the unlimitedly liable partners the rule of Art. 83 shall apply.

RIGHTS OF THE LIMITEDLY LIABLE PARTNER

Art. 108. The limitedly liable partner may inspect the company's commercial books and request a copy of the annual financial statement. In the event of refusal, the district court shall order that they be provided.

PARTICIPATION IN PROFIT AND LOSS

Art. 109. (1) If the limitedly liable partner has not fully paid in the agreed contribution, the profit due to them shall be set off against the outstanding contribution. (2) The limitedly liable partner participates in losses up to the amount of the agreed contribution. They are not obliged to restore profits received when subsequent losses occur.

PROHIBITION ON DISTRIBUTION OF PROFIT

Art. 110. When it is established after the end of the calendar year that the company has losses that affect the contributions made, no profits shall be distributed until the prescribed contribution level is restored.

Section III — Legal Relations with Third Parties

LIABILITY OF THE LIMITEDLY LIABLE PARTNER

Art. 111. Towards the company's creditors, the limitedly liable partner shall be liable up to the amount of the agreed contribution even when it has not been fully paid in.

LIABILITY BEFORE REGISTRATION

Art. 112. The limitedly liable partner shall be unlimitedly liable for transactions concluded by them in the name of the company before its formation or thereafter, if the creditor did not know they were contracting with a limitedly liable partner.

Chapter Thirteen — LIMITED LIABILITY COMPANY (OOD)

Section I — General Provisions

DEFINITION

Art. 113. A limited liability company may be formed by one or more persons who are liable for the obligations of the company up to the amount of their share contribution in the company's capital.

FORM OF THE COMPANY AGREEMENT

Art. 114. (1) The company agreement shall be concluded in written form. (2) A partner may be represented by an attorney with an express power of attorney with notarially certified signature. (3) When an OOD is created by one person, an instrument of incorporation is drawn up instead of a company agreement.

CONTENT OF THE COMPANY AGREEMENT

Art. 115. The company agreement must contain: 1. the trade name, registered office and address of management; 2. the objects of activity and term of the agreement; 3. the name or trade name and unified identification code of the partners; 4. the amount of the capital — where the full capital is not paid in at incorporation, the agreement shall specify the terms and conditions for paying it in; the period for paying in the full capital may not exceed two years from registration; 5. the amount of the shares by which the partner participates in the capital; 6. the management and manner of representation; 7. the privileges of partners, if agreed; 8. other rights and obligations of the partners.

TRADE NAME

Art. 116. (1) The trade name of the company must contain the designation 'Limited Liability Company' or abbreviated 'OOD'. (2) When the capital belongs to one person, the trade name contains the designation 'single-member OOD' (EOOD).

CAPITAL AND SHARES

Art. 117. (1) (Amended SG No. 70/2024) The capital of the limited liability company may not be less than 1 euro. It consists of the shares of the partners, which may not be less than one euro-cent.

(2) The sum of the shares must be equal to the capital, and the value of each share must be a multiple of 1.

(3) The shares may be of different amounts for individual partners.

(4) One share may be held jointly by several persons.

LIABILITY OF THE FOUNDERS

Art. 118. (1) The founders are jointly and severally liable to the company for damages caused upon its creation if they have not exercised the diligence of a good trader. (2) The founders have no right to remuneration from the capital for the formation of the company.

REGISTRATION

Art. 119. (1) For registration of the company in the commercial register it is necessary: 1. to submit the company agreement, which shall be published; 2. to appoint a manager or managers; 4. to have paid in the minimum capital established by law; 5. if the company is registered with capital higher than the legal minimum — to have paid in at least 70 per cent of the capital.

(2) The data under items 1, 2, 3, 4 (only the amount of the capital) and item 6 of Art. 115 shall be entered in the register and published.

(3) For registration of investment intermediary activities or other activities requiring a licence from a state authority, the relevant licence or permission must be submitted.

(4) Upon amendment or supplement of the company agreement, a certified copy containing all amendments shall be submitted to the commercial register for publication.

Section II — Rights and Obligations of the Partners

SHARES

Art. 120. (1) Every partner is obliged to pay or contribute their share in accordance with the procedure specified in the company agreement.

CONSEQUENCES OF FAILURE TO PAY OR CONTRIBUTE

Art. 121. (1) Failure to pay or contribute a share is grounds for exclusion of the partner from the company. A partner who has not paid or contributed their share within the prescribed period owes statutory interest and compensation for damages exceeding that.

(2) When the share cannot be paid or contributed by the partner who owes it, and there is no possibility of selling it to another person, the remaining partners are obliged to pay the shortfall proportionately to their shares, or to reduce the company's capital accordingly.

ADMISSION OF NEW PARTNER

Art. 122. A new partner is admitted by the general meeting upon their written application, in which they state that they accept the terms of the company agreement. The decision on admission shall be entered in the commercial register.

RIGHTS OF THE PARTNER

Art. 123. Every partner has the right to participate in the management of the company, in the distribution of profits, to be informed of the progress of company affairs, to inspect the company's papers, and a right to a liquidation share.

OBLIGATIONS OF THE PARTNER

Art. 124. The partner is obliged to pay or contribute the share contribution, to participate in the management of the company, to cooperate for the realisation of its activity, and to implement the decisions of the general meeting.

TERMINATION OF PARTICIPATION IN THE COMPANY

Art. 125. (1) The participation of a partner shall be terminated: 1. upon death or placement under full interdiction; 2. upon exclusion; 3. upon dissolution with liquidation — for legal persons; 4. upon declaration of insolvency.

(2) The partner may terminate their participation by written notice given at least 3 months before the date of termination.

(3) The proprietary consequences shall be regulated on the basis of an accounting balance sheet as at the end of the month in which the termination occurred.

EXCLUSION OF A PARTNER

Art. 126. (1) A partner who has not paid or contributed their share shall be deemed excluded if they fail to do so within an additional period determined by the general meeting of not less than one month. The manager shall notify the partner in writing and warn them of the exclusion. (2) In such case, the partner shall lose the right to the contributions made.

(3) A partner may be excluded by the general meeting after written warning when: 1. they do not fulfil their obligations to cooperate in the realisation of the company's activity; 2. they do not implement the decisions of the general meeting; 3. they act against the interests of the company; 4. they fail to make an additional monetary contribution, not having exercised the right to withdraw.

COMPANY SHARE

Art. 127. Every partner has a company share of the company's assets, the amount of which is determined in accordance with their share in the capital, unless otherwise agreed.

CERTIFICATE OF PARTICIPATION

Art. 128. The certificate issued to partners for their participation in the company is not a security.

TRANSFER OF SHARES

Art. 129. (1) A company share may be transferred and inherited. Transfer of a company share between partners is free, and to third parties — subject to the requirements for admission of a new partner and provided there are no outstanding unpaid wages, compensations and mandatory social security contributions owed to employees, including those whose employment was terminated up to three years before the transfer.

(2) The transfer of a company share shall be effected by a contract concluded with simultaneous notarial certification of signatures and content, and shall be entered in the commercial register, after submission by the manager and the transferor of a declaration that there are no outstanding unpaid obligations under paragraph 1.

LIABILITY UPON TRANSFER

Art. 130. The transferee shall be jointly and severally liable with the transferor for the contributions outstanding at the time of the transfer.

DIVISION OF A COMPANY SHARE

Art. 131. Division of a company share is only permitted with the consent of the partners, unless otherwise agreed.

CO-OWNERSHIP OF A SHARE

Art. 132. If one share in the capital belongs to several persons, they may exercise the rights thereunder only jointly. They shall be jointly and severally liable for the obligations relating to that share. The co-owners shall appoint a person to represent them before the company.

PROFITS AND PAYMENTS

Art. 133. (1) Partners may not claim their shares while the company is in existence. They have the right only to a portion of the profits proportional to their shares, unless otherwise agreed. (2) No interest may be agreed on the shares of the partners.

ADDITIONAL MONETARY CONTRIBUTIONS

Art. 134. (1) By resolution of the general meeting, for covering losses and in the event of a temporary need for monetary funds, partners may be obliged to make additional monetary contributions for a specified period. Additional contributions are proportional to the shares in the capital, unless otherwise provided.

(2) A partner who did not vote for the resolution has the right to terminate their participation in the company pursuant to Art. 125(2) and (3). This right may be exercised within one month from the meeting.

(3) Additional contributions are not reflected in the capital of the company. The company may be agreed to pay interest thereon. Art. 73v does not apply to the return of additional monetary contributions.

Section III — Management

TYPES OF BODIES

Art. 135. (1) The bodies of the company are: 1. general meeting; 2. manager (managers). (2) The manager may not be a partner.

GENERAL MEETING OF THE PARTNERS

Art. 136. (1) The general meeting consists of the partners. (2) The manager of the company participates in the sessions of the general meeting with an advisory vote, if they are not a partner. (3) When the number of employees in the company exceeds 50, they shall be represented at the general meeting with the right of an advisory vote.

COMPETENCE OF THE GENERAL MEETING

Art. 137. (1) The general meeting: 1. amends and supplements the company agreement; 2. admits and excludes partners, gives consent for the transfer of a company share to a new member; 3. accepts the annual report and balance sheet, distributes the profit and resolves on its payment; 4. resolves on the reduction and increase of capital; 5. elects the manager, determines their remuneration and releases them from liability; 6. resolves on the opening and closing of branches and participation in other companies; 7. resolves on the acquisition and disposal of immovable property and real rights therein; 8. resolves on the bringing of claims of the company against the manager or auditor and appoints a representative for conducting proceedings against them; 9. resolves on additional monetary contributions.

(2) Each partner has as many votes in the general meeting as their share in the capital, unless otherwise provided in the agreement.

(3) The resolutions under paragraph 1, items 1, 2 and 9 are adopted by a majority of more than three-quarters of the capital, and resolutions under item 4 — by the unanimous vote of all partners; the company agreement may provide for a larger majority. The excluded partner does not vote and their share is deducted from the capital when determining the majority. Other resolutions are adopted by a majority of more than 1/2 of the capital, unless otherwise provided in the company agreement.

(4) For resolutions under paragraph 1, items 2, 4, 5 (first proposal) and 7, a protocol with notarial certification of signatures and content performed simultaneously shall be drawn up, unless written form is provided in the company agreement.

(5) Resolutions of the general meeting adopted in violation of paragraph 4 are void.

(6) Partners may vote through a representative only with an express written power of attorney, except for corporate partners and legal representatives.

CONVENING THE GENERAL MEETING

Art. 138. (1) The general meeting is convened by the manager at least once a year. (2) The manager is obliged to convene the general meeting upon written request of partners with shares exceeding 1/10 of the capital. If the manager does not convene the meeting within 2 weeks, the partners who requested it have this right. (3) The manager is obliged to convene the general meeting immediately when losses exceed 1/4 of the capital, or when the net asset value falls below the amount of the registered capital.

NOTICE FOR GENERAL MEETING

Art. 139. (1) The general meeting is convened with written notice received by each partner at least 7 days before the date of the session, unless otherwise provided in the company agreement. The notice shall also specify the agenda.

(2) Resolutions of the general meeting may be adopted by correspondence, if all partners have given their written consent to the resolution.

REGISTRATION OF RESOLUTIONS

Art. 140. (1) Resolutions of the general meeting relating to the registrations under Art. 119(2) must be entered in the commercial register. (2) For resolutions of the owner in single-member companies paragraph 1 applies. (3) Resolutions on amendment and supplement of the company agreement and dissolution of the company shall take effect upon their entry in the commercial register. (4) Increase and decrease of capital, admission and exclusion of a partner, transformation of the company, election and dismissal of a manager, and appointment of a liquidator shall take effect upon their entry in the commercial register.

MANAGEMENT AND REPRESENTATION

Art. 141. (1) The manager organises and manages the activity of the company in accordance with the law and the resolutions of the general meeting.

(2) The company is represented by the manager. Where there are several managers, each may act independently unless the company agreement provides otherwise. Other limitations of the manager's representative authority have no effect on third parties.

(3) The name of the manager shall be entered in the commercial register; the manager shall submit a notarially certified consent with a specimen signature.

(4) The manager's authorisation may be revoked at any time and their name deleted from the commercial register.

(5) The manager may request to be removed from the commercial register by written notice to the company. Within one month of receiving the notice, the company must file for registration of the dismissal. If the company does not do so, the manager may file for registration of this circumstance themselves.

(6) The authorisation and its revocation shall take effect against bona fide third parties upon their entry in the commercial register.

(7) The relations between the company and the manager shall be governed by a management agreement concluded in written form by a person authorised by the general meeting or by the sole owner.

(8) A person declared insolvent, or a person who was a manager or member of a management or supervisory body of a company dissolved due to insolvency in the last two years preceding the insolvency declaration, where unsatisfied creditors remain, may not be a manager. These restrictions shall lapse upon the expiry of a 5-year period from the dissolution of the company due to insolvency.

(9) A person who was a manager or member of a management or supervisory body of a company in respect of which a final penal decree was issued establishing non-performance of obligations to maintain prescribed petroleum reserve levels may not be a manager.

PROHIBITION ON COMPETITIVE ACTIVITY

Art. 142. (1) Without the consent of the company, the manager has no right: 1. to conduct commercial transactions in their own or another person's name; 2. to participate in general partnerships, limited partnerships and limited liability companies; 3. to hold a position in the management bodies of other companies. (2) These restrictions apply when the activity is similar to that of the company. (3) In the event of a violation, the manager shall owe compensation for damages caused to the company.

COMPANY BOOKS

Art. 143. (1) The company keeps a book for shares and a minute-book for the resolutions of the general meeting. (2) In the share book the amount of each partner's share, the contributions made and all changes to them shall be entered. (3) The manager is responsible for the regular keeping of the company books.

AUDITOR

Art. 144. (1) The company agreement may provide for the election of an auditor (auditors) to monitor compliance with the company agreement, the preservation of the company's property and to report to the general meeting. (2) The following may not be auditors: 1. the managers, their deputies and the employees of the company; 2. spouses, relatives in direct line and collateral line up to the third degree of such persons; 3. persons deprived by a court sentence of the right to hold a position of material accountability. (3) In a single-member company the auditor is appointed by the owner.

LIABILITY OF THE MANAGER AND AUDITOR

Art. 145. The manager and auditor shall be liable for damages caused to the company.

AUDITORS

Art. 146. (1) The annual financial statement of the company shall be examined by one or more auditors — registered auditors in the cases provided by law. (2) Such examination is a condition for acceptance of the annual financial statement. (3) The auditors are elected by the general meeting before the end of the calendar year. They are responsible for a conscientious and impartial examination and for maintaining secrecy. (4) The accepted annual financial statement shall be submitted to the commercial register.

MANAGEMENT OF SINGLE-MEMBER OOD

Art. 147. (1) The sole owner of the capital manages and represents the company personally or through a manager determined by them. If the owner is a legal person, its director or a person determined by it manages the company. (2) The sole owner resolves matters within the competence of the general meeting, for which a protocol shall be drawn up in the appropriate form for resolutions of the general meeting. (3) Contracts between the sole owner and the company, when the company is represented by the sole owner, shall be concluded in written form.

Section IV — Amendment of the Company Agreement

INCREASE OF CAPITAL

Art. 148. (1) Increase of capital shall be effected by: 1. increase of shares; 2. subscription of new shares; 3. admission of new partners. (2) Partners may increase their shares proportionately to those held, unless otherwise provided in the company

agreement or in the resolution of the general meeting.

DECREASE OF CAPITAL

Art. 149. (1) The capital may be reduced to the minimum established by law by a resolution to amend the company agreement, subject to the requirements of Arts. 150 and 151. In such case, simultaneous reduction and increase of capital may be carried out.

(2) The resolution shall specify the purpose of the reduction, its amount and the manner in which it will be effected.

(3) The reduction may be effected by: 1. reduction of the value of the share in the capital; 2. return of the share in the capital to a partner whose participation has terminated; 3. release from the obligation to pay the unpaid part of the share in the capital.

NOTICE TO CREDITORS

Art. 150. (1) The resolution for reduction of capital shall be submitted to the commercial register and published. Upon publication, the company shall be deemed to have declared that it is ready to provide security for claims or to pay creditors who disagree with the reduction. (2) The consent of creditors with the reduction shall be presumed if they do not express their written disagreement within 3 months of publication.

REGISTRATION OF THE REDUCTION

Art. 151. (1) The amendment of the company agreement reducing the capital shall be entered after expiry of the period under Art. 150. (2) The application for registration shall be accompanied by evidence of compliance with the requirements of Art. 150 and a written declaration by the manager that creditors who disagreed with the reduction have been given security or their debt has been paid.

PROTECTION OF CREDITORS

Art. 152. (1) If the data submitted by the manager for registration of the reduction are false, they shall be liable for damages caused to creditors up to the amount that they were unable to recover from the company. Where there are several managers, they are jointly and severally liable. (2) A creditor under Art. 150(1) who expressed disagreement and has not received satisfaction or adequate security may request the court to allow security of their claim through attachment or prohibition of disposal. The security shall be lifted if registration of the reduction of capital is refused or the creditor receives satisfaction.

PAYMENTS DUE TO REDUCTION

Art. 153. Payments to partners due to the reduction of capital may only be made after the reduction has been entered in the commercial register and after creditors who expressed disagreement with the reduction have received security or payment.

Section V — Dissolution and Liquidation of the Company

DISSOLUTION OF THE COMPANY

Art. 154. (1) The company shall be dissolved: 1. upon expiry of the term specified in the company agreement; 2. by resolution of the partners adopted by a majority of 3/4 of the capital; 3. by merger into or absorption by a joint-stock company or another limited liability company; 4. upon declaration of insolvency; 5. by resolution of the district court in cases provided by law. (2) The company agreement may provide for other grounds for dissolution.

DISSOLUTION BY COURT ORDER

Art. 155. By resolution of the district court at the registered office of the company, it may be dissolved: 1. upon the action of partners if important reasons require it — the action shall be brought against the company if the shares of the plaintiffs constitute more than 1/5 of the capital; 2. upon the action of the prosecutor if the company's activity is contrary to law; 3. upon the action of the prosecutor if for three months the company has no registered manager.

LIQUIDATION OF THE COMPANY

Art. 156. (1) Upon dissolution of the company on grounds of Art. 154, items 1, 2 and 5, and Art. 155, liquidation proceedings shall be opened. (2) The liquidator of the company is the manager, unless the agreement or a resolution of the general meeting provides for another person. (3) At the request of the auditor or of partners who hold at least 1/10 of the capital, the court may appoint other liquidators. (4) The liquidation of the company shall be carried out under Chapter Seventeen.

DISSOLUTION OF SINGLE-MEMBER OOD

Art. 157. (1) The company, in which the capital is owned by one natural person, shall be dissolved upon their death, unless otherwise provided or the heirs request continuation of the activity. (2) When the capital is owned by one legal person, with the dissolution of the legal person the company must also be dissolved.

Chapter Fourteen — JOINT-STOCK COMPANY (AD)

Section I — General Provisions

DEFINITION

Art. 158. (1) A joint-stock company is a company whose capital is divided into shares. The company is liable to creditors with its property. (2) The trade name of the joint-stock company includes the designation 'joint-stock company' or the abbreviation 'AD'.

NUMBER OF FOUNDERS

Art. 159. (1) A joint-stock company may be incorporated by one or more natural or legal persons. (2) When a joint-stock company is formed by one person, the articles of association shall be approved by an instrument of incorporation and the first supervisory board or board of directors shall be appointed. (3) The instrument of incorporation shall be made in written form.

FOUNDERS

Art. 160. (1) Founders are the persons who subscribed shares at the constitutive meeting. (2) Persons declared insolvent may not be founders.

CAPITAL AND SHARES

Art. 161. (1) (Amended SG No. 70/2024) The capital and the value of the shares shall be expressed in euros and euro-cents respectively.

(2) The minimum capital of a joint-stock company is 25,000 euros.

(3) A separate law may determine a different minimum capital for certain joint-stock companies.

(4) The capital must be fully subscribed. The company may not subscribe shares of its own capital.

NOMINAL VALUE OF SHARES

Art. 162. (Amended SG No. 70/2024) The minimum nominal value of one share is one euro-cent.

Section II — Incorporation

CONSTITUTIVE MEETING

Art. 163. (1) The joint-stock company is incorporated at a constitutive meeting, at which all persons who subscribe shares shall be present. A founder may be represented by an attorney with express power of attorney with notarial certification of the signature.

(2) Shares are subscribed at the constitutive meeting.

(3) The constitutive meeting: 1. resolves to incorporate the company; 2. adopts the articles of association; 3. establishes the amount of the incorporation expenses; 4. elects the supervisory board, or the board of directors.

(4) Resolutions under paragraph 3, items 1 and 2 shall be adopted unanimously, and a protocol shall be drawn up.

(5) When a joint-stock company is incorporated by one person, an instrument of incorporation is drawn up.

CONTENT OF THE ARTICLES OF ASSOCIATION

Art. 165. The articles of association must contain: 1. the trade name, registered office and address of management; 2. the objects of activity and term, if any; 3. the amount of capital, the proportion to be paid in upon incorporation, the type and number of shares, the rights for individual classes of shares and any special conditions for their transfer, and the nominal value of each share; 4. the bodies of the company, their mandate and the number of their members; 5. the type and value of non-monetary contributions, if any, the persons making them and the number and nominal value of the shares to be given therefor; 6. the privileges reserved by the named founders, if any; 7. the conditions and procedure for issuing redeemable shares, if applicable; 8. the manner of distribution of profits; 9. the manner of convening the general meeting; 10. other conditions in connection with the incorporation, existence and dissolution of the company.

CONTRIBUTIONS

Art. 166. (1) Monetary contributions shall be made to a collection bank account opened by the management board or board of directors in the name of the company with indication of the contributor. (2) The provisions of Arts. 72 and 73 shall apply mutatis mutandis to non-monetary contributions. (3) If within three months the management board or board of directors does not certify to the bank that the company has been filed for registration, the contributors may withdraw their contributions in full.

REQUIREMENTS FOR REGISTRATION

Art. 174. (1) For registration of the joint-stock company it is necessary: 1. that the articles have been adopted; 2. that the entire capital has been subscribed; 3. that the portion of the value of each share specified in the articles has been paid in, but not less than 25 per cent of the nominal or issue value of each share; 4. that the board of directors, or the supervisory board and management board, have been elected; 5. that the other requirements of the law have been fulfilled.

(2) In the commercial register the data under Art. 165, items 1–4, item 5 (only the type and value of the non-monetary contribution), and item 10 shall be entered, as well as the names of the members of the board of directors or supervisory board and management board.

Section III — Shares

NOMINAL VALUE OF SHARES — DENOMINATIONS

Art. 175. (1) A share is a security certifying that its holder participates with the stated nominal value in the capital. (2) The joint-stock company may not issue shares with different nominal values. (3) Shares may be issued in denominations of 1, 5, 10 and multiples of 10 shares.

ISSUE VALUE

Art. 176. (1) The issue value is the value at which shares are taken up by the founders, or by subscribers when capital is raised through subscription. (2) The issue value may not be lower than the nominal value. Shares may be subscribed at a higher value. (3) The difference between the nominal and issue value shall be credited to the company's reserve fund.

INDIVISIBILITY

Art. 177. Shares are indivisible. When a share belongs to several persons, they exercise the rights thereunder jointly by appointing an attorney.

TYPES OF SHARES

Art. 178. (1) Shares are registered. Privileged shares may also be issued. (2) The joint-stock company may also issue dematerialised shares. The issuance and transfer of dematerialised shares shall be carried out in accordance with the procedure established by law. (4) When registered shares are transferred before the full payment of their issue value, the amount of the partial contributions shall be noted thereon.

BOOK OF SHAREHOLDERS

Art. 179. (1) The company keeps a book of shareholders in which the name and address, personal identification number or unified identification code of the holders of registered shares shall be entered, and the type, nominal and issue value, number and serial numbers of the shares shall be noted. (2) The persons representing the company are obliged to ensure the entry of the circumstances in the book of shareholders and of changes thereto no later than 7 days from submission of the documents.

RIGHTS OF THE SHAREHOLDER

Art. 181. (1) A share gives the right to one vote in the general meeting of shareholders, the right to a dividend and a liquidation share, proportionate to the nominal value of the share. (2) When the company issues shares with special rights, this must be specified in the articles. (3) Shares with equal rights form a separate class.

PRIVILEGED SHARES

Art. 182. (1) Privileged shares may provide a guaranteed or additional dividend or share in the company's assets upon liquidation, as well as other rights provided by law or in the articles. The articles may provide that privileged shares are without voting rights, which must also be stated on the share. (2) Privileged shares without voting rights are included in the nominal value of the capital. (3) No more than 1/2 of the shares may be without voting rights.

TRANSFER OF REGISTERED SHARES

Art. 185. (2) The transfer of registered shares shall be effected by endorsement and must be entered in the book of registered shareholders in order to have effect against the company. The articles may provide for other conditions for the transfer. (3) Registered shares are pledged by endorsement with the clause 'for security', 'for pledge' or another expression indicating security. The pledge shall take effect against the company from its entry in the book of registered shareholders.

ACQUISITION OF OWN SHARES

Art. 187a. (1) The company may acquire its own shares only: 1. upon reduction of capital; 2. upon universal succession (except transformation); 3. by way of gratuitous acquisition; 4. in the pursuit of transactions with securities; 5. upon exclusion of a shareholder; 6. as a result of enforcement of an obligation of a shareholder; 7. if they are issued as privileged shares specifically with this privilege; 8. upon repurchase.

(2) In certain cases the shares must be fully paid in.

(3) The company shall cease to exercise rights on its own shares until their transfer.

(4) The total nominal value of own shares acquired may not exceed 10 per cent of the capital. The company is obliged to transfer within three years own shares exceeding this amount.

Section V — Increase of Capital

PREREQUISITES

Art. 192. (1) Capital may be increased by issuing new shares, by increasing the nominal value of already issued shares, or by converting bonds into shares.

(2) The resolution of the general meeting for increasing the capital shall be adopted by a majority of 2/3 of the votes of the shares represented. The articles may provide for a larger majority and additional conditions.

(3) Where there are shares of different classes, the resolution shall be adopted by shareholders of each class.

(4) If new shares are sold at a price higher than the nominal value, their minimum sale price shall be determined in the resolution of the general meeting.

(5) Increase of capital is permitted only after the amount determined in the articles has been fully paid in.

SHAREHOLDERS' PRE-EMPTION RIGHTS

Art. 194. (1) Every shareholder has the right to acquire a proportion of the new shares corresponding to their share in the capital before the increase.

(2) In the case of shares of different classes, the pre-emption right applies to shareholders of the respective class. The remaining shareholders exercise their pre-emption right after the shareholders of the class in which new shares are issued.

(3) The pre-emption right shall lapse within a period determined by the general meeting of at least one month after publication of the invitation to subscribe shares.

(4) The pre-emption right may be restricted or excluded only by a resolution of the general meeting adopted by a majority of two-thirds. The management board or board of directors shall submit a report on the reasons for the restriction or exclusion and justify the issue value of the new shares.

INCREASE OF CAPITAL WITH THE COMPANY'S OWN FUNDS

Art. 197. (1) The general meeting may resolve to increase the capital by converting part of the profits into capital. The resolution shall be adopted within 3 months after acceptance of the annual financial statement, by a majority of 3/4 of the votes of the shares represented.

(3) The new shares shall be distributed among the shareholders proportionately to their participation in the capital before the increase.

Section VI — Reduction of Capital

ORDINARY REDUCTION

Art. 199. (1) The reduction of capital shall be effected by resolution of the general meeting. (2) If there are several classes of shares, the resolution requires a decision of each class of shareholders. (3) The resolution must contain the purpose of the reduction and the manner in which it will be effected.

METHODS OF REDUCTION

Art. 200. Capital may be reduced: 1. by reduction of the nominal value of shares; 2. by invalidation of shares.

PROTECTION OF CREDITORS

Art. 202. (1) For creditors whose claims arose before the publication of the resolution for reduction of capital, the rules of Arts. 150–153 shall apply *mutatis mutandis*.

(2) This rule shall not apply when the reduction of capital is effected for the purpose of covering losses. In such case, shareholders are not released from their obligation to make contributions.

Section VII — Bonds

PROCEDURE FOR ISSUING BONDS

Art. 204. (1) Bonds may only be issued by a joint-stock company.

(3) A resolution to issue bonds shall be adopted by the general meeting of shareholders, which may authorise the board of directors or management board to do so.

(4) Bonds from one issue with the same nominal value shall confer equal rights to a claim.

(5) Bonds may be physical and dematerialised. For the issuance, transfer and pledging of bonds the rules on shares established in this Act shall apply, with certain exceptions.

REQUIREMENTS AND PROCEDURE FOR ISSUING BONDS

Art. 205. (1) The issuance of bonds by public offering, for which there is an obligation to publish a prospectus under Regulation (EU) 2017/1129, shall be carried out under conditions and in accordance with the procedure established by law.

(2) Upon issuance of bonds outside the cases in paragraph 1, the company shall prepare a bond subscription offer containing at minimum: the total nominal and issue value; the number, type, nominal and issue value of the bonds; for interest-bearing bonds — the maturity period, the repayment scheme, interest payments and the manner of their calculation; the type and amount of the security provided, if any; the start and end dates and the place and procedure for subscribing the bonds.

(3) Bonds may be issued only after full payment of their issue value.

NULLITY OF RESOLUTION FOR ISSUING BONDS

Art. 207. Null and void is any resolution of the company for: 1. a change in the conditions under which issued bonds were subscribed; 2. issuance of new bonds with a privileged repayment regime, without the consent of the general meetings of bondholders from previous unpaid issues.

BONDHOLDERS' MEETINGS AND REPRESENTATION

Art. 208–214b. Bondholders from one issue shall form a group for the protection of their interests before the company. The group shall be represented by representatives elected by the general meeting of bondholders (up to three representatives). The general meeting of bondholders shall be convened by the representatives through a notice published in the commercial register at least 10 days before the meeting. Each issue of bonds forms a separate general meeting. Quorum and majority requirements for meetings are established by the issuance conditions and the relevant statutory provisions.

Section VIII — Conversion of Bonds into Shares

RESOLUTION FOR CONVERSION

Art. 215–218. The general meeting may resolve to issue bonds that may be converted into shares. The procedure for conversion shall be determined in the resolution on the issuance. Upon adoption of a resolution to increase capital, the management board or board of directors shall fix a period for conversion not exceeding 3 months. After conversion, the management board or board of directors shall file for registration of the capital increase.

Section IX — Bodies of the Joint-Stock Company

TYPES OF BODIES

Art. 219. (1) The bodies of the joint-stock company are: 1. the general meeting of shareholders; 2. board of directors (one-tier system) or supervisory board and management board (two-tier system). (2) In a single-member joint-stock company, the sole owner of the capital shall resolve matters within the competence of the general meeting.

GENERAL MEETING — COMPETENCE

Art. 221. The general meeting: 1. amends and supplements the articles; 2. increases and reduces the capital; 3. transforms and dissolves the company; 4. elects and dismisses the members of the board of directors, or the supervisory board; 5. determines the remuneration of members of the supervisory board and non-executive members of the board of directors; 6. appoints and dismisses registered auditors; 7. approves the annual financial statement and resolves on the distribution of profits and payment of dividends; 8. resolves on the issuance of bonds; 9. appoints liquidators upon dissolution; 10. releases the members of the management bodies from liability; 11. resolves other matters within its competence.

CONVENING THE GENERAL MEETING

Art. 223. (1) The general meeting is convened by the board of directors or management board. It may also be convened by the supervisory board or at the request of shareholders who have held shares representing at least 5 per cent of the capital for more than three months.

(2) If the request is not satisfied within one month, or if the general meeting is not held within three months of the request, the district court shall convene the general meeting or authorise the shareholders who requested it to do so.

(3) Convening shall be effected through a notice published in the commercial register. The articles may provide that convening shall be done only by written notices.

(5) The time from publication in the commercial register to the opening of the general meeting may not be less than 30 days.

QUORUM AND MAJORITY

Art. 227. (1) The articles may provide for a quorum requirement from the capital. (2) Resolutions under Art. 221, items 1–3 may only be adopted if at least half of the capital is represented at the general meeting. (3) If there is no quorum, a new session may be scheduled no earlier than 14 days later and it is valid regardless of the capital represented.

Art. 230. (1) The resolution of the general meeting shall be adopted by a majority of the shares represented, unless otherwise provided by law or the articles. (2) For resolutions under Art. 221, items 1, 2 and 3 (only for dissolution), a majority of 2/3 of the capital represented is required.

GENERAL PROVISIONS FOR BOTH MANAGEMENT SYSTEMS

Art. 233–240b. Members of the boards are elected for a term of up to 5 years. Members of the first supervisory board or board of directors are elected for a term not exceeding 3 years. Members may be re-elected without limitation. A legally capable natural person may be a member of a board; if the articles permit, a legal entity may also be a member. Members of the boards must be entered in the commercial register, submitting a notarially certified consent and a declaration. Members of the boards shall perform their functions with the diligence of a good trader in the interest of the company and all shareholders. Members of the boards are jointly and severally liable for damages caused to the company. A security guarantee for their management is required in an amount determined by the general meeting, but not less than 3 months' gross remuneration.

TWO-TIER SYSTEM — MANAGEMENT BOARD AND SUPERVISORY BOARD

Art. 241–243. The joint-stock company shall be managed and represented by a management board, operating under the control of a supervisory board. Members of the management board are elected by the supervisory board. The number of members of the management board is from 3 to 9 as determined in the articles. The management board shall report its activity at least once every 3 months to the supervisory board. The supervisory board cannot participate in the management of the company; it represents the company only in dealings with the management board. Members of the supervisory board are elected by the general meeting; their number may be from 3 to 7.

ONE-TIER SYSTEM — BOARD OF DIRECTORS

Art. 244. (1) The company is managed and represented by a board of directors consisting of at least 3 and not more than 9 members. (2) The board of directors adopts rules for its work and elects a chairman and vice-chairman from its members. (3) The board of directors holds regular meetings at least once every 3 months. (4) The board of directors delegates the management of the company to one or more executive members elected from among its members. The executive members shall be fewer than the other members.

Section X — Annual Closing and Distribution of Profit

ANNUAL CLOSING DOCUMENTS

Art. 245. By 30 June each year, the board of directors or management board shall prepare the annual financial statement and annual activity report for the past calendar year and submit them to the registered auditors, where auditing is mandatory or has been resolved.

RESERVE FUND

Art. 246. (1) The company is obliged to form a reserve fund. (2) Sources of the reserve fund are: 1. at least 1/10 of the profit, which is set aside until the fund reaches 1/10 or a larger portion of the capital determined by the articles; 2. the amounts received above the nominal value of shares and bonds upon their issuance; 3. other sources provided in the articles or by resolution of the general meeting. (3) The reserve fund may only be used for: 1. covering the annual loss; 2. covering losses from the previous year.

PAYMENT OF DIVIDENDS AND INTEREST

Art. 247a. (1) Dividends and interest under Art. 190(2) may be paid only if, according to the verified and accepted annual financial statement, the net asset value, reduced by the dividends and interest payable, is not less than the sum of the company's capital, the reserve fund and other funds that the company is obliged to form by law or the articles.

(2) Net asset value is the difference between the value of the rights and obligations of the company according to its balance sheet.

(3) Payments under paragraph 1 shall be made up to the amount of the profit for the relevant year, retained profits from previous years, and the portion of the reserve fund and other funds exceeding the minimum determined by law or the articles, reduced by uncovered losses from previous years and deductions for the reserve fund and other mandatory funds.

(5) The company is obliged to pay the dividend voted by the general meeting within three months of the general meeting, unless the articles provide for a longer period.

DISSOLUTION OF THE JOINT-STOCK COMPANY

Art. 252. (1) The joint-stock company shall be dissolved: 1. by resolution of the general meeting; 2. upon expiry of the term for which it was formed; 3. upon declaration of insolvency; 4. by court order upon action of the prosecutor if the company pursues purposes prohibited by law; 5. when the net asset value falls below the amount of the registered capital and the general meeting does not resolve on a reduction of capital, transformation or dissolution within one year; 6. if for 6 months the number of members of a company body is below the statutory minimum; 7. upon the occurrence of grounds provided in the company's articles.

Chapter Fifteen — LIMITED PARTNERSHIP WITH SHARES (KDA)

DEFINITION

Art. 253. (1) A limited partnership with shares is formed by contract, where shares are issued for the contributions of the limitedly liable partners. The number of limitedly liable partners may not be less than 3. (2) The provisions on joint-stock companies shall apply mutatis mutandis, unless otherwise provided in this Chapter. (3) The trade name must contain the designation 'limited partnership with shares' or abbreviated 'KDA'.

FOUNDERS

Art. 254. (1) The limited partnership with shares is incorporated by the unlimitedly liable partners, who have the right to select shareholders from among the subscribers. (2) The unlimitedly liable partners prepare the articles and convene the constitutive meeting.

BODIES

Art. 256. The management bodies of the limited partnership with shares are those provided by law for the joint-stock company under the one-tier system.

GENERAL MEETING

Art. 257. (1) Only the limitedly liable partners have the right to vote in the general meeting. The unlimitedly liable partners, even if they hold shares, participate only with an advisory vote. (2) The competence of the general meeting is determined in the articles.

BOARD OF DIRECTORS

Art. 258. The board of directors consists of the unlimitedly liable partners.

ADOPTION AND AMENDMENT OF ARTICLES

Art. 259. (1) The articles are adopted and amended, and the company is dissolved, with the consent of the unlimitedly liable partners. (2) The company is not dissolved upon the death or declared insolvency of a limitedly liable partner, unless the articles provide otherwise.

LIQUIDATION SHARE

Art. 260. The liquidation share of each partner is determined proportionately to their contributions to the company.

Chapter Fifteen (a) — VARIABLE CAPITAL COMPANY (DPK)

(New — SG No. 66/2023)

Section I — General Provisions

DEFINITION

Art. 260a. (1) A variable capital company may be incorporated by one or more natural or legal persons. The company is liable to creditors with its property. (2) A legal person declared insolvent may not be a founder of a variable capital company. (3) A variable capital company may only be an enterprise with an average number of staff of less than 50 persons, and annual turnover not exceeding BGN 4,000,000, and/or total assets not exceeding BGN 4,000,000.

TRADE NAME

Art. 260b. The trade name of the company must contain the designation 'variable capital company' or the abbreviation 'DPK'. When the company is incorporated by one person, the trade name contains the designation 'single-member variable capital company' or 'EDPK'.

COMPANY AGREEMENT

Art. 260v. (1) The company agreement shall be concluded in written form and must contain: 1. the trade name, registered office and address of management; 2. the objects of activity; 3. the term of the agreement, if any; 4. the class and nominal value of shares from individual classes and the rights conferred by individual classes, and any special conditions for their transfer; 5. the type and value of non-monetary contributions, if any; 6. the management and manner of representation; 7. the privileges of certain partners, if agreed; 8. the manner of distribution of profits; 9. other conditions concerning the incorporation, existence, management and dissolution of the company. (2) When the company is created by one person, an instrument of incorporation is drawn up.

REGISTRATION

Art. 260g. (1) For registration of the company in the commercial register it is necessary: 1. to submit the company agreement for publication; 2. to elect a management board or manager. (2) In the commercial register shall be entered: the data under Art. 260v(1), items 1–3, the names of the members of the management board or manager, the names of the persons authorised to represent the company, and the manner of representation.

Section II — Capital and Company Shares

CAPITAL AND SHARES

Art. 260d. (1) The capital of the company is variable and shall not be entered in the commercial register. At the regular annual general meeting convened to consider the annual financial statement, the amount of the capital at the end of the financial year and its change relative to the preceding financial year shall be established.

(2) (Amended SG No. 70/2024) The capital of the company is divided into shares. Shares of one class shall have the same nominal value, which may not be less than one euro-cent.

(3) Shares may be of different amounts for individual classes.

(4) In exchange for the shares taken up, the partners shall make contributions. The period for making contributions shall be determined in the company agreement or by resolution of the general meeting. Where the contribution is non-monetary, it shall be valued by three experts determined by the management board or manager. The nominal value of each share shall correspond to the amount of the partner's contribution.

COMPANY SHARE

Art. 260e. (1) The rights conferred by a company share shall be proportionate to its nominal value, unless otherwise agreed in the company agreement. Rights under a company share arise upon payment of the contribution to the capital.

(2) If agreed in the company agreement, the company may issue company shares with special rights (privileges). Company shares with equal rights form a separate class.

(3) Privileged company shares may provide more than one vote in the general meeting, a guaranteed or additional dividend or liquidation share, the right to repurchase the company shares, and other rights provided by law or the company agreement.

(4) The company agreement may provide that privileged company shares are without voting rights.

(5) The company agreement may provide that certain classes of partners or specifically named partners have privileges in exercising the right to vote and/or a right of veto in adopting resolutions of the general meeting.

BOOK OF PARTNERS

Art. 260zh. (1) The company keeps a book of partners in which the names and address, personal identification number or unified identification code of all partners, the date of acquisition of the shares, the number of shares, the value and type of contributions, and the class of the shares shall be entered. (2) The management body is obliged to ensure entry of the circumstances and of changes thereto no later than 7 days from submission of the documents. (3) Every partner has the right

of access to the book of partners and to an extract therefrom.

TRANSFER AND INHERITANCE OF COMPANY SHARES

Art. 260z. (1) A company share may be inherited, transferred and pledged. (2) The transfer of company shares shall be free, unless otherwise agreed in the company agreement. The contract for transfer shall be in written form with notarially certified signatures, unless written form is provided in the company agreement. (3) Unless otherwise agreed, upon the death of a partner, heirs who express a wish to join shall become members within three months. If the heirs do not wish to become partners, the company shall pay the value of the deceased partner's share. (4) Inheritance, transfer and pledging must be entered in the book of partners in order to take effect against the company. (5) The company may acquire its own shares under conditions provided in the company agreement, but the total nominal value may not exceed 50 per cent of the total value of the shares. The company is obliged to transfer within three years own shares exceeding this amount; otherwise they are invalidated.

RESTRICTIONS AND SPECIAL RIGHTS

Art. 260i. (1) The company agreement may provide a prohibition on disposing of company shares for a certain period. (2) The company agreement may provide for special rights and obligations of the partners, including pre-emption rights, tag-along rights, and other rights. (3) The company agreement may provide conditions under which the general meeting may require a partner to transfer their shares. (4) The company agreement may provide that upon a change of control in a corporate partner, the latter must notify the company, and the general meeting may resolve that the partner shall not exercise its voting right or shall be excluded. (5) Restrictions and special rights are adopted or revoked by a resolution of the general meeting adopted by a majority of two-thirds of the votes. (7) The company may, by resolution of the general meeting, issue rights to acquire company shares, including convertible loan agreements.

EMPLOYEE SHARE OPTION AGREEMENTS

Art. 260i1. (1) The general meeting may grant to persons employed by the company a right to acquire shares, which may only be exercised through transfer of the company's own shares. (2) The general meeting may authorise the management board or manager for not more than three years to adopt resolutions on granting such right. (5) The right to acquire shares is non-transferable. (6) The total number of shares acquired under employee share option agreements may not exceed 15 per cent of all shares.

Section III — Rights and Obligations of the Partners

RIGHTS AND OBLIGATIONS

Art. 260k. (1) Every partner has the right to participate in the management of the company, the right to vote, the right to a dividend, the right to be informed of company affairs, to inspect company papers, and the right to a liquidation share. The company agreement may provide for other rights and limitations. (2) The partner is obliged to make the contribution against the share taken up, to implement the resolutions of the general meeting and to cooperate for the realisation of the company's activity.

CONSEQUENCES OF NON-PERFORMANCE — EXCLUSION

Art. 260l. (1) A partner who has not fulfilled their contribution obligation shall be deemed excluded if they fail to do so within an additional period determined by the general meeting of not less than one month. The management board or manager shall notify the partner in writing and warn them of the exclusion. The excluded partner shall lose the right to the contributions made. (2) A partner may be excluded by the general meeting after written warning in other cases provided in the company agreement. (3) The company shares of the excluded partner shall be taken up by resolution of the general meeting by the remaining partners and/or by the company under conditions determined in the company agreement.

TERMINATION OF PARTICIPATION

Art. 260m. (1) The participation of the partner shall be terminated: 1. upon death or placement under full interdiction; 2. upon dissolution with liquidation — for legal persons; 3. upon exclusion; 4. upon declaration of insolvency of a corporate partner; 5. upon departure of the partner under conditions determined in the company agreement; 6. in other cases specified in the company agreement. (2) Within 7 days of the date of termination, the management body shall remove the partner from the book of partners. (3) The company shall pay the partner the value of their company share at the time of termination, unless otherwise agreed.

Section IV — Management

BODIES

Art. 260n. (1) The bodies of the company are: 1. general meeting of the partners; 2. management board or manager. (2) In a single-member company, the sole owner of the capital shall resolve matters within the competence of the general meeting.

GENERAL MEETING

Art. 260o. (1) The general meeting consists of all partners. (2) Each partner has as many votes in the general meeting as correspond to the nominal value of their share, unless otherwise provided in the company agreement. (3) The right to vote in the general meeting is held by partners entered in the book of partners as at the last day of the month before the date of the general meeting.

COMPETENCE

Art. 260p. The general meeting: 1. amends and supplements the company agreement; 2. issues new shares, determines the manner of taking them up, invalidates shares and excludes partners; 3. transforms and dissolves the company, elects and dismisses a liquidator; 4. elects and dismisses members of the management board or manager, determines their remuneration and releases them from liability; 5. appoints and dismisses a registered auditor and accepts the annual financial statement; 6. distributes profits and resolves on their payment; 7. resolves on the acquisition of own shares; 8. resolves other matters within its competence.

QUORUM AND MAJORITY

Art. 260r. (1) The company agreement may provide for a quorum requirement from the total number of votes. Resolutions under Art. 260p, items 1–4 may be adopted if at least half of the votes are represented at the general meeting. (2) If there is no quorum, a new session may be scheduled and it is valid regardless of the shares represented, if the date and time of the new session are stated in the notice for the first. (3) Resolutions of the general meeting shall be adopted by a majority of the votes represented. For resolutions under Art. 260p, items 1–4, a majority of two-thirds of the votes represented is required.

CONVENING

Art. 260s. (1) The general meeting is convened by the management board or manager. It may also be convened at the request of partners holding at least 5 per cent of all votes. (3) Convening shall be effected through a written notice published in the commercial register at least 15 days before the date, or by written notice or electronic means received at least 7 days before.

MANAGEMENT BOARD

Art. 260ts. (1) The company shall be managed and represented by a management board. The number of members shall be determined in the company agreement. (2) A member of the management board may be a legally capable natural person or a legal entity. (3) Persons who were members of management or supervisory bodies of companies dissolved due to insolvency in the last two years, where unsatisfied creditors remain, may not be members of the management board; these restrictions lapse upon the expiry of 5 years from the dissolution.

MANAGEMENT BOARD — MANDATE AND SESSIONS

Art. 260ch, 260sh. Members of the management board are elected for the term specified in the company agreement and may be re-elected without limitation. Sessions of the management board shall be convened and chaired by the chairman. Resolutions shall be adopted if at least half of the members are present personally or represented by another member. Resolutions are adopted by simple majority, unless otherwise agreed.

MANAGEMENT AND REPRESENTATION

Art. 260shch. (1) The management board shall delegate the management and representation of the company to one or more executive members, fewer than the other members. The authorisation may be revoked at any time. (2) The names of the persons authorised to represent the company shall be entered in the commercial register. (3) The authorisation and its revocation shall take effect against bona fide third parties upon entry in the commercial register.

DUTIES AND LIABILITY OF THE MANAGEMENT BOARD

Art. 260yar. (1) Members of the management board shall perform their obligations with the diligence of a good trader, balancing the risk of activities with the expected income for the company. (2) Members of the management board shall prefer the interest of the company over their own interest and shall avoid conflicts of interest. (4) Members of the management board are jointly and severally liable for damages caused to the company. (5) Members of the management board and partners who exercise control, if they acted intentionally, shall be jointly and severally liable to creditors for damages suffered from transactions and acts of the company declared ineffective against creditors, up to the amount that creditors were unable to recover from the company.

MANAGER

Art. 260yar1. The company agreement may provide that the company is managed and represented by one or more managers. The relevant provisions on the management board shall apply mutatis mutandis to the manager.

Section V — Transformation and Dissolution

TRANSFORMATION

Art. 260yu. (1) If at the regular annual general meeting it is established that at the end of the preceding financial year the company no longer meets the requirements of Art. 260a(3), it must be transformed into a capital company. (2) If the company

is not transformed within the end of the financial year following the relevant general meeting, it shall be dissolved by the district court at the registered office upon action of the prosecutor.

DISSOLUTION

Art. 260ya. (1) The company shall be dissolved: 1. upon expiry of the term specified in the company agreement; 2. by resolution of the partners adopted by a majority of two-thirds of the votes; 3. by resolution of the district court in cases provided by law. (2) The company agreement may provide for other grounds for dissolution. (3) By resolution of the district court the company may be dissolved: 1. upon action of partners with more than one-fifth of the shares if important reasons require this; 2. upon action of the prosecutor if the company's activity is contrary to law, or if for three months the company has no registered manager or the members of the management board are below the statutory minimum; 3. upon action of the prosecutor in the cases under Art. 260yu(2). (4) The company, in which the sole partner is a natural person, shall be dissolved upon their death, unless otherwise provided. (5) When the sole partner is a legal person, with its dissolution the company shall also be dissolved.

Chapter Sixteen — TRANSFORMATION OF COMMERCIAL COMPANIES

(Amended — SG No. 58/2003, in force 01.01.2004)

Section I — General Provisions

FORMS OF TRANSFORMATION

Art. 261. (1) Commercial companies may be transformed by merger, consolidation, division, separation and separation into a single-member commercial company, as well as by change of legal form.

(2) In all forms of transformation, the transforming, receiving and newly incorporated companies may be of different types, to the extent not provided otherwise by law.

(3) A single-member commercial company may also be transformed by transfer of all its assets to the sole owner, if the sole owner is a natural person.

(4) A capital company may also be transformed by moving its registered office and adopting the legal form of a company from another Member State.

TRANSFORMATION RATIO

Art. 261b. (1) Upon transformation, the partners or shareholders in the transforming companies become partners or shareholders in one or more of the newly incorporated and/or receiving companies. The shares or equity interests acquired after the transformation must be equivalent to the fair value of those held before the transformation in the transforming company.

(2) To achieve an equivalent exchange ratio, monetary payments may be made to the partners or shareholders in an amount not exceeding 10 per cent of the total nominal value of the shares or equity interests acquired.

MERGER

Art. 262. (1) Upon merger, all assets of one or more commercial companies (transforming companies) pass to one existing company (receiving company), which becomes their successor. The transforming companies shall be dissolved without liquidation. (2) Simultaneously with the merger, no change in the legal form of the receiving company may be effected.

CONSOLIDATION

Art. 262a. Upon consolidation, all assets of two or more commercial companies (transforming companies) pass to one newly incorporated company, which becomes their successor. The transforming companies shall be dissolved without liquidation.

DIVISION

Art. 262b. (1) Upon division, all assets of one commercial company (transforming company) pass to two or more companies which become its successors for the respective part. The transforming company shall be dissolved without liquidation. (2) The companies to which the assets pass may be existing companies (receiving companies) upon division by acquisition, newly incorporated companies upon division by incorporation, or existing and newly incorporated companies simultaneously.

SEPARATION

Art. 262v. (1) Upon separation, part of the assets of one commercial company (transforming company) passes to one or more companies, which become its successors for that part of the assets. The transforming company is not dissolved. (2) The companies to which the part of the assets passes may be existing companies upon separation by acquisition, newly incorporated companies upon separation by incorporation, or both simultaneously.

SEPARATION INTO A SINGLE-MEMBER COMMERCIAL COMPANY

Art. 262g. (1) Upon separation into a single-member commercial company, part of the assets of one commercial company passes to one or more single-member limited liability companies and/or single-member joint-stock companies, with the transforming company becoming the sole owner of the capital thereof.

TRANSFORMATION AGREEMENT AND PLAN

Art. 262d–262zh. Before a resolution on transformation is adopted, a transformation agreement shall be concluded between the participating companies. Where division by incorporation, separation by incorporation or separation into a single-member commercial company is effected, a transformation plan shall be drawn up instead of an agreement. The agreement shall be concluded in written form with notarial certification of the signatures of the persons representing the companies. The plan shall be drawn up in written form with notarial certification. The transformation agreement must contain at least: the legal form, trade name and registered office of each company; the exchange ratio; the amount of monetary payments; description of the shares or membership acquired; conditions relating to the distribution and delivery of shares; the moment from which participation in the company gives right to profit; the moment from which the actions of the transforming companies are considered effected for the account of the receiving/newly incorporated companies for accounting purposes; the rights conferred on holders of special securities; and any advantages granted to verification experts or board members.

NOTE: This is an English translation of the Bulgarian Commercial Act (Търговски закон) as in force per the source document dated 05.01.2026, covering Arts. 1–262i and subsequent provisions retrieved from the source. For the full authoritative text, refer to the official Bulgarian State Gazette (Darzhaven Vestnik).

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