

Track Changes

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AMENDMENTS TO THE CROATIAN COMPANIES ACT



ENTRY INTO FORCE

20 April 2019, with the exception of certain provisions that will enter into force on 1 May 2020 or 1 January 2021 (mostly related to joint stock companies)



MAIN GOALS

- easier and more efficient incorporation and termination of limited liability companies (**LLC**) and simple limited liability companies (**SLLC**)
- implementation of the EU Shareholders Directive that relates to joint stock companies (**JSC**) listed on the regulated market



MAIN AMENDMENTS

- **JSC** (listed on the regulated market): new rules regarding remuneration policy of directors, related parties transactions and institutional investor / asset manager and proxy advisor requirements
- **LLC / SLLC**: online incorporation; easier termination procedure (without initiation of liquidation procedure)



ADDITIONAL

Commercial Register Act has also been amended to implement procedural aspects of the new incorporation procedures. A platform will be introduced to file online registration applications

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AMENDMENTS TO REMEMBER: LISTED JOINT STOCK COMPANIES



DIRECTORS REMUNERATION POLICY

shareholders will express their view on the remuneration awarded to company directors in two stages:

- in advance: by deciding on the remuneration policy which sets out the general framework;
- subsequently: shareholders will vote every four years (or sooner in case of material amendments) on the remuneration report outlining the remuneration granted in the past financial year.



RELATED PARTY TRANSACTIONS

introduction of new safeguards aimed at protection of company's and shareholders' interests:

- supervisory board should approve the related party transactions that are above a certain threshold;
- companies should publicly disclose material related party transactions.

defined as any sale, encumbrance or release of any resources or other material values between the related parties (as defined under the Commission Regulation (EC) No 1126/2008) regardless of whether a price is charged

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AMENDMENTS TO REMEMBER: LISTED JOINT STOCK COMPANIES



ENGAGEMENT OF INSTITUTIONAL INVESTORS AND ASSET MANAGERS

increased transparency requirements from institutional investors (e.g. *certain life insurance companies, reinsurance companies and pension funds*) and asset managers (e.g. *investment companies, certain UAIF and AIF funds*) that specifically include reporting requirements.

MORE TRANSPARENCY OF PROXY ADVISORY

proxy advisors should disclose certain key information about the preparation of their recommendation and should report about the application of their code of conduct.



STRONGER SHAREHOLDER'S RIGHTS IN CASE OF VOTING VIA INTERMEDIARIES

additional obligations on intermediaries (such as banks) to ensure that the necessary information is properly communicated between the company and the shareholders, and vice versa.

DATA PROTECTION OF SHAREHOLDER'S PERSONAL DATA

under the new provisions that further implement GDPR requirements, the company and its intermediaries may process shareholder's personal data for the purpose of identification, communication and exercise of the shareholders' rights.

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AMENDMENTS TO REMEMBER: (SIMPLE) LIMITED LIABILITY COMPANY

■ ONLINE INCORPORATION OF A LLC

as of 1 September 2019, it will be possible to incorporate LLCs and SLLCs online.

■ MORE EFFICIENT TERMINATION OF LLCs (WITHOUT LIQUIDATION)

- as an alternative to complex and lengthy liquidation procedures, LLCs can now be terminated based solely on the decision of its shareholders;
- the procedure is estimated to take approximately two months provided that the company's creditors (if any) do not object;
- shareholders should conclude a distribution plan to distribute the company's assets. Shareholders remain jointly and severally liable for claims against the company for two years following conclusion of the procedure.

■ THERE ARE A NUMBER OF FORMAL, MORE TECHNICAL CHANGES THAT RELATE TO THE ESTABLISHMENT AND CORPORATE MAINTENANCE OF LLCs



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