

Law firm KAŇKA & ŠAFKA, advokáti s.r.o. wishes to inform you about select changes in the field of Commercial Register effective from 1st January 2014.

RECORDED INFORMATIONS

Information related to the business corporations, which shall be entered into the Commercial Register, will be listed in the new Act on public registers. In addition to information that were recorded so far, a new information shall be entered into the Commercial Register, i.e. information thus far not recorded, such as the residence of a natural person, if it is different from the address of permanent residence, or the number of members of the statutory body or a type of share in limited liability company (s.r.o.). In addition to obligatory recorded information, it will be possible to record facts, which the law does not explicitly require, but the person in question has a legitimate interest in their publication.

COMPLIANCE WITH NEW LEGISLATION

Please note the obligation to adapt / add information into the Commercial Register in order to comply with the new legal regulation (i.e., with the new Act on public registers) before 30.6.2014. Breach of this obligation may lead to the termination of the business corporation by court and to its liquidation, unless the situation is remedied upon courts call.

INCORPORATION

It will be newly possible to perform the incorporation by public notary. The condition is that it will be performed by a notary, who drew up a notarial deed to be the basis for registration in the Commercial Register and that all the documents that would otherwise have to be submitted to the Registry Court will be presented to the notary. The

existing method, i.e. incorporation performed by registration court on the basis of a motion shall remain valid.

COLLECTION OF DOCUMENTS

The legal list of documents that will be mandatorily submitted to the Collection of Documents is partially changed. For instance it will no longer be required to submit an agreement on the transfer of shares in the limited liability company (s.r.o.) after 1.1.2014. .

SANCTION FOR THE EVENT OF NOT SUBMITTING DOCUMENT INTO THE COLLECTIONS OF DOCUMENTS

There is a change in the consequences in the event that relevant document, contrary to the law, won't be submitted:

- Disciplinary fine: The amount of disciplinary fine is changed from CZK 50,000 to CZK 100,000.
- Termination of business corporation:

New result of breach of the duty to submit proper document into the Collection of Documents shall be the termination of the business corporation by court and its liquidation, unless the situation is remedied upon courts call. This shall however only apply in the event that it will be a repeated infringement, or that a certain document, which the law expressly provides, is not submitted to the Collection of Documents, and which are: (i) the founding documents, (ii) a decision on the election of a member of body, (iii) the financial statements and related documents, (iv) expert opinion.

- Not acting with due diligence: The new law also establishes a presumption, that a member of the statutory body that against the law did not submit a relevant document into the

Collection of Documents is not acting with due diligence.

- Sanction under the Accounting Act, according to which not submitting financial statements or annual reports is an offense for which a fine of up to 3% of the value of assets of the business corporation can be imposed, is preserved.