

## Joint-stock company

A joint-stock company (*Delniška družba - d.d.*) is a corporation in which the share capital is divided into shares (stock). The joint-stock company is liable with all its assets for its obligations, whereas the shareholders are not liable for the joint-stock company's obligations. Joint-stock companies are legal persons that obtain such a status upon court registration. The name of the company must contain the abbreviation d.d.

### Founders

There are no legal restrictions on the minimum or maximum number of founders. The joint-stock company may be established by one or more domestic or foreign, legal or natural persons by signing the act of incorporation.

### Capital

The minimum founding capital is EUR 25,000. Contributions may be in cash or in kind. At least one-third of the founding capital must be contributed in cash. At least 25 percent of the nominal value of the shares payable in cash must be paid before registration. Contributions in kind must be made in full before registration.

### Shares

Shares are securities. The minimum face value of a share is EUR 1; any higher face value of a share must be denominated in multiples of EUR 1. Shares can be par value or non par value shares (i.e. expressed as a percentage of the company's capital instead of a nominal value).

Shares can be bearer shares or registered shares. Registered shares must be issued if the nominal value has not been fully paid up.

In respect of rights, shares may be ordinary (common) shares or preference shares. Ordinary shares give their owner the right to vote, the right to part of the profit (dividends) and the right to a corresponding part of the assets after the company's liquidation or bankruptcy. Preference shares give, in addition to the rights referred to above, certain priorities (such as a fixed dividend, priority in payment upon liquidation etc.). The issue of preference shares must be stipulated by the company's by-laws.

Multiple-voting shares are not permitted. Non-voting shares are not permitted, except with preferred shares in which case they cannot exceed 50 percent of the capital of the company.

### Management

All joint-stock companies are able to choose between the one-tier model where a board of directors manages and supervises the corporation or the two-tier model where the management board and supervisory board separately exercise the management and supervisory functions, respectively.

## ***Management board / Board of directors***

Two -tier model: The management board consists of one or more managing directors appointed by the supervisory board. The management board may appoint one or more acting directors.

One-tier model: The board of directors is appointed by the shareholders' meeting. The board of directors may appoint one or more executive directors.

Special rules apply to listed companies. The board of directors is required to appoint at least one executive director from among its members. The number of executive directors cannot exceed half of the members of the board of directors.

In all cases, members are appointed for a six-year term and can be re-appointed after this period. There are no restrictions regarding the residence or nationality of board members.

## ***Supervisory board***

The supervisory board (two-tier model) supervises the conduct of the business, inspects the company's books and accounts etc. It is elected by the shareholders' meeting for a six-year term and can be re-elected thereafter. A member of the management board cannot simultaneously be a member of the supervisory board.

## ***Shareholders' meeting***

The shareholders' meeting (both models) makes the most important decisions provided by the law or the articles of association. A shareholders' meeting may be summoned by the management board, supervisory board or shareholders representing at least 5 percent of the voting capital.

## ***Minority shareholders' protection***

The Companies Act provides rules governing the squeezing out of minority shareholders. A majority shareholder holding at least 90% of the share capital may propose that a resolution be adopted to transfer the shares of minority shareholders in return for monetary consideration determined by an auditor.

Minority shareholders also have the right to exit the company by proposing such a resolution in return for monetary consideration determined on the same conditions as above. In any event, minority shareholders have the right to a judicial appraisal.

## ***Dissolution***

A joint-stock company is dissolved in the following cases:

- expiration of the term of duration stipulated by the statute;
- upon the shareholders' decision adopted by a 75-percent majority vote;
- the management board has not operated for more than 12 months;
- invalidation of court registration;
- bankruptcy;
- reduction of capital below the prescribed minimum; and

mergers and amalgamations or a transformation to another corporate form.