

## More Amendments to the Civil and Commercial Code Proposed

On 17<sup>th</sup> October 2017, the Cabinet approved drafts of amendments to the Civil and Commercial Code (the “CCC”) and the Act on Offences Related to Registered Partnerships, Limited Partnerships, Limited Companies, Associations and Foundations (the “AOC”). The drafts were proposed by the Ministry of Commerce. The proposed drafts aim at facilitating registration and operation of startups.

The key proposed amendments are as follows:-

1. A company can sell shares to the public pursuant to the applicable provisions of the securities and exchange law (the “SEC law”).
2. A payment of the share subscription price can be set off against the company if a special resolution approving such payment is passed at a general meeting of its shareholders and if it is made in compliance with the SEC law or pursuant to a debt-equity conversion plan under the company debt restructuring.
3. Preferential rights given to preference shares can be amended and preference shares can be converted to ordinary shares.
4. A company can own its shares if the purchase of the shares is approved by a special resolution of its shareholders and is made in compliance with the SEC law.
5. A company can offer its shares to its executives or employees as an ESOP (employee stock option plan) without first offering them to its existing shareholders.
6. A company can issue debentures to the public pursuant to the SEC law.

7. Offences and penalties in relation to conversion of preference shares to ordinary shares will be added to the AOO.

The proposed drafts will be sent to the Council of State for a review before they are sent to the National Legislation Assembly for further review and approval.

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