



KUVENDI I KOSOVËS
СКУПШТИНА КОСОВА
ASSEMBLY OF KOSOVO

LAW No. 02/L-123

ON BUSINESS ORGANIZATIONS

The Assembly of Kosovo,

Pursuant to Chapter 9.1.26 item (a) of the Constitutional Framework for Provisional Self-Government in Kosovo (UNMIK Regulation no. 2001/9 dated 15 May 2001),

Recognizing that the economic health of Kosovo depends on the existence of a modern market-oriented and business-friendly legal framework;

Understanding that such a legal framework must include, inter alia, a basic Law on business organizations that provides for, promotes and facilitates the efficient creation, registration, operation and dissolution of the usual and customary types of business organization found in economically successful countries; *and*

Intending, therefore, to create such a basic Law and to otherwise bring the regulation of business organizations in Kosovo into compliance with good market-oriented practices as well as the basic mandatory requirements of the European Union;

Hereby adopts the following:

LAW
ON BUSINESS ORGANIZATIONS

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Article 1
Purposes and Scope of the Present Law

1.1 The purpose of the present Law is to:

a) specify the types of business organization through which business activity may be conducted in Kosovo;

b) establish, for each type of business organization, the applicable registration requirements;

c) set forth, for each type of business organization legal provisions with respect to its legal capacity and structure and its rights and obligations and those of its owners, managers, directors, legal representatives and third parties; and

d) otherwise establish legal provisions that promote and facilitate the orderly and efficient creation, operation and dissolution of such business organizations.

1.2 It is specifically provided that the present Law is limited in scope and does not establish rules or regulate matters falling within the scope of other primary normative acts. Without prejudice to the generality of the foregoing, it is specifically provided that rules governing the licensing and regulating of the activities of a business organization and the accounting, financial reporting and labor and employment practices of business organizations are not within the scope of the present Law.

Article 2
Definitions

2.1 Whenever used in the present Law, the following terms and phrases shall have the following meanings unless the context within which such term or phrase appears clearly intends or requires another meaning:

“*Company*” means a joint stock company or a limited liability company established in Kosovo.

“*Ministry*” means Ministry of Trade and Industry;

“*Minister*” means Minister of Ministry of Trade and Industry.

“*Authorized person*” shall have the meaning specified in Article 13.7 or, if applicable, Article 13.8 of the present Law.

“*Kosovo business organization*” is a general term that means and includes any of the business organization types established in Kosovo under the present Law: a personal

business enterprise, a general partnership, a limited partnership, a limited liability company and a joint stock company.

“Foreign business organization” is a general term that means and includes any organization that (i) has been duly established and is currently validly existing under the Law of a jurisdiction outside Kosovo, and (ii) has the authority, under that Law, to engage, in business activity in such jurisdiction.

“Business activity” means any type of regular or repeated activity involving the offering, providing or producing of goods, services, property and/or works to or for any person or organization in return for or in expectation of any type of payment or compensation; *provided, however*, that an employee who provides services to his/her employer shall not be considered to be conducting “business activity” to the extent such services are required by and compensated pursuant to the employee’s contract of employment with the employer.

“Contribution” means consideration or something of value that a person or organization pays or provides to a partnership or a legal person in exchange for a partnership interest, an ownership interest, or a share.

“Head of the Registry” means the Director of the Registry.

“Distribution” means any transfer of any money or other property, whether tangible or intangible, from a partnership or a company to any of its partners, members or shareholders because of his/her status as a partner, member or shareholder.

“Family member” includes (i) a spouse, parent, brother, sister, child or grandchild, (ii) a brother, sister, parent or spouse of any of the foregoing; or (iii) any person who lives in the same home.

“Partnership” means a limited partnership or a general partnership established in Kosovo.

“Person” means, and only refers to, a natural person.

“Legal person” is a general term meaning any organization, including any business organization that has, as a matter of law, a legal identity that is separate and distinct from its members, owners or shareholders.

“Primary normative act” means a Law adopted by the Assembly of Kosovo or an UNMIK regulation.

“Public authority” means (i) any governmental executive authority, public body, ministry, department, agency, municipality or other such authority that exercises public executive, legislative, regulatory, administrative, enforcement or judicial powers within Kosovo; (ii) any enterprise, organization or establishment to the extent it exercises any of

the afore-mentioned powers pursuant to a grant of authority given by a normative or sub normative act or pursuant to a delegation of authority from another public authority; and (iii) any official, civil servant, employee or agent of any of the foregoing.

“*Record date*” means the date as of which a limited partnership, limited liability company or joint stock company determines the identity of its partners, members or shareholders and the size of their ownership interests for the purpose of determining their rights under the present Law or under the business organization’s founding documents.

“*Registry*” means the Kosovo Registry of Business Organizations and Trade Names.

“*Court*” means a court of competent jurisdiction.

“*Present Law*” means the present Law and the subsidiary normative acts and instruments issued in furtherance of or under the authority of the present Law, including the implementing rules issued pursuant to or under the authority of the present Law.

“*Share*” means an ownership right in a company which grants the holder rights further described in this Law including in Article 78, Article 126 and Articles 141 to 147 of this Law.

“*Shareholder*” means the person or entity who is able to exercise the rights represented by the Share.

“*Employee Share Scheme*” means an employee share ownership program (ESOP) or similar employee share ownership scheme as defined under Section 209.

2.2 References in the present Law to any other primary normative act shall be interpreted as also referring to any successor primary normative act thereto.

2.3 As used herein, the singular includes the plural and the plural includes the singular unless the context otherwise requires. The term "he" includes "she" and "it"; and the term "him" includes "her" and "it" unless the context otherwise requires.

Article 3

Business Activity to be Conducted through Registered Business Organizations

3.1 Subject to the limited exceptions specified in paragraph 2 of this Article and paragraph 2 of Article 37 of this Law, business activity may not be conducted anywhere in Kosovo except by a Kosovo business organization or foreign business organization that has been registered with the Registry.

3.2 A person or organization that is not so registered may conduct business activity in Kosovo *only to the extent* that another primary normative act specifically and expressly permits or authorizes such person or organization to conduct such business activity.

3.3 Except as provided for in paragraph 2 of this Article or paragraph 2, Article 37 of this Law, if any person or organization that is not registered conducts business activity in Kosovo, such person or organization shall be in violation of the present Law and shall be required to pay administrative monetary penalties in accordance with the sub normative act promulgated by the Minister under paragraph 4 of this Article.

3.4 The Minister shall have the authority and responsibility for developing and promulgating a sub normative act imposing administrative monetary penalties on any person or organization committing a violation specified in paragraph 3 of this Article or other violation of the present Law. The amount of such administrative monetary penalties shall be set at levels that are (i) proportionate to the extent, size and degree of the concerned violation, and (ii) sufficient to deter violations.

3.5 The Minister shall also have the authority and responsibility for assigning to one or more appropriate public authorities the responsibility for enforcing such sub normative act including the assessment, collection and handling of the concerned administrative monetary penalties; *provided, however*, that any such public authority shall, with respect to the collection and handling of such penalties, comply with the system and rules established by the Treasury pursuant to paragraph 6 of this Article.

3.6 All such administrative monetary penalties collected shall be “public money” within the meaning of the Law on Public Financial Management and Accountability or any successor legislation thereto. The Treasury shall have the sole authority and responsibility to establish and implement a system and rules governing the manner of collection and handling of any such administrative monetary penalties.

3.7 Any person or organization that has been subjected to the assessment or enforcement of such an administrative penalty shall have, without restriction, the rights to administrative and judicial appeal and review as provided for in the Law on administrative procedures.

Article 4

Types of Kosovo Business Organizations

4.1 A business organization may be established in Kosovo as a personal business enterprise, a general partnership, a limited partnership, a limited liability company or a joint stock company.

4.2 A limited partnership, a limited liability company and a joint stock company shall only come into existence upon the completion of the registration process with the Registry in accordance with the requirements of the present Law.

4.3 A personal business enterprise and a general partnership shall come into existence either: (i) upon the completion of the registration process with the Registry in accordance with the requirements of the present Law or (ii) upon the conduct of business activity in Kosovo without such registration as provided for in paragraph 4 and 5 of this Article.

4.4 If a person engages in a business activity in Kosovo without first registering a business organization under the present Law for the conduct of that activity, that person shall be deemed as a matter of Law to be operating an unregistered personal business enterprise. Such a personal business enterprise, even though unregistered, shall exist as a matter of Law and be subject to all applicable requirements and provisions in the present Law and other Laws governing or regulating a personal business enterprise; however, the concerned person shall be subject to the administrative penalties established pursuant to paragraphs 3 and 4 of Article 3 of this Law for failing to register such personal business enterprise.

4.5 Except as provided in paragraph 6 of this Article, if a person, a business organization or any other type of organization cooperates with another person, business organization or any other type of organization in the conduct of any business activity in Kosovo but such person(s) and/or organization(s) fail to formally establish and register a partnership or legal person for the conduct of such business activity, the concerned persons and/or organizations shall be deemed as a matter of Law to be operating an unregistered general partnership. Such a general partnership, even though unregistered, shall exist as a matter of Law and be subject to all applicable requirements and provisions in the present Law and other Laws governing or regulating a general partnership. In such case, the concerned persons and/or organizations shall be subject to the administrative penalties established pursuant to paragraphs 3 and 4 of Article 3 of this Law for failing to register such general partnership.

4.6 An agreement providing for cooperation between or among two or more business organizations that are already registered shall not give rise to a registration obligation under paragraph 5 of Article 4 of this Law.

Article 5 Permitted Purposes

5.1 A business organization may be established and registered for any Lawful purpose and may engage in any Lawful activity.

5.2 Any person, organization, or group composed of one or more persons and/or one or more organizations may establish and register a business organization.

5.3 The general rule of paragraph 1 of this Article shall not impair the operation of any requirement imposed by another primary normative act that requires the use of a specific type of business organization for the conduct of certain business activities.

5.4 If a business organization is established and registered for the conduct of an activity that is subject to a license or permit requirement established by another primary normative act, the registration of such business organization shall not constitute or be interpreted as constituting any kind of authorization for such business organization to engage in such activity. It shall be the sole responsibility of the business organization, *after registration*, to identify, apply for and obtain any and all required permits and licenses from the responsible public authority before engaging in the concerned activity.

5.5 No public authority shall have any authority to issue, and shall not issue, any license, permit or other authorization granting or purporting to grant any person or organization the right to engage in any business activity anywhere in Kosovo unless such person or organization provides evidence to such public authority that such person or organization:

- a) fulfills all established legal criteria specifically required to obtain the concerned license, permit or authorization, and
- b) is registered with the Registry, *or* is exempt from registration under paragraph 2 of Article 3 of this Law and is clearly and specifically authorized to conduct the concerned business activity by another primary normative act.

PART II THE REGISTRY AND REGISTRATION

Chapter 1 The Registry

Article 6 Establishment of the Registry

The Kosovo Registry of Business Organizations and Trade Names is hereby established as an agency within the Ministry of Trade and Industry.

Article 7 Functions of the Registry

7.1 The Registry is required to register business organizations and foreign business organizations in accordance with the provisions and requirements of the present Law. The Registry shall also have the authority and responsibility to perform any other functions that are specifically and explicitly assigned to it by the present Law.

7.2 The Registry shall establish and promulgate reasonable forms and procedures that will facilitate the routine, rapid and uneventful registration and dissolution of such business organizations in accordance with the provisions of the present Law.

7.3 All such forms and procedures shall be in strict accordance with the present Law and shall not establish any requirements not specifically and explicitly imposed by the present Law.

7.4 In particular, the Registry shall have the authority and responsibility to establish and promulgate reasonable forms and procedures for the purpose of facilitating the Registry's ability to smoothly and efficiently implement the provisions of the present Law relating to:

- a) the registration of the trade name or trade names that a business organization intends to use in the conduct of one or more of its business activities;
- b) the registration of the documents that a personal business enterprise, partnership or company is required or permitted to register by the present Law;
- c) the handling and review of an application for the registration of such a trade name or document;
- d) the issuance of a certificate of registration for every business organization, trade name or document registered the Registry, which certificate shall constitute conclusive evidence that such business organization, trade name or document has been Lawfully registered with the Registry; and
- e. the performance of any other function that is specifically and explicitly assigned to the Registry by the present Law.

7.5 All such forms shall be published and available free of charge on the internet and at the Registry.

Article 8 The Head of the Registry

8.1 The head of the Registry shall be a senior civil servant who shall be known as the "Director of the Registry of Business Organizations and Trade Names." The appointment and removal of the Head of the Registry shall be done in accordance with the normally applicable rules and procedures governing the appointment and removal of senior civil servants.

8.2 The Head of the Registry shall:

- a) have a university degree;
- b) have a minimum of five years of relevant professional experience in Law or public administration;
- c) perform his/her duties in a professional manner that strictly complies with the requirements of the present Law and other applicable legal requirements;
- d) perform his duties on a full-time basis; and
- e) shall not engage in any other employment or occupation, either as an employee or consultant, while serving as the Head of the Registry.

Article 9
Prohibition on Illicit Influence

No person shall attempt to exert, directly or indirectly, any political or illicit influence over the Head of the Registry or any person employed at or engaged by the Registry with respect to the conduct of his/her official duties. The Head of the Registry and all persons employed or engaged at Registry are strictly prohibited from soliciting or permitting any such influence.

Article 10
Mandatory Public Access to Records

10.1 All records, documents, filings, forms, rules and other materials required under this Law submitted to the Registry or prepared by the Registry relating to its operations or procedures or to any business organization are, without exception, public documents. Notwithstanding the foregoing, the Registry shall not allow public access to any personal identification numbers or copies of personal identification documents that the Registry uses to verify the identity of persons submitting or named in registration documents.

10.2 Except for the information and documents that pursuant to paragraph 1 of this Article specifically requires to be withheld from public access, the Registry is strictly required to make full and complete sets of all such documents, records, filings, forms, rules and other materials readily and routinely available to any person, upon such person's request or demand, for review and copying in accordance with the Law on Access to Official Documents.

10.3 In order to ensure that paragraph 2 of this Article is fully and routinely observed and implemented, the Ministry shall ensure that the Registry is provided with and maintains a secure, well-equipped and furnished public reading and copying room where a complete set of all such records, documents, filings, forms, rules and other materials are maintained in a rational, organized and easily accessible manner. The Registry is strictly required to grant access to such room during normal Government working hours to any person who requests such access.

10.4 The Registry shall certify copies as "true copies" if a person so requests. The Registry may charge a minimal fee for use by the public of the copying equipment in such room or the certification of a copy as a "true copy", but only if such fee is provided for in the sub normative act promulgated by the Minister pursuant to paragraph 1 of Article 12 of this Law.

10.5 If any person believes that the Registry, or any official or employee working at the Registry, is failing to fully and routinely observe and implement any requirement of this Article 10, such person shall file a complaint with the Head of the Registry and the Minister. The Minister shall have the authority and responsibility to investigate the alleged failure and to cause the Head of the Registry to take any action required to correct

such failure. If, the alleged failure has not been corrected within sixty (60) days from the filing of such complaint, the person who filed that complaint may file a new complaint with the Court. If the Court determines that the original complaint was valid and that the failure was not corrected within the specified sixty (60) day period, the Court shall issue an order (i) permanently terminating the Head of the Registry and any other culpable person at the Registry, (ii) requiring the body responsible for his/her appointment to appoint a new Head of the Registry; and (iii) requiring the Minister to take whatever action may be necessary to cause the Registry to correct such failure.

Article 11 Publication Requirements for Registered Companies

The Registry shall, for each company registered with the Registry, publish on a publicly accessible web site the following information or any change thereto within one month after the registration of such company or any change to such information:

- a) the name of the company;
- b) the type of company (limited liability or joint stock company);
- c) the address of the company's registered office and the name of the company's registered agent at that address;
- d) a brief description of the business purpose or purposes of the company, which purposes may be described simply as "to engage in any Lawful business activity";
- e) the name and address of each founder;
- f) the names of the directors and authorized persons and, if specified in the company's registration documents, any limitations on their authority;
- g) the duration of the company if it is not perpetual; and
- h) the charter capital of the company.

Article 12 Registration Fees

12.1 The Minister shall develop, promulgate and publish a sub normative act containing a schedule of reasonable fees that shall be charged in the Registry for the registration and other services provided by the Registry.

12.2 In establishing such fees, the Minister shall ensure that they are set at minimum levels that are not burdensome and do not create a material barrier to registration or changes to the registration. Any such fee shall be based solely on the type of document being submitted and shall not be based in any manner on the value, turnover or capital of the relevant business organization.

12.3 No person employed or engaged at the Registry or the Ministry shall charge or solicit or attempt to charge or solicit the payment of any amount except as specifically provided for in the fee schedule promulgated by the Minister under paragraph 1 of this Article.

12.4 All fees, charges and payments of any description, received by the Registry or the Ministry shall be “public money” as that term is defined in the Law on Public Financial Management and Accountability.

12.5 The Treasury shall establish and implement a system and rules governing the receipt and handling of public money received by the Ministry and the Registry.

Article 13 Registration Requirements

13.1 The Registry is strictly required to formally and officially register a document submitted to the Registry if such document complies with the requirements established by this Article and the other specifically applicable requirements of the present Law.

13.2 No public official or civil servant shall have any authority to alter, add to or diminish the requirements established by the present Law.

13.3 A document submitted for registration shall contain all information specifically required by the present Law. If the person(s) or organization(s) seeking registration desire, such a document may also contain other information.

13.4 Every business organization is under a continuing obligation to ensure that all information set forth in its registered documents is accurate and in compliance with the requirements of the present Law.

13.5 A registrant may submit registration documents to the Registry in the Albanian, Serbian or English language. It is the exclusive right of the registrant to determine which of these languages it shall use. If the original of a document is in a language other than the three specified languages, such document must be accompanied by a translation in one of the three specified languages.

13.6 A name of a business organization, or a trade name used by a business organization, should be in compliance with Articles 28 and 29 of the Law on language use No.2006/L02-37 promulgated according to UNMIK Regulation No.2006/51.

13.7 Every document submitted for registration shall be signed by an authorized person. For the purposes of this Article an authorized person shall be:

a) for a company: (i) an officer of the company or an officer of the Board of Directors; or (ii) by a founder of the company if the document is being submitted in connection with the company’s initial registration ;

b) for a partnership: any of its general partners. If the concerned general partner is a company, the authorized person shall be the company’s authorized person as specified in item “a” above;

- c) for a personal business enterprise: the person who owns the personal business enterprise; or
- d) for a foreign business organization, a person authorized under its internal governance documents and the Law of its place of establishment to bind the foreign business organization.

13.8 Notwithstanding paragraph 7 of this Article, if a business organization has, pursuant to the Law on Bankruptcy or other primary normative act, been officially placed under the administration of an administrator or has been put into liquidation, the only “authorized person” shall be the administrator or the liquidator.

13.9 A person who is an “authorized person” under paragraphs 7 or 8 of this Article, may – for the purpose of submitting any information or documents to the Registry or representing the concerned business organization at the Registry - designate any person to act on such authorized person’s behalf. Such a designation shall be made in writing and signed and dated by the authorized person. Such a designation shall be valid for a period of 12 months unless earlier revoked in writing by the authorized person. If presented with such a written designation, or a written revocation of such a designation, the Registry is required to officially accept such document and the designation specified therein. The Registry shall make a copy of such written designation and include such copy in the publicly accessible documents of the concerned business organization.

13.10 When an authorized person signs a document for or on behalf of a business organization, he/she shall clearly provide, under or next to his/her signature: (a) his/her lawful name; (b) his/her title; (c) the capacity in which he/she is signing; and (d) his/her personal or business address, which may be in Kosovo or outside Kosovo.

13.11 Every document submitted for registration shall be accompanied by proof of payment of the fee specified by the Minister in the sub normative act authorized by paragraph 1 of Article 12. Such proof of payment shall be in the form provided for by the Treasury under the system established and implemented under paragraph 6 of Article 12 of this Law.

13.12 The Ministry shall ensure, as soon as practicable, that the Registry develops and implements a system providing for: (a) the electronic submission of documents and (b) the electronic issuance of registration certificates as well as notices and other communications from the Registry.

13.13 The Registry may develop and make available to the public basic forms for documents that are required or permitted to be registered by the present Law. Such forms shall not create or otherwise impose any restrictions, limitations or requirements that are not specifically and expressly established or authorized by the present Law. No specific forms shall be developed or required for partnership agreements, company agreements, memoranda, byLaws or resolutions or for any amendments thereto.

Article 14
Filing Duties of the Registry

14.1 The Registry shall note the date and time of receipt on every document that is submitted for registration and provide a receipt to the person submitting the documents on request by such person..

14.2 If a document received by the Registry satisfies the requirements of the present Law, the Registry shall formally and officially register such document within ten (10) calendar days following the day of receipt. This time line shall be extended to sixty (60) calendar days in respect of the documents filed during the transitional period in Article 232 of this Law.

14.3 When the Registry registers a document it shall record the exact date of such registration. Immediately after registering a document, the Registry shall deliver to the business organization or its officially designated representative a copy of the document with a written acknowledgement indicating the date and time of registration. If the registration of such document requires the Registry to issue a new certificate of registration, then the Registry shall also provide such new certificate signed by the Head of the Registry or an official of the Registry who has been properly authorized to sign on the Head of the Registry's behalf.

14.4 If the Registry determines that a document submitted for registration does not meet one or more requirements of the present Law and therefore cannot be registered, the Registry shall, within ten (10) calendar days following the day it received such document, return such document to the business organization or its officially designated representative. In such case the Registry shall at the same time provide a detailed *written* explanation of the reason(s) for the decision by the Registry not to register the document. Such written explanation shall contain references to the specific provisions of the present Law that the document failed to comply with. The Registry shall maintain in its records written evidence of the delivery of these items to the business organization or its officially designated representative.

14.5 If the Registry does not, within ten (10) calendar days of receipt, either register or return a document in accordance with either paragraph 2 or 3 of this Article, the document shall be conclusively deemed, as a matter of Law, to have been formally and officially registered by the Registry as of midnight on the tenth (10th) calendar day following the day of receipt by the Registry. The business organization to which such a registration document relates shall have the right to demand and receive, immediately upon expiration of the referenced ten (10) day period, the documents referred to in paragraph 2 of this Article. In such event, the Registry is required to immediately issue such documents.

14.5 If the Registry identifies any deficiencies in a document that has officially been registered, whether under paragraph 2 or 4 of this Article, the Registry shall notify the concerned business organization *in writing* of the precise nature of those deficiencies and

the provisions of the present Law that the document does not comply with. The business organization shall then have twenty (20) full calendar days after receipt of such notice to submit to the Registry any amendments or modifications that are required to correct such deficiencies. No administrative or other penalties or punitive action shall be taken or imposed by the Registry on the business organization until such twenty (20) calendar day period has expired and the business organization has failed to submit such amendments or modifications.

Article 15 Administrative Nature of Registration

15.1 The registration of a document by the Registry is a formal, informational, perfunctory administrative act only. The Registry shall not verify information contained in any registration document. The person signing such document shall be responsible under the applicable Law for the accuracy of the information set forth therein.

15.2 The registration of, or any other act taken by the Registry with respect to, a document submitted for registration shall not constitute, and shall not be interpreted as constituting, any type of legal determination or presumption:

- a) that the concerned document or any part thereof is valid or invalid; or
- b) that any information contained therein is accurate or inaccurate.

Article 16 Correction of Errors

16.1 The Registry may correct its own errors at any time. In such event, the Registry shall:

- a) include a note in the concerned file that indicates the nature of the correction, the date and time of the correction, and the reasons for the correction; and
- b) Immediately deliver a copy of the above note to the concerned business organization.

16.2 A business organization may correct its own errors at any time by submitting an appropriate application to the Registry.

Article 17 Review of Disputed Matters

17.1 Any affected person or organization who in good faith believes that an act, failure to act, requirement or decision of the Registry is inconsistent with or not authorized by the present Law, such person or organization may submit a written request to the Head of the Registry requesting him to review the matter.

17.2 Within twenty (20) calendar days after receiving such a request, the Head of the Registry shall: (i) review the concerned matter, (ii) take all necessary measures required to correct the matter, and (iii) provide a written decision to the concerned person or organization.

17.3 If, after receiving the Head of the Registry's decision or the expiration of the aforementioned twenty (20) calendar day period, whichever occurs earlier, the concerned person or organization may file a complaint with the office of administrative complaints within the Ministry. Such office must provide the concerned person or organization with a written decision on such complaint within twenty (20) calendar days after receiving such complaint.

17.4 If, after receiving the decision of the Ministry's office of administrative complaints or the expiration of the afore-mentioned twenty (20) calendar day period, whichever occurs earlier, the concerned person or organization may file a complaint with the Court requesting the Court to review the matter. If such a complaint is filed with the Court in accordance with this Section 17, the Court shall review and decide the matter.

17.5 In particular, the Court shall have the authority to invalidate or uphold, in whole or in part, a decision, act or requirement of the Head of the Registry or the Registry. The Court shall also have the authority to issue an order requiring the Head of the Registry and/or the Registry to take whatever action the Court deems necessary and appropriate to remedy the matter. If the Head of the Registry fails to comply with such an order, the Court (i) may issue, and shall have the authority to issue, an order removing the Head of the Registry from that position, and/or (ii) may impose any other penalty provided for under any other primary normative act for failure to comply with a court order.

Article 18 Maintenance of Records

18.1 The Registry shall maintain all of its records and documents, including documents received or registered, in perpetuity.

18.2 The Registry shall maintain electronic copies of all of its records in a secure computer database. Once a day, the Registry shall make two backup copies of its computer database. One such copy shall be maintained at the Registry for a minimum of twenty (20) days. The other copy shall be delivered to the Ministry, which shall ensure its storage in a secure electronic data-base that is not accessible from any other location which shall be in a different building than the building housing the Registry.

Article 19
Storage of Paper Records and
Documents

The Registry shall maintain the original paper copies of its records for at least five (5) years. Paper records that are more than five (5) years old shall not be destroyed, but shall be transferred to “the Archive of Kosovo”.

Article 20
Sharing of Records, Documents and Information

The Director may enter into cooperative agreements with any public authority or any business organization or person for the joint collection, storage, retrieval, and dissemination of records and information. Such agreements shall be without prejudice to the privacy rights of any person or organization established by any primary normative act.

Chapter 2
Name and Reservation of Name

Article 21
Name of a Business Organization

21.1 A name that is sought to be registered by or for a business organization must be reasonably distinguishable from any name previously registered by another business organization, unless:

- a) the business organization that previously registered the name (i) consents in writing to its registration and use by the other business organization and (ii) submits for registration to the Registry a “change of name” form that legally changes its name to another name that is distinguishable from that name and any other name previously registered by another business organization;
- b) the business organization seeking to register the name submits to the Registry a certified copy of the final and unappealable judgment of a court establishing its right to use the name; or
- c) the business organization seeking to register the name submits to the Registry a certified copy of an agreement with the business organization that previously registered the name, if such agreement explicitly authorizes the former to use the name.

21.2 The name of a personal business enterprise must include the words “personal business enterprise” or “PBE”. The name of a general partnership must include the words “general partnership” or “GP”. The name of a limited partnership must include the words “limited partnership” or “LP”. The name of a limited liability company must include the words “limited liability company” or “LLC”. The name of a joint stock company must include the words “joint stock company” or “JSC”. Every such name or abbreviation

must be in any one of the Albanian, Serbian or English language or any other official languages of Kosovo. The words or abbreviations required by this Article 21.2 shall not be taken into account when determining whether a name is reasonably distinguishable from another name that has previously been registered. Words and abbreviations used above should be included at the end of the name of the business organization.

21.3 A business organization may use a name previously registered by another business organization if it submits documentation demonstrating that it has (i) merged with the other business organization, (ii) has been formed by a reorganization of the other business organization; or (iii) has acquired by agreement or the operation of Law the right to use the name.

21.4 No person or business organization may use or register a name that is (i) unlawful or misleading or (ii) lawfully owned or controlled by another person or business organization unless such other person or business organization has provided their express written permission .

21.5 Nothing in the present Law shall be interpreted as permitting a person or business organization to register or use a name if that name constitutes - or is confusingly similar to - a trademark that is lawfully owned or controlled by another person or organization, unless such other person or organization expressly authorizes such registration and use in writing. Any issues arising in connection with an attempt to register or use a name that is alleged to constitute – or be confusingly similar to - a trademark shall be resolved in accordance with the Law in Kosovo governing the ownership and use of trademarks.

Article 22

Reservation of Trade Name

22.1 A person or business organization that intends to use a trade name within the next 180 days may, if such trade name has not already been reserved or registered, reserve the exclusive use of such trade name by delivering a trade name reservation application to the Registry. The application must set forth the name and address of the applicant and the trade name to be reserved.

22.2 Upon receipt of such application, the Registry shall review its records and, if such trade name has not already been reserved or registered, the Registry shall reserve the trade name for the applicant's exclusive use for a non-renewable 180-day period.

22.3 A reserved trade name may be transferred by the person or business organization that has reserved the trade name to another person or business organization by delivering to the Registry a signed notice of the transfer that states the name and address of the transferee.

Chapter 3

Registered Office and Agent
Article 23
Registered Office and Registered Agent

23.1 Every business organization shall be required to specify in its registration documents both of the following:

- a) the location of its registered office, which must be physical premises in Kosovo having a clearly specified address and which may not be a post office box; *and*
- b) the name of its registered agent, which shall be (i) a person having his/her principal residence or principal place of work at the registered office, or (ii) a business organization having its principal place of business at the registered office;

23.2 The address of a business organization's registered office and the name and address of its registered agent shall be clearly specified in a business organization's registration documents.

23.3 Every business organization shall have a continuing and strict obligation to ensure that (i) a registration document is updated within ten (10) calendar days of an event affecting its accuracy, and (ii) the person or business organization named as its registered agent is routinely available at the physical premises identified as its registered office.

Article 24
Service on or Delivery to a Business Organization

24.1 The registered agent of a business organization shall be the Lawful agent of the business organization for the receipt of any service of process, notice, or demand that a public authority, a person or an organization is required or permitted by Law to deliver to the business organization.

24.2 If any such service of process, notice or demand is delivered to a business organization's registered agent, such delivery shall constitute, as a matter of Law, service on or delivery to the business organization.

24.3 If delivery to the registered agent is not possible or reasonably practicable, such delivery may be effected by delivery to any general partner, manager, director or officer of the business organization.

24.4 If delivery under paragraph 2 or 3 of this Article is not possible or reasonably practicable, such delivery may be effected by delivery to any of the business organization's offices or other known places of business activity, including the physical premises specified in its registration documents as its registered office.

24.5 Delivery shall be deemed to have been effected on the earlier of (i) the date of actual receipt or (ii) if delivery is effected through the use of the public postal authority, five (5) business days after its deposit with such authority, as evidenced by the official postmark, if the item is correctly addressed and the postage fully paid at the time of deposit.

Article 25 Change of Registered Agent or Office

25.1 If a business organization desires or is required to change the name of the person designated as its registered agent, it shall deliver to the Registry a notice, signed by an authorized person, that sets forth (i) the name of the business organization and its registration number, and (ii) the name of its new registered agent. The business organization shall also deliver to the Registry a document, signed by the new registered agent, clearly expressing his/her/its consent to serve in such capacity. The requirements of paragraph 1, point b of Article 23 of the present Law shall apply to the new registered agent.

25.2 If a business organization desires or is required to change the location of its registered office, it shall deliver to the Registry a notice, signed by an authorized person, that sets forth (i) the name of the business organization and its registration number, and (ii) the address in Kosovo of its new registered office. The requirements of point (a), paragraph 1 of Article 23 of the present Law shall apply to the new registered office.

25.3 Upon registration by the Registry, a notice under paragraphs 1 and 2 of this Article shall constitute an amendment to the relevant aspects of the business organization's registration documents, including the registration documents specifically mentioned in paragraph 2 of Article 23 of this Law.

Article 26 Resignation of Registered Agent

26.1 A registered agent may resign by first delivering a "notice of intent to resign" to an authorized person of the concerned business organization advising the business organization (i) of the registered agent's intention to resign, (ii) whether and how such resignation will affect the registered office of the business organization, (iii) that the business organization must designate a new registered agent and - if applicable - a new registered office, and (iv) that the business organization must deliver to the Registry the notice(s) required by Article 25 of the present Law.

26.2 After ten (10) calendar days have passed since the delivery of the notice of intent to resign, the registered agent shall file a "notice of resignation" with the Registry. Such notice shall indicate whether and how the resignation will affect the registered office of

the business organization. The registered agent shall attach to such notice the notice of intent to resign previously delivered to an authorized person of the business organization.

26.3 The resignation of the registered agent (and, if applicable, the termination of the status of the registered office) shall become effective upon the delivery to the Registry of the notice required by paragraph 2 of this Article. The Registry shall immediately register and file that notice in the business organization's registered documents and send a copy to an authorized person of the business organization. If necessary, the Registry shall also immediately deliver to an authorized person of the business organization a demand for the notice(s) required by Article 25 of the present Law.

Chapter 4

Mandatory Information to be Provided to Third Parties

Article 26A

Mandatory Information that Must be Provided to Third Parties

26A.1 All written correspondence from a company or limited partnership to a third party (including, inter alia, letters, notifications, offers, invoices and receipts) and all publicly accessible web sites maintained by a company or a limited partnership shall clearly provide the following information:

- a) the type of the business organization;
- b) the full name of the business organization;
- c) if the business organization is in the process of being liquidated, dissolved or wound up, a clear statement indicating this fact;
- d) a clear reference indicating that the business organization is registered in the Registry; and
- e) the business organization's registration number.

26A.2 Where a business organization makes any reference in any formal document or correspondence regarding the capital of the business organization, that reference shall include a clear and accurate indication regarding the amount of the capital of the business organization that has actually been paid in.

Chapter 5

Registration of a Personal Business Enterprise

Article 27

Registration of a Personal Business Enterprise

27.1 To register a personal business enterprise, the owner shall sign and submit to the Registry a form containing the following information:

- a) the official name of the personal business enterprise, which must (i) be, or include as principal element, the true and Lawful surname of the owner, and (ii) include at the end

the abbreviation “P.B.E.” or its equivalent in one of the languages specified in paragraph 5 of Article 13 of this Law;

- b) the address in Kosovo at which the personal business enterprise will have its principal place of business;
- c) the full name and residential address in Kosovo of the owner of the personal business enterprise.
- d) the address of the personal business enterprise’s registered office in Kosovo and the name of the personal business enterprise’s registered agent at that address;
- e) the business purpose of the personal business enterprise, which may be described as “any Lawful business purpose”,
- f) the latest date, if any, on which the personal business enterprise is to dissolve;
- g) any other information about the personal business enterprise that the owner desires to provide; and
- h) a statement affirming that the person filing and signing such form is the owner of the personal business enterprise.

27.2 If the registered agent specified in the form is not the owner, the owner must attach to the form the written consent of the registered agent indicating the registered agent’s consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered agent is a business organization, it must be signed an authorized person of such business organization.

Article 28

Amendments to the Registration Information of a Personal Business Enterprise

28.1 If there is any change in any information that has been provided to the Registry in connection with the registration of a “personal business enterprise,” or if the owner desires to change any such information, the owner shall amend the information by signing and submitting to the Registry a “notice of amendment” which must:

- a) specify the official name of the personal business enterprise and its registration number;
- b) set forth the text of each amendment or attach an amended version of the form required by paragraph 1 of Article 27 of this Law; and
- c) include a statement affirming that the person signing such notice is the owner of the personal business enterprise.

28.2 If the notice of amendment involves a change in the name of the registered agent of the personal business enterprise, and the new registered agent is not the owner, the owner must attach the written consent of the new registered agent indicating the new registered agent’s consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered agent is a business organization, it must be signed an authorized person of such business organization.

28.3 The amendment shall become effective upon submission of the notice and, if required, the attachment described in paragraph 2 of this Article.

Chapter 6

Registration of a General Partnership

Article 29

Registration of a General Partnership

29.1 To register a general partnership, a general partner - or an authorized person of a general partner - shall sign and submit to the Registry a “general partnership memorandum” providing the following information:

- a) the official name of the general partnership, which must:
 - (i) include the name of at least one general partner; provided that: (A) if a general partner is a natural person and his/her name is used, the Lawful surname of such person shall be used; and (B) if a general partner is a business organization and its name is used, its full official name shall be used;
 - (ii) if the name of any other general partner(s) is/are not part of the official name, include an indication (such as “and partner” or “and partners”) that refers to the existence of such partner(s); and
 - (iii) include at the end the abbreviation “G.P” or its equivalent in one of the languages specified in paragraph 5, Article 13 of this Law;
- b) the address in Kosovo at which the general partnership will have its principal place of business;
- c) the address of the general partnership’s registered office in Kosovo and the name of the general partnership’s registered agent at that address;
- d) the business purpose of the general partnership, which may be described as “any Lawful business purpose”;
- e) the name and address of each general partner. If a general partner is a natural person, his/her full name and the address of his/her permanent place of residence, which may be in Kosovo or outside Kosovo, shall be provided; if a general partner is a Kosovo business organization, its official name and the address of its registered office in Kosovo shall be provided; if a general partner is a foreign business organization, its official name and the address of its principal place of business outside Kosovo shall be provided;
- f) a written statement, signed by each general partner who is a natural person and by the authorized person of each general partner that is a business organization, confirming their agreement to be named in the memorandum as general partners.
- g) the latest date, if any, on which the general partnership is to dissolve; and
- h) a statement affirming that the person signing and submitting such memorandum (i) is a general partner or an “authorized person” of a general partner and (ii) that such person has the authority to sign and submit such memorandum to the Registry.

29.2 The person signing and submitting the memorandum must attach the written consent of the registered agent indicating the registered agent’s consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered

agent is a business organization, it must be signed an authorized person of such business organization.

Article 30

Amendments to the General Partnership Memorandum

30.1 If there is any change in any information that has been provided to the Registry in connection with the registration of a general partnership, or if the general partners desire to change any such information, the general partners shall duly adopt a resolution authorizing an amendment to the memorandum. The resolution shall also instruct an authorized person to immediately sign and submit to the Registry a “notice of amendment”, which shall:

- a) specify the official name of the partnership and its registration number,
- b) set forth the text of each amendment;
- c) specify the date of adoption of each amendment by the general partners;
- d) include a statement certifying that the amendment was duly approved by the general partners in a manner that is consistent with (i) the present Law and (ii) the general partnership agreement, if any; and
- e) include a statement affirming that the person signing and submitting such notice (i) is a general partner or an “authorized person” of a general partner and (ii) that such person has been duly authorized to sign and submit such notice to the Registry.

30.2 The person signing and submitting the notice of amendment shall attach to the notice: (i) a copy of the resolution and (ii) the full text of the general partnership memorandum as amended.

30.3 If the amendment involves a change in the name of the registered agent of the general partnership, the person signing and submitting the notice of amendment must attach the written consent of the new registered agent indicating the new registered agent’s consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered agent is a business organization, it must be signed an authorized person of such business organization.

30.4 The amendment shall become effective upon the submission of the notice and all required attachments.

Chapter 7

Registration and Establishment of a Limited Partnership

Article 31

Registration and Establishment of a Limited Partnership

31.1 To register a limited partnership, a general partner - or an authorized person of a general partner - shall sign and submit to the Registry a “limited partnership memorandum” providing the following information:

a) the official name of the limited partnership, which must:

(i) include the name of a general partner; provided that: (A) if a general partner is a natural person and his/her name is used, the Lawful surname of such person shall be used; and (B) if a general partner is a business organization and its name is used, its full official name shall be used;

(ii) include an indication (such as “and partner” or “and partners”) indicating the existence of other partner(s) whose name(s) do not appear in the official name ; and

(iii) include, at the end, the abbreviation “L.P” or its equivalent in one of the languages specified in paragraph 5 of Article 13 of this Law;

b) the address in Kosovo at which the limited partnership will have its principal place of business;

c) the address of the limited partnership’s registered office in Kosovo and the name of the limited partnership’s registered agent at that address,

d) the business purpose of the limited partnership, which may be described as any Lawful business purpose,

e) the name and address of the general partner of the limited partnership or, if the limited partnership has more than one general partner, the name and address of each general partner. If a general partner is a natural person, his/her full name and the address of his/her permanent place of residence, which may be in Kosovo or outside Kosovo, shall be provided; if a general partner is a Kosovo business organization, its official name and the address of its registered office in Kosovo shall be provided; if a general partner is a foreign business organization, its official name and the address of its principal place of business outside Kosovo shall be provided;

f) a written statement, signed by each general partner who is a natural person and by the authorized person of each general partner that is a business organization, confirming their agreement to be named in the memorandum as general partners.

g) the latest date, if any, on which the limited partnership is to dissolve; and

h) a statement affirming that the person signing and submitting such memorandum (i) is a general partner or an “authorized person” of a general partner and (ii) that such person has the authority to sign and submit such memorandum to the Registry.

31.2 The person signing and submitting the memorandum must attach the written consent of the registered agent indicating the registered agent’s consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered agent is a business organization, it must be signed an authorized person of such business organization.

31.3 The person signing and submitting the memorandum must also attach a copy of the limited partnership agreement required by Article 68 of this Law signed by all of its original partners. It is specifically provided, however, that (i) the requirement of this paragraph is for public information purposes only, (ii) the Registry shall have no authority to review a limited partnership agreement for legal or formal sufficiency, (iii) the Registry shall have no authority to refuse to register a limited partnership for any

reason that relates to the form, content or terms of the limited partnership agreement, and (iv) registration of a limited partnership agreement does not signify or imply that such agreement, or any provision thereof, complies with the memorandum or the requirements of the present Law.

Article 32
Amendments to the Limited Partnership Memorandum or Agreement

32.1 If there is any change in any of the information contained in a registered limited partnership memorandum, or if the partners desire to change any such information or any provision in a registered limited partnership agreement, the partners shall first duly adopt a resolution authorizing an amendment to such memorandum and/or agreement. Such resolution shall also instruct an authorized person to sign and submit to the Registry a notice setting forth:

- a) the official name of the limited partnership and its registration number;
- b) the text of each amendment adopted;
- c) the date of adoption of each amendment by the partners;
- d) a statement certifying that the amendment was duly approved by the partners in a manner that is consistent with (i) the present Law, (ii) the limited partnership memorandum, and (ii) the limited partnership agreement; and
- e) a statement affirming that the person signing and submitting such notice is an “authorized person” as defined in the present Law and that such person has been duly authorized to sign and submit such notice to the Registry.

32.2 The person signing and submitting the notice shall attach thereto: (i) a copy of the resolution and (ii) the full text of the concerned document as amended, which need not be signed by the partners.

32.3 The amendment shall become effective upon the submission of the notice and the required attachments thereto.

Chapter 8
Registration and Establishment of a Limited Liability Company

Article 33
Registration and Establishment of a Limited Liability Company

33.1 To register and establish a limited liability company, a founder shall sign and submit to the Registry the charter of the limited liability company, which must contain the following information:

- a) the official name of the company, which must include at the end the abbreviation “LLC” or its equivalent in one of the languages specified in paragraph 5 of Article 13 of this Law;

- b) the address in Kosovo at which the company will have its principal place of business;
- c) the address of the company's registered office and the name of the company's registered agent at that address,
- d) the business purpose of the company, which may be described as "any Lawful business purpose",
- e) the name and address of each founder of the company; if a founder is a natural person, his/her full name and the address of his/her permanent place of residence, which may be in Kosovo or outside Kosovo, shall be provided, if a founder is a Kosovo business organization, its official name and the address of its registered office in Kosovo shall be provided; if a founder is a foreign business organization, its official name and the address of its principal place of business outside Kosovo shall be provided;
- f) the number of persons who will serve as the company's Directors, and the name and address of each of the persons who will serve as the initial Directors of the company. If such a Director is resident in Kosovo, the address of his/her residence in Kosovo shall be provided; if such a Director is not resident in Kosovo, the address of his/her residence outside of Kosovo shall be provided.
- g) the latest date, if any, on which the company is to dissolve;
- h) the amount of the company's charter capital, which must be at least 1,000 Euros;
- i) the amount of the company's charter capital that has been paid in at the time of the company's registration;
- j) the amount (if any) of the company's charter capital that has been subscribed but that has not been paid in at the time of the company's registration;
- k) the names and addresses of the owners and their respective ownership interests; and
- l. a statement affirming that the person signing and submitting such charter is an "authorized person" as defined in the present Law and that such person has the authority to sign and submit the charter to the Registry.

33.2 The person signing and submitting the charter must attach the written consent of the registered agent indicating the registered agent's consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered agent is a business organization, it must be signed an authorized person of such business organization.

33.3 The person signing and submitting the charter must also attach a copy of the company agreement required by Article 86 signed by the owners specified in the original charter. It is specifically provided, however, that (i) the requirement of this Article is for public information purposes only, (ii) the Registry shall have no authority to review a company agreement for legal or formal sufficiency, (iii) the Registry shall have no authority to refuse to register a limited liability company for any reason that relates to the form or content of the ByLaws, and (iv) registration of a company agreement does not signify or imply that such agreement, or any provision thereof, complies with the charter or the requirements of the present Law.

Article 34
Amendments to the Charter or Company Agreement

34.1 If there is any change in any of the information contained in a registered charter of a limited liability company, or if the owners desire to change any such information or any provision in a registered company agreement, the owners having the right to vote thereon shall first duly adopt a resolution authorizing an amendment to such charter and/or agreement. Such resolution shall also instruct an authorized person to sign and submit to the Registry a notice setting forth:

- a) the official name of the limited liability company and its registration number,
- b) the text of each amendment adopted;
- c) the date of adoption of each amendment by the owners;
- d) a statement certifying that the amendment was duly approved by the owners in a manner that is consistent with (i) the present Law, (ii) the charter and (ii) the ByLaws; and
- e) a statement affirming that the person signing and submitting such notice is an “authorized person” as defined in the present Law and that such person has been duly authorized to sign and submit such notice to the Registry.

34.2 The person signing and submitting the notice shall attach thereto: (i) a copy of the resolution and (ii) the text of the concerned document as amended, which need not be signed by the owners.

34.3 The amendment shall become effective upon the submission of the notice and the required attachments thereto.

Chapter 9
Registration and Establishment of a Joint Stock Company

Article 35
Registration and Establishment of a Joint Stock Company

35.1 To register and establish a joint stock company, a founder shall sign and submit to the Registry the charter of the joint stock company, which must contain the following information:

- a) the official name of the company, which must include the abbreviation “JSC” at the end or the equivalent in the Albanian, Serbian or other official languages of Kosovo;
- b) the address in Kosovo at which the company will have its principal place of business;
- c) the address of the company’s registered office and the name of the company’s registered agent at that address;
- d) the business purpose of the company, which may be described as any Lawful business purpose;
- e) the name and address of each founder of the company. If a founder is a natural person, his/her full name and the address of his/her permanent place of residence, which may be in Kosovo or outside Kosovo, shall be provided; if a founder is a Kosovo business

organization, its official name and the address of its registered office in Kosovo shall be provided; if a founder is a foreign business organization, its official name and the address of its principal place of business outside Kosovo shall be provided;

f) the number of members that will be on the company's Board of Directors, and the name and address of each of the persons who will serve as the initial Directors of the company. If such a Director is resident in Kosovo, the address of his/her residence in Kosovo shall be provided; if such a Director is not resident in Kosovo, the address of his/her residence outside of Kosovo shall be provided.

g) for the company's common stock:

(i) the par value per share of the company's common stock;

(ii) the number of shares of common stock that will be issued at the time of the company's registration; and

(iii) the maximum number of shares of common stock that the company is authorized to issue;

h) if one or more classes of preferred stock are authorized, a description of each such class setting forth:

(i) the par value per share of such class;

(ii) the dividend, liquidation, voting and other rights and preferences of such class;

(iii) the number of shares of such class that will be issued at the time of the company's registration; and

(iv) the maximum number of shares of such class that the company is authorized to issue.

i) the amount of the company's charter capital, which must be at least 25,000 Euros;

j) the amount of the company's charter capital that has been paid in at the time of the company's registration;

k) the amount (if any) of the company's charter capital that has been subscribed but that has not been paid in at the time of the company's registration and any deadline for payment of the same;

l) if applicable, (i) the number and type of any shares that will be issued for non-monetary compensation at the time of the company's registration, (ii) a description of the nature of such non-monetary compensation and (iii) the name and address of any person or organization providing such compensation;

m) the amount, or an estimate of the amount, of all costs that are payable by the company or chargeable to it by reason of the work done to accomplish its registration and establishment;

n) if applicable, a description of any special advantage that has been granted to any person or organization that has taken part in the work leading to its registration and establishment; and

o) a statement affirming that the person signing and submitting such charter is an "authorized person" as defined in the present Law and that such person has the authority to sign and submit the charter to the Registry.

35.2 In addition to the mandatory requirements of paragraph 1 of this Article, the charter of a joint stock company may also contain one or more provisions that:

a) provide the shareholders with the exclusive power to make, amend and/or repeal the by-Laws of the joint stock company;

- b) provide the board of directors with the power to decide when and whether the company will issue stock that has been authorized but not yet issued;
- c) provide the board of directors, subject to the restrictions set forth in Article 164 of the present Law, with the power to declare and pay dividends;
- d) explicitly alters a specific requirement of the present Law requiring a matter to be approved by a two-thirds (2/3) majority of the shares entitled to vote thereon, if such charter provision specifies that the matter must instead be approved by another percentage of such shares that is greater than fifty percent (50%);
- e) any other specific voting requirements; *and*
- f) impose conditions or requirements on the content of the company's by-Laws.

35.3 The person signing and submitting the charter must attach the written consent of the registered agent indicating the registered agent's consent to serve in such capacity. Such written consent must be signed by the registered agent. If the registered agent is a business organization, it must be signed an authorized person of such business organization.

35.4 The person signing and submitting the charter must also attach a copy of the company's by-Laws required by Article 138 of this Law. It is specifically provided, however, that (i) the requirement of this paragraph is for public information purposes only, (ii) the Registry shall have no authority to review a company's by-Laws for legal or formal sufficiency, (iii) the Registry shall have no authority to refuse to register a joint stock company for any reason that relates to the form or content of its by-Laws, and (iv) registration of such by-Laws does not signify or imply that such by-Laws, or any provision thereof, comply with the charter or the requirements of the present Law.

Article 36 Amendments to the Charter or By-Laws

36.1 If there is any change in any of the information contained in a registered charter of a joint stock company or if the shareholders desire to change any such information, the shareholders having the right to vote thereon shall first duly adopt a resolution authorizing an amendment to such charter. Such resolution shall also instruct an authorized person to sign and submit to the Registry a notice complying with paragraph 3 of this Article.

36.2 If the shareholders and/or the directors desire to change any provision in the registered by-Laws of a joint stock company, the shareholders and/or directors having the right to vote thereon shall first duly adopt a resolution authorizing an amendment to such by-Laws. Such resolution shall also instruct an authorized person to sign and submit to the Registry a notice complying with paragraph 3 of this Article.

36.3 The notice referred to in paragraphs 1 and 2 of this Article shall set forth:
a) the official name of the joint stock company and its registration number,

b) the text of each amendment adopted;
c) the date of adoption of each amendment;
d) a statement certifying that the amendment was duly approved by the shareholders and/or directors entitled to vote thereon in a manner that is consistent with (i) the present Law, (ii) the charter and (ii) the by-Laws; and

e) a statement that the person signing and submitting such notice is an “authorized person” as defined in the present Law and that such person has been duly authorized to sign and submit such notice to the Registry.

36.4 The person signing and submitting the notice shall attach thereto: (i) a copy of the resolution and (ii) the text of the concerned document as amended.

36.5 The amendment shall become effective upon the submission of the notice and the required attachments thereto.

Chapter 10 **Registration of a Foreign Business Organization**

Article 37 Registration of Foreign Business Organization

37.1 A foreign business organization, as defined in the present Law, may engage in business activity in Kosovo to the same extent as a Kosovo business organization, but only if it first registers with the Registry as a “Foreign Business Organization” and complies with the requirements of this Article and the other applicable provisions of the present Law. A foreign business organization shall be subject to the registration and other requirements of this Article if it, or any agent, employee or representative acting on its behalf, engages in any type of business activity in Kosovo.

37.2 As a limited exception to paragraph 1 of this Article, a foreign business organization shall not be required to register as a “Foreign Business Organization” if its business activities are exclusively limited to:

- a) exporting to Kosovo – from a territory outside Kosovo - products or services that are imported into Kosovo by a consumer or purchaser established or residing in Kosovo; and/or
- b) submitting – from a territory outside Kosovo – to a potential purchaser or consumer in Kosovo an offer to sell, provide or produce goods, services or works.

37.3 If a foreign business organization is required by paragraph 1 of this Article to register with the Registry, an authorized person shall sign and submit to the Registry a “foreign business organization memorandum” providing the following information:

- a) the official name of the foreign business organization and any trade names under which it will conduct business activity in Kosovo;
- b) the jurisdiction of its establishment; and a statement that it has been established and continues to validly exist under the laws of that jurisdiction. Such statement shall be supported by a document that has been issued or provided by a competent authority of that jurisdiction, in accordance with the normal and customary practice in that jurisdiction, evidencing the foreign business organization's due establishment in that jurisdiction; such document shall be attached to the memorandum;
- c) the business purpose of the foreign business organization, which may be described as "any Lawful business purpose",
- d) the address of its registered office in Kosovo and the name of its registered agent at that address;
- e) the address in Kosovo at which it will have its principal place of business in Kosovo;
- f) the name and address, which may be in Kosovo or outside Kosovo, of each of its principals, including - as may be applicable - any and all general partners, senior managers, directors, and owners/shareholders holding a five percent (5%) or greater direct ownership or voting interest in the foreign business organization;
- g) a statement that the foreign business organization agrees to be subject to the provisions of Article 24 of the applicable Law in Kosovo and that it submits to the jurisdiction of the courts of Kosovo for all criminal and public administrative claims and actions arising out of or related to its activities in Kosovo;
- h) a statement that the foreign business organization shall conduct all of its activities in Kosovo in accordance with the Law applicable in Kosovo;
- i) a statement that, as required by paragraph 7 of this Article below, the foreign business organization agrees to maintain at the address specified in "e" above or at its registered office, separate books and financial and transactional records relating to all of its business activities in Kosovo; and
- j) any other information that the foreign business organization desires to provide; and
- k) a statement affirming that the person signing and submitting such memorandum is an "authorized person" as defined in the present Law and that such person has the authority to sign and submit such memorandum to the Registry.

37.4 Nothing in this Article or in any document filed with the Registry shall be interpreted or applied in any manner that impairs any right of a foreign business organization created by a contract with any third party (i) to have such contract governed by and interpreted in accordance with the Law of a foreign jurisdiction and/or (ii) to have claims arising under such contract decided by a foreign court or by arbitration conducted inside or outside Kosovo.

37.5 Nothing in this Article 37 or in any document fled with the Registry shall be interpreted or applied in any manner that impairs a provision of a Law of Kosovo that specifically grants a foreign business organization a right to have a claim or action decided by a foreign court or by arbitration conducted inside or outside Kosovo.

37.6 Upon such registration, all rights and obligations established by the applicable Law in Kosovo that are generally available or applicable to Kosovo business organizations shall also be available and applicable to a foreign business organization.

37.7 All foreign business organizations conducting business activity in Kosovo shall maintain at its principal place of business in Kosovo or at its registered agent, separate books and financial and transactional records relating to all of its business activities in Kosovo.

37.8 For the avoidance of doubt, a foreign business organization that is registered in accordance with this Section 37 shall be deemed to have established a branch in Kosovo. Such a branch shall not have any legal identity or personality that is separate or distinct from the foreign business organization establishing it.

Article 38

Amendment to a Foreign Business Organization Memorandum

38.1 A Foreign Business Organization may amend its Foreign Business Organization memorandum by causing an authorized person to sign and submit to the Registry a “notice of amendment” that sets forth all of the following:

- a) the name of the foreign business organization and its registration number;
- b) the text of each amendment;
- c) the date each such amendment was duly adopted or authorized;
- d) a statement that each such amendment was adopted or authorized in a manner that is consistent with its internal governance documents and the Law of its jurisdiction of establishment; and
- e) a statement affirming that the person signing and submitting such notice is an “authorized person” as defined in the present Law and that such person has the authority to sign and submit such notice to the Registry.

38.2 The person signing and submitting such notice shall attach the text of the memorandum as amended.

38.3 The amendment shall become effective upon submission of the notice and the required attachments thereto.

Chapter 11

Registration of Termination, Voluntary Dissolution and Merger

Article 39

Notice of Termination of Existence Prior to Commencement of Business Activity

39.1 The holders of a majority of the voting rights in a limited partnership or company that has not engaged in any business activity may terminate such business organization’s existence by duly adopting a written resolution that authorizes such termination. Such

resolution shall also instruct an authorized person to sign and submit to the Registry a notice setting forth:

- a) the name of the business organization and its registration number,
- b) the date of its registration,
- c) a statement that the business organization has not engaged in any business activity;
- d) a statement that no debt of the business organization remains unpaid;
- e) a statement that the net assets of the business organization remaining after winding up have been distributed to its partners, owners or shareholders, if partnership interests, ownership interests or shares were acquired or issued;
- f) a statement that the resolution terminating the business organization's existence was duly adopted by holders of a majority of the voting rights in a manner that is consistent with the present Law and the business organization's charter or limited partnership agreement; and
- g) a statement that the person signing such notice is an "authorized person" as defined in the present Law and that such person has been duly authorized and instructed to submit such notice to the Registry.

39.2 The authorized person shall attach to the notice a copy of the resolution.

39.3 The business organization's existence shall terminate upon the registration by the Registry of the notice required by paragraph 1 of this Article.

Article 40

Notice of Voluntary Dissolution; Revocation

40.1 In order to voluntarily dissolve a company, a "Notice of Voluntary Dissolution" shall be submitted to the Registry in accordance with, as applicable, with paragraph 2 of Article 118 or paragraph 2 of Article 227 of the present Law.

40.2 An authorized person may revoke a Notice of Voluntary Dissolution within 120 days after such notice has been filed.

40.3 Such a revocation must be authorized in the same manner in which the original notice was authorized.

40.4 In order to effect such a revocation, an authorized person shall sign and submit to the Registry a notice of revocation. The notice of revocation shall set forth:

- a) the name of the company and its registration number,
- b) the effective date of the notice of voluntary liquidation that is now being revoked;
- c) the date that the revocation was authorized;
- d) a statement (i) identifying the person or persons who authorized the revocation and (ii) setting forth the legal authority and bases for such persons to take such action; and
- e) a statement that the person signing such notice is an "authorized person" as defined in the present Law and that such person has been duly authorized and instructed to submit such notice to the Registry.

40.5 The notice of revocation is effective on the date submitted to the Registry.

Article 41 Submission of Merger Documents

41.1 If two or more companies desire to merge, each company shall submit to the Registry after compliance with the procedures in Article 123 or 214 of this Law as relevant:

- a) its plan of merger as provided for in, as applicable, Article 123 or 214 of the present Law; and
- b) the charter of the company that shall survive or be created by the merger.

41.2 The merger shall be effective at the date and time when such plans and such charter are submitted to the Registry.

41.3 Nothing in this Article or the present Law shall be interpreted or applied in any manner that alters or impairs any provision or requirement in any other primary normative act restricting, prohibiting or regulating mergers. It is the legal responsibility of the concerned companies to ensure that all such provisions and requirements have been complied with prior to the submission to the Registry of the documents required by paragraph 1 of this Article.

41.4 The Registry shall have no authority to refuse to register a merger on the basis of such other provisions or requirements, unless the Registry is specifically ordered in writing to refuse to register a merger by the Court or the competent public authority having principal responsibility for the enforcement of such provisions or requirements.

Chapter 12 Reports

Article 42 Annual Report to Director

42.1 Every registered business organization shall cause an authorized person to submit to the Registry an annual report that sets forth the following:

- a) the name of the business organization and all trade names under which it is operating in Kosovo;
- b) the registration number of the business organization ;
- c) the address of its registered office;

- d) the name and address of its registered agent at that address and - if the registered agent is new and the written consent of such new registered agent has not already been submitted - the written consent of such new registered agent,
- e) the address of the business organization's principal place of business, if different from its registered office;
- f) in the case of a personal business enterprise, the name and address of the person who owns and operates that enterprise;
- g) in the case of a general partnership, the names and addresses of all its general partners;
- h) in the case of a limited partnership, the names and addresses of all its general and limited partners;
- i) in the case of a limited liability company, the names and addresses of (i) its board of directors and (ii) all its shareholders and (iii) its authorized persons (and any restrictions on authorization); and
- j) in the case of a joint stock company, the names and addresses of: (i) its board of directors (ii) all its shareholders and (iii) its authorized persons (if different) and any restrictions on authorization);
- k) in the case of a foreign business organization:
 - (i) the names and addresses of its principals, including - as may be applicable: (A) any and all general partners, senior managers and directors, and (B) any owner, shareholder or limited partner holding a five percent (5%) or greater direct ownership or voting interest in the foreign business organization; and
 - (ii) the jurisdiction of its establishment; and a statement that it has been established and continues to validly exist under the Laws of that jurisdiction
- l) the number (but no names) of persons employed by the business organization as at the date of the annual report, provided that there is no obligation on the business organization to update this information until the date of the next annual report;
- m) the date of the report and a statement that all information contained therein is correct as of that date; and
- n) a statement that the person signing such notice is an "authorized person" as defined in the present Law and that such person has been duly authorized to submit such notice to the Registry.

42.2 An annual report must be prepared, dated and submitted to the Registry between January 1 and April 30 of each calendar year.

42.3 No public authority shall have any authority to add to, alter or diminish the annual report requirements specified in paragraph 1 of this Article.

Article 43 Deficient Annual Report or Failure to Submit Annual Report

43.1 If a business organization submits an annual report that does not contain all information required by paragraph 1 Article 42 of this Law, or if a business organization

fails to timely submit an annual report in the period specified in paragraph 2 of Article 42, the Director shall promptly issue and deliver to the concerned business organization, in accordance with Article 24 of this Law, a written “Notice of Possible De-Registration” clearly informing the concerned business organization of the following:

- a) that if it is a personal business enterprise or general partnership it will be deregistered if it does not submit an annual report or correct the deficiencies in an annual report that has been submitted;
- b) that, if it is deregistered, it will have to cease the conduct of business activities in Kosovo and a note will be made in its file at the registry that it has been deregistered;
- c) if the notice relates to deficiencies in an annual report that has already been submitted, the notice shall describe each such deficiency and refer to the specific requirement of paragraph 1, Article 42 of this Law that has not been complied with;
- d) that it has sixty (60) days after receiving such notice to submit the concerned annual report or correct the specified deficiencies;
- e) if the concerned business organization is a company or limited partnership, the notice shall clearly inform the business organization that, the entity may be put into liquidation under paragraph 1, Article 229 of the present Law in due course and ultimately this will cause the termination of its existence as a legal person.

43.2 If a business organization fails to timely or properly respond, within the specified sixty (60) day period, to a notice that has been issued and delivered in accordance with paragraph 1, Article 43 of this Law, the Head of the Registry shall immediately issue and deliver to the business organization, in accordance with Article 24 of this Law, a “Notice of De-Registration” informing the business organization of the following:

- a) that it has been de-registered for failing to timely or properly respond to the earlier “Notice of Possible De-Registration;”
- b) that it must immediately cease the conduct of business activities in Kosovo;
- c) if the concerned business organization is a company or a limited partnership, the notice shall clearly inform the business organization that, as a matter of Law it may be put into involuntary liquidation by any creditor and will be put into such liquidation within 180 days of the notice of deregistration

43.3 The de-registration of the personal business enterprise shall be effective immediately on the date the notice specified in paragraph 2 of this Article is delivered. The concerned business organization shall be required to cease business activity at midnight of that date.

43.4 Immediately after the Head of the Registry issues and delivers a Notice of De-Registration to a business organization, the Head of the Registry shall (i) place a copy of the notice in the business organization’s file at the Registry and an indication that the Personal Business Enterprise or General Partnership is “deregistered” on the public web site of the Registry and (ii) ensure that a copy of that notice is published – in the official languages - in at least two newspapers of general circulation in Kosovo. The Head of the Registry is required to ensure that this publication requirement is fulfilled within five (5)

calendar days after the issuance and delivery of the Notice of De-Registration to the business organization in accordance with Article 24 of this Law.

43.5 If the concerned business organization is a limited partnership or a company, it shall - be wound up and liquidated in a judicial proceeding as provided in Articles 118 or 227 of this Law upon application to the court by any interested party. After such de-registration notice is served, a limited partnership or company shall only take actions that are clearly necessary for the purpose of winding up its operations but it shall not engage in any business activity. The company or limited partnership must identify itself in all correspondence and communications with any third parties as being “in liquidation”.

43.6 Any person who, after the date of delivery of a Notice of De-Registration, causes the concerned business organization to engage in business activity or who uses the official name or a trade name of such business organization in any manner related to the conduct of business activity, shall be (i) wholly personally liable for all debts and obligations that arise out of such activity, and (ii) subject to an administrative fine for such activity in an amount established by the Minister in accordance with paragraph 4 of Article 3 of this Law.

43.7 Any business organization that is de-registered under this Article, shall have its registration reinstated by the Registry if, within 180 days after the date of de-registration, a previously authorized person (i) submits an application for reinstatement and all reports and other submissions then due or overdue, and (ii) pays all fees and other amounts then due or overdue and any reinstatement fee established by the Minister under paragraph 1, Article 12 of this Law.

43.8 Upon reinstatement, the business organization shall be deemed to have continued in existence or to have maintained its status without interruption from the date of de-registration. In such event, the business organization shall be deemed to have ratified and assumed liability for all debts and obligations that may have been incurred by it or in its name by an authorized person during the period it was de-registered. However, any person who caused the concerned business organization to engage in business activity during the period of de-registration or who used the official name or a trade name of such business organization in any manner related to the conduct of business activity shall still be subject to the applicable administrative fine established by the Minister under paragraph 4, Article 3 of this Law.

43.10 Deregistration shall not discharge or relieve the business organization of any liabilities to third parties that it may have incurred prior to the notice of deregistration.

Chapter 13 **Registration of Trade Names**

Article 44 Registration of Trade Name Required

44.1 Except as provided in paragraph 2 of this Article, a business organization shall not engage in business activity under any name other than its official name as set forth in its registration with the Registry.

42.2 A registered business organization or foreign business organization, but not a personal business enterprise, may use a trade name other than its official registered name if the Registry authorizes the use of and registers such other trade name in accordance with the provisions of this Chapter.

Article 45 **Filing of Trade Name Application**

45.1 If a registered business organization other than a personal business enterprise desires to engage in business activity using a trade name other than its official name, such business organization shall submit to the Registry an application for the registration of the concerned trade name. Such application shall contain the following information:

- a) the official name of the registered business organization and its registration number; and
- b) the trade name to be used;
- c) a statement certifying that the submission of the application was duly approved by the business organization in a manner that is consistent with (i) the present Law, and (ii) the by Laws, partnership agreement and/or other internal governance documents of the business organization; and
- d) a statement that the person signing and submitting such notice is an “authorized person” as defined in the present Law and that such person has been duly authorized to sign and submit such application to the Registry.

45.2 If the application concerns a trade name that is currently registered or reserved by another person or business organization, or a trademark that is Lawfully owned or licensed to another person or organization, the application shall include as an attachment the written consent of such person or organization.

Article 46 **Certificate of Registration of Trade Name**

46.1 Upon receipt of an application made under Article 45 of this Law, the Registry shall issue a Certificate of Trade Name Registration and deliver it to the applicant. The Registry may refuse to issue such a certificate only if the Registry determines that the concerned trade name is currently reserved or registered at the Registry by another person or business organization that has not consented to its use by the applicant.

46.2 Subject to paragraph 3 of this Article, the issuance by the Registry of a Certificate of Trade Name Registration is conclusive evidence that the trade name has been registered with the Registry for the applicant’s exclusive use, which shall be effective as of the date of such certificate.

46.3 The registration of a trade name with the Registry shall not create any trademark rights with respect to such trade name. If the Kosovo Office of Patents and Trademarks or the Court determines that a trade name that has been registered at the Registry infringes a trademark that is owned or Lawfully being used by another person or organization, then the Registry shall – upon receiving formal written notice of such determination – immediately revoke the concerned Certificate of Trade Name Registration.

46.4 A business organization that has registered a trade name shall have a legal priority with respect to the use of that name over all other non-registered or subsequently registered users thereof. A business organization may enforce this legal priority by filing a complaint with the Court requesting the Court to issue an injunction ordering other users of the trade name to cease such use. This legal priority and the right to seek injunctive relief from the Court shall, however, not apply against any owner or Lawful user of a trademark that the registered trade name infringes.

Article 47 Duration and Renewal of Trade Name Registration

47.1 Registration of a trade name shall be valid for an initial term of three (3) years from the effective date of the Certificate of Registration for that trade name. The registered user may renew such registration upon application to the Registry for such a renewal. The application for such a renewal shall provide the same information specified in paragraph 1, Article 45 of this Law and shall also note that the application is for the renewal of an existing trade name registration. A renewal shall be valid for a period of five (5) years.

47.2 An application for renewal may be filed no more than ninety (90) days prior to the expiration of the then current registration. The submission of a renewal application that complies with paragraph 1 of this Article automatically renews the registration for a five year period that begins on the day after the following the expiration of the prior registration.

47.3 If the registration of a trade name is due to expire in the next ninety (90) days, the Registry shall immediately provide the concerned business organization with a written notice that (i) notifies such business organization of such impending expiration and (ii) notifies such business organization of its renewal rights under this Article.

PART III PERSONAL BUSINESS ENTERPRISE

Article 48 Unlimited Liability; No Legal Personality

48.1 A person owning a personal business enterprise, whether registered or unregistered, shall have unlimited personal liability for all debts and other obligations incurred by, or imposed by Law or contract on, such personal business enterprise. Such liability shall be unlimited and shall extend to all property and assets of any description directly or indirectly owned by such person, regardless as to whether such property/assets are used for business purposes or for personal, household or family purposes.

48.2 In any judicial action, arbitration proceeding, bankruptcy proceeding, or in the course of any post-judgment execution, no court or arbitral body shall have any authority to limit or to attempt the liability of the person operating a personal business enterprise. Without reducing the general applicability of the foregoing prohibition, it is specifically provided that no court or arbitral body shall have any authority to protect or to attempt to protect from such liability any property or assets of any description that are directly or indirectly owned by such person.

48.3 As a limited exception to paragraph 2 of this Article, a court or arbitral body may protect assets or property from such liability only if, and only to the extent: (i) a contract giving rise to the concerned liability specifically and explicitly exempts such assets or property from such liability; (ii) the person or organization holding or asserting the claim has agreed that such assets or property are not subject to such claim, or (iii) a primary normative act on the execution of judgments or on bankruptcy explicitly permits the court or arbitral body to protect such property or assets from such liability.

48.4 Property or assets shall be considered to be indirectly owned by a person operating a personal business enterprise if (i) such person has any significant ability to control the use or disposition of such property or assets, *and* (ii) there are compelling reasons to conclude that another person or organization has been formally named as the owner principally for the purpose of attempting to protect such property or assets from exposure to the liability of the person operating a personal business enterprise.

48.5 A personal business enterprise is not a legal person. Nevertheless, it may contract, hold property and sue or be sued in its own name or in the name of its owner.

PART IV GENERAL PARTNERSHIP

Article 49 Nature of a General Partnership

49.1 A general partnership is a business organization that comes into existence either (i) through registration in accordance with the present Law or (ii) by the operation of Law. In the latter case, a general partnership shall exist, as a matter of Law, if two or more persons and/or organizations cooperate in the conduct of business activity, whether

or not such cooperation is based on a written contract or an oral agreement or understanding.

49.2 If a general partnership is created through registration, its general partners are those persons and/or organizations specified as general partners in its general partnership memorandum and its general partnership agreement, if any.

49.3 If a general partnership is created by operation of Law, the persons and/or organizations that are cooperating in the conduct of business activity are its general partners.

49.4 A general partnership is not a legal person. Nevertheless, it shall have the right to contract, hold property and sue or be sued in its own name.

Article 50 Nature of a General Partnership Interest

A general partner's interest in a general partnership: (i) includes the right to share in its profits and distributions and the other rights of a general partner stated in this Part IV, and (ii) carries the obligations and liability of a general partner stated in this Part IV.

Article 51 Number of General Partners

A general partnership may have two or any larger number of persons and/or organizations, including business organizations, as its general partners.

Article 52 Liability Principles

52.1 Every general partner is - and all general partners are - jointly and severally liable for all debts and other obligations incurred by, or imposed by Law or contract on, the general partnership. Such liability is unlimited and shall extend to all property and assets of any description directly or indirectly owned by a general partner, regardless as to whether such property or assets are used for business purposes or for personal, household or family purposes. Every general partner is also jointly and severally liable without limitation for ensuring the compliance of the general partnership with its legal and regulatory obligations under the Law applicable in Kosovo, including the present Law

52.2 A person or organization that is admitted as a general partner into an existing general partnership assumes joint and several liability for all debts and obligations of the general partnership, including pre-existing liabilities, to the same extent as all existing general partners.

52.3 If an agreement among the general partners contains any provisions that are contrary to the rules established by paragraph 1 and 2 of this Article, such provisions shall be ineffective against and shall not affect the rights of a third party unless the third party specifically agrees otherwise. The agreement and such provisions shall, however, be effective as between the general partners.

52.4 In any judicial action, arbitration proceeding, bankruptcy proceeding, or in the course of any post-judgment execution, no court or arbitral body shall have any authority to limit or to attempt to limit the liability of a general partner for the debts and obligations of the general partnership. Without reducing the general applicability of the foregoing prohibition, it is specifically provided that no court or arbitral body shall have any authority to protect or to attempt to protect from such liability any property or assets of any description that are directly or indirectly owned by a general partner.

52.5 As a limited exception to paragraph 4 of this Article, a court or arbitral body may protect assets or property from such liability only if, and only to the extent: (i) a contract giving rise to the concerned liability specifically and explicitly exempts such assets or property from such liability; (ii) the person or organization holding or asserting the claim has agreed that such assets or property are not subject to such claim, or (iii) a primary normative act on the execution of judgments or on bankruptcy explicitly permits the court or arbitral body to protect such property or assets from such liability.

52.6 If a person or organization is awarded a judgment against a general partnership, such judgment shall bind and may be executed against (i) the assets and property owned by the general partnership and/or (ii) the property and assets of any and/or all general partners.

52.7 Property or assets shall be considered to be indirectly owned by a general partner if (i) such general partner has any significant ability to control the use or disposition of such property or assets, *and* (ii) there are compelling reasons to conclude that another person or organization has been formally named as the owner principally for the purpose of attempting to protect such property or assets from exposure to the liability of the general partner.

Article 53 Registration of Trade Names

A general partnership shall register with the Registry, in accordance with Chapter 12 of Part II of the present Law, any trade name it uses in the conduct of its business activity.

Article 54 Form of Contributions

A general partner's contribution to the general partnership may be made (i) in the form of money, other valuable tangible or intangible property, or labor or services already

performed for the general partnership, or (ii) in the form of a legally binding obligation to provide such money, property, labor or services to the general partnership in the future. The value of contributions other than money shall be determined by the general partners in accordance with any applicable provisions of their general partnership agreement.

Article 55 General Partnership Agreement

55.1 All of the general partners of a general partnership may, but are not required to, enter into a written general partnership agreement. A person or organization that is not a party to a general partnership agreement, whether written or oral, shall not be bound by that agreement.

55.2 Subject to the exception specified in paragraph 3 of this Article, the general partners of a general partnership agreement may, in their general partnership agreement, add to or alter any of the provisions set forth in this Part that govern relations among the general partners. In the event of a conflict between any such provision of this Part and a provision of the general partnership agreement, the provision of the general partnership agreement shall prevail.

55.3 No provision of a general partnership agreement may (i) eliminate or reduce the rights and duties specified by Article 60 of the present Law, or (ii) restrict or impair, in any manner, the rights of a creditor or other third party against the general partnership or any general partner. Any provision of a general partnership agreement that violates this paragraph shall be, as a matter of Law, null and void and given no effect.

Article 56 Profits, Losses, Allocations and Distributions

56.1 Unless a general partnership agreement provides otherwise, all general partners are entitled to an equal share of all profits, losses, allocations and distributions of the general partnership.

56.2 Within sixty (60) days from the end of each calendar year, a general partnership shall formally calculate and record the profit or loss for such year and allocate the appropriate percentage of such profit or loss to the accounts of the general partners.

Article 57 Responsibility for Losses

57.1 Unless a general partnership agreement provides otherwise, each general partner shall be required to contribute equally to the general partnership to compensate for any losses resulting from the operation of the general partnership.

57.2 Unless a general partnership agreement provides otherwise, all general partners are required to make equal contributions to the general partnership to cover operating losses as soon as those operating losses are known to the general partners.

57.3 Upon dissolution of the general partnership all general partners shall make equal contributions to satisfy third party claimants and to otherwise cover losses.

Article 58

Authority of a General Partner to Act for the Partnership

58.1 Any act of a general partner that is apparently done for the purpose of carrying on the normal and customary business activities of the general partnership is binding on the general partnership and the other general partners. However, this rule shall not apply if (i) the concerned general partner had no authority to act for the general partnership in the particular matter and (ii) the person or organization with whom the partner was dealing knew that the partner lacked such authority.

58.2 Any act of a general partner that is not apparently done for the purpose of carrying on the normal and customary business activities of the general partnership is not binding on the general partnership or the other general partners unless the concerned act was specifically authorized by the other general partners.

Article 59

Governance and Management

59.1 Unless a general partnership agreement provides otherwise, all general partners' voting and management rights in the general partnership shall be equal.

59.2 Unless a general partnership agreement provides otherwise, the decision of a simple majority vote of general partners shall control on all matters except the following, which shall require the affirmative vote of all general partners:

- a) the adoption of an amendment to the general partnership agreement;
- b) the making of a distribution;
- c) the admission of a new partner; and
- d) a decision to dissolve or liquidate the partnership, to sell substantially all of its assets, or to change the nature of its business.

59.3 A general partnership agreement may create different classes of general partners, may assign different voting and management rights to different general partners, may deny any general partner the right to vote for any matter or matters, and may require voting levels other than majority or unanimous vote for a decision on any matter.

59.4 A vote of general partners may be conducted by any method that provides all general partners reasonable notice of the vote and the subject matter thereof.

59.5 Unless a general partnership agreement provides otherwise, a general partner may transfer his partnership interest in the general partnership (including his rights to share in the profits or distributions of the general partnership) to the general partnership or to another general partner or to his heirs on his death. A general partner may not otherwise transfer his partnership interest except with the consent of all other partners.

Article 60

Inter-Partner Rights and Duties

60.1 Every general partner owes to every other general partner a duty; (i) to share all financial and other information about the general partnership's business and operations, (ii) to preserve – except where disclosure is required by Law or court order - confidences and confidential information concerning the general partnership's business activities and operations, (iii) to act always in good faith in the general partnership's best interest in matters concerning its business activities and operations, (iv) to serve only the general partnership's interest when involved in any act or transaction in which the general partner has a personal interest.

60.2 Unless otherwise agreed with the other partners, a general partner who resigns or otherwise leaves a general partnership remains liable to third parties for all partnership debts and obligations incurred before the date on which he resigns or otherwise leaves the general partnership. Liability between the partners themselves shall be governed by the partnership agreement.

60.3 A general partnership shall reimburse a general partner for payments made and shall compensate a general partner for liabilities incurred if such payments were made or such liabilities were incurred by the general partner (i) in the conduct or furtherance of the normal and customary business activities of the partnership or (ii) for the preservation of the general partnership's business or property.

Article 61

Enforcement of Rights and Duties

A general partnership may sue a partner for a breach of the general partnership agreement or for the violation of a duty to the general partnership that has caused harm to the general partnership. A general partner may sue the general partnership or another general partner to enforce the general partner's rights under the general partnership agreement or the present Law.

Article 62

Partnership Property

62.1 General partnership property includes cash or other property that is (i) contributed by a general partner to the general partnership, (ii) acquired with the general partnership's

assets or from the conduct of its business activities and (iii) acquired in the general partnership's name or in a general partner's name for the general partnership's benefit.

62.2 A general partner is not a co-owner of general partnership property.

Article 63

Withdrawal of a Partner

63.1 A general partner may withdraw from a general partnership at any time by giving written notice to the other general partners, but if the withdrawal violates the general partnership agreement, the general partnership may recover damages from the withdrawing partner for breach of the general partnership agreement.

63.2 A general partner who withdraws from a general partnership without violating the general partnership agreement is entitled to receive any distribution to which he is entitled under the general partnership agreement. If the general partnership agreement does not provide otherwise, the withdrawing general partner is entitled to receive from the general partnership, within ninety (90) days from the withdrawal, the fair value of his interest in the general partnership. This obligation is an obligation owed by the general partnership to the withdrawing general partner; and the other general partners are, as with other obligations of the general partnership, also jointly and severally liable therefore.

Article 64

Dissolution of a Partnership

64.1 Unless a general partnership agreement provides otherwise, a general partnership shall dissolve upon: (i) the death of any partner, (ii) the dissolution of any general partner that is a business or other organization, (iii) the withdrawal or expulsion of any partner, (iv) the expiration of the term, if any, of the general partnership, or (v) if and when the principal business activities for which the general partnership was formed become unlawful.

64.2 Unless a general partnership agreement provides otherwise, a general partner is deemed to have withdrawn from the general partnership if:

- a) the general partner fails to timely pay any required contribution to the general partnership;
- b) the general partner informs any other general partner in writing that he has withdrawn from the partnership;
- c) the general partner voluntarily seeks formal legal protection from his creditors or is adjudicated by a competent court as insolvent pursuant to the applicable bankruptcy or insolvency Law; or
- d) the existence of a general partner that is a business or other organization is terminated.

64.3 The dissolution of a general partnership shall require the distribution of its profits, if any, and property to the general partners.

64.4 The dissolution of a general partnership shall not extinguish the claims of creditors against the general partners, nor shall it extinguish the claim of any general partner against another general partner. Upon dissolution of a general partnership all general partners shall comply with paragraph 3, Article 57 of this Law.

64.5 If a general partnership is required to be dissolved because of the operation of item (i) or (ii) of paragraph 1 of this Article, all property of the general partnership shall become subject to any legal proceedings provided by Law to determine the status or disposition of the property of the deceased or dissolved general partner; provided, however, that the general partnership's remaining general partners may enter into an agreement with the court or other administrator of the affairs or assets of the deceased or dissolved general partner regarding (i) the formation a new general partnership and (ii) the disposition of the deceased or dissolved general partner's interest in the property of the general partnership.

Article 65

Voluntary Dissolution and Liquidation of a Partnership

65.1 Unless a partnership agreement provides otherwise, and subject to the provisions of the applicable Law on bankruptcy, a general partnership may be dissolved and liquidated upon the simple majority vote of its general partners.

65.2 In such event, unless the general partnership agreement provides otherwise and subject to the provisions of the applicable Law on bankruptcy, the general partners shall appoint a disinterested third party to act as liquidator. Such a liquidator shall assume title to all property of the general partnership for purposes of carrying out the liquidation and shall assume all powers of the general partners. The liquidator shall also take possession of all books and records of the general partnership.

65.3 Within twenty-one (21) days from the day of appointment, the liquidator shall (i) preliminarily review the books, records and property of the general partnership and all potential creditor claims against the general partnership and (ii) preliminarily determine whether the general partnership was solvent at the time that he/she was appointed and whether the sale of the property of the general partnership is likely to produce proceeds sufficient to satisfy the valid claims of all creditors. If the liquidator determines that the partnership was insolvent at the time of his/her appointment or that the sale of the partnership's property is unlikely to produce proceeds sufficient to satisfy the valid claims of all creditors, the liquidator shall immediately initiate a proceeding under the applicable Law on bankruptcy. If the liquidator is unable to make the review and determinations required by paragraph 3 of this Article, or if he fails to do so within the time specified, any creditor or general partner may apply to the Court to perform the liquidation in accordance with applicable Law on bankruptcy.

65.4 If the liquidator determines that the general partnership was solvent at the time of his/her appointment or that a sale of the property of the partnership is likely to produce proceeds sufficient to satisfy the valid claims of all creditors, the liquidator shall, not later than thirty (30) days after his appointment, publish in the Official Gazette in Kosovo and in two newspapers enjoying wide circulation in Kosovo a notice in the Albanian, Serbian and English languages of his/her appointment as liquidator similar to the initial public notice required of a liquidator in a bankruptcy case; provided, however, that such notice also shall expressly state that creditors of the general partnership are free to seek satisfaction of their claims directly from any and all of the general partners of the partnership.

65.5 After the publication of the initial notice required by paragraph 4 of this Article, the liquidator shall assemble the partnership's property and conduct the liquidation process in accordance with the applicable provisions of the Law on bankruptcy; provided, however, that the liquidator shall have no power (i) to declare a prior transaction prejudicial or fraudulent as to creditors or (ii) to recover any property or money that was the subject of a prior transaction.

PART V LIMITED PARTNERSHIP

Article 66 Nature of a Limited Partnership

66.1 A limited partnership is a partnership having as its partners: (i) at least one general partner and (ii) at least one limited partner.

66.2 A limited partnership is not a legal person. Nevertheless, it shall have the right to contract, hold property and sue or be sued in its own name.

66.3 Any person or business organization, including a company, may be a general partner or a limited partner of a limited partnership.

66.4 A general partner is jointly and severally liable without limitation for the debts and obligations of the limited partnership to the same extent as a general partner of a general partnership as provided in Part IV of the present Law.

66.5 A general partner is also jointly and severally liable without limitation for ensuring the compliance of the limited partnership with its legal and regulatory obligations under the Law applicable in Kosovo, including the present Law.

66.6 A limited partner is not liable for any debts or other obligations of the limited partnership except as stated in Article 71 of the present Law.

66.7 The provisions set forth in Part IV of the present Law governing a general partnership shall likewise apply to a limited partnership except where a provision of this Part V provides otherwise. If, with respect to a limited partnership, there is a conflict between a provision of this Part V and a provision of Part IV, the provision of this Part V shall prevail.

66.8 When paragraph 7 of this Article permits or requires the application of a provision of Part IV to a limited partnership: (i) any reference in such a provision to “general partnership” or “partnership” shall be interpreted as meaning “limited partnership,” (ii) any reference in such provision to “general partnership agreement” or “partnership agreement” shall be interpreted as meaning “limited partnership agreement,” and (iii) any reference in such provision to a “general partner” or “partner” shall be interpreted as meaning a general partner of the limited partnership.

Article 67 Limited Partnership Memorandum

A limited partnership is created only upon the registration of its limited partnership memorandum as provided in Article 31 of the present Law. The limited partnership memorandum is the founding and constitutional document of a limited partnership.

Article 68 Limited Partnership Agreement

Every limited partnership shall also have a limited partnership agreement containing (i) provisions governing the management of the limited partnership and its business, (ii) provisions specifying the names and contributions to the partnership capital of each; and (ii) provisions governing any other matter that the partners desire to include in such agreement. Every partner of the limited partnership is required to execute such agreement and to indicate whether they are signing as a general partner or a limited partner.

Article 69 Records Which a Limited Partnership Must Keep and Make Available

69.1 Every limited partnership must at all times maintain at its registered office or principal place of business:

- a) a copy of its limited partnership memorandum, including any and all amendments thereto, as currently registered with the Registry;
- b) a copy of its currently effective limited partnership agreement, including any and all amendments thereto, as provided to the Registry;
- c) a list setting forth: (i) the names and addresses of each partner, stating in each case whether such partner is a general partner or a limited partner, (ii) the date on which such

partner became a partner, and (iii) a description of the money, property or other items of value that such partner has contributed or is obligated to contribute to the limited partnership;

d) a list describing all transfers and pledges of, and encumbrances placed on, any interest in the limited partnership made or permitted by a partner; *and*

e) copies of the following financial documents: (i) annual and interim balance sheets, (ii) income statements, (iii) other financial statements, and (iv) tax returns of the partnership. These requirements shall apply to documents relating to the current year, but only to the extent such documents have been prepared. These requirements shall also apply to all such documents relating to each of the previous three (3) calendar years; if the limited partnership has been established for less than three (3) years, these requirements shall apply to all such documents.

69.2 Every limited partnership must make such records available to any partner, and to any former partner with respect to the period when he was a partner, for inspection and copying during normal business hours.

69.3 If a limited partnership refuses to permit a partner or former partner to obtain or examine such information or does not reply to a written demand therefore that has been made within five (5) days after the demand has been delivered to the limited partnership, the demanding partner may petition the Court to order such disclosure. The Court shall have authority to determine whether the partner seeking the information is entitled to the information sought and to order the limited partnership to provide the information.

Article 70

Contributions of Limited Partners

70.1 Each limited partner shall have fully paid in or made such limited partner's required contribution at the time that the limited partnership memorandum is registered.

70.2 A general partner shall have the authority to file a Lawsuit on behalf of the limited partnership and its partners to compel payment from a limited partner who has failed to pay in or make a required contribution.

70.3 A limited partner who has failed to pay in or make a required contribution by the date of the registration of the limited partnership memorandum shall be liable to the limited partnership for all costs, including Lawyer's fees, borne by the limited partnership and/or any general or limited partner in enforcing such obligation.

Article 71

Restrictions on and Liability of Limited Partners

71.1 No person or organization other than a general partner has any authority to act on behalf of or bind a limited partnership.

71.2 Without reducing the general applicability of paragraph 1 of this Article, it is specifically and expressly provided that a limited partner has no authority to act on behalf of or bind a limited partnership. No creditor may rely on the acts or representations of a limited partner to establish any liability of the limited partnership.

71.3 If one or more limited partners engage in a transaction in which such limited partner(s) attempt, without authority, to bind the limited partnership, the transaction and its attendant obligations shall only be binding on the limited partnership if a general partner of the limited partnership formally and in writing ratifies the transaction on behalf of the limited partnership.

71.4 If a general partner fails to so ratify the transaction, the concerned limited partner(s) are solely liable to the other party to the transaction, and that other party has no rights or claims against the limited partnership as a result of that transaction; provided, however, that the other party shall have the right to claim compensation from or to require performance by the limited partnership if, and only if, a general partner intentionally or negligently made representations that caused the other party to reasonably believe that the concerned limited partner(s) had the authority to act on behalf of the limited partnership with respect to the concerned transaction.

71.5 A limited partner is prohibited from participating in the control or management of the business activities or operations of the limited partnership. It is, however, specifically provided that the following activities by a limited partner do not constitute a violation of the foregoing prohibition:

- a) being an employee or contractor of the limited partnership or of a general partner;
- b) being a partner, owner, manager, shareholder, director or officer of a general partner that is a business organization;
- c) voting on an amendment to the limited partnership memorandum or the limited partnership agreement, if the limited partner has the right to vote on such amendment;
- d) voting on a decision as to whether or not to dissolve the limited partnership, if the limited partner has the right to vote on such decision, or
- e) taking any action to enforce or defend the rights of limited partners.

71.6 A limited partner is not liable for the debts and other obligations of a limited partnership. However, if a limited partner violates the prohibition of paragraph 5 of this Article by participating in the control or management of the business activities or operations of the limited partnership, such limited partner shall become liable for the debts and other obligations of the limited partnership to the same extent as a general partner.

Article 72 Transfer of Limited Partnership Interest

72.1 Unless otherwise provided in a limited partnership agreement, a limited partner may transfer his limited partnership interest only upon the approval of all general partners. A transfer of a limited partnership interest includes a transfer of all rights and obligations of the limited partner making the transfer.

72.2 If required by an order of the Court, the general partner(s) of a limited partnership shall cause the limited partnership interest of a limited partner to be transferred to another person or organization.

72.3 Unless otherwise provided in the limited partnership agreement, a limited partnership interest passes to the Lawful heirs of a limited partner who is a natural person upon the death of such limited partner. If a limited partner is a business or other organization, if such organization is dissolved, the interest of such limited partner passes to its Lawful successor or owners in accordance with the Law under which the dissolution of such organization occurs.

Article 73

Admission of Additional General Partners

Additional general partners may be admitted to the limited partnership (i) in accordance with the procedures and requirements specified in the limited partnership agreement, or (ii) if the limited partnership agreement does not provide for the admission of additional general partners, with the written consent of all general and limited partners.

Article 74

Profits and Losses

Unless otherwise provided in the limited partnership agreement, profits shall be distributed and losses shall be shared among limited and general partners on the basis of the value of their respective contributions.

Article 75

Withdrawal of a Limited Partner

75.1 Unless otherwise provided in a limited partnership agreement, a limited partner may withdraw from a limited partnership upon not less than ninety (90) days' written notice to each general partner. The withdrawing partner's entitlement to a distribution upon withdrawal shall be as stated in Article 63 for the withdrawal of a general partner from a general partnership.

75.2 Withdrawal of a limited partner does not require the dissolution of the limited partnership unless such withdrawal leaves the limited partnership with no limited partners.

Article 76
Dissolution and Winding-up

76.1 A limited partnership shall continue to exist so long as at least one general partner and one limited partner remain in the partnership. Unless otherwise provided in a limited partnership agreement, a limited partner has no power to dissolve the partnership.

76.2 Unless otherwise provided in the limited partnership agreement, in the liquidation of the assets of a limited partnership, the net assets of the limited partnership shall be distributed equally to limited partners and to general partners.

Article 77
Events Causing Dissolution and Requiring Winding-Up

A limited partnership shall cease to engage in business activity and shall be dissolved upon the occurrence of any of the following events:

- a) the expiration of the term or duration of the limited partnership, if such a term or duration is specified in its limited partnership memorandum;
- b) the occurrence of any other event specified in its limited partnership memorandum or limited partnership agreement as an event that requires or causes dissolution of the limited partnership or the termination of its limited partnership status;
- c) a decision by the partners, in accordance with the limited partnership agreement, to dissolve the limited partnership;
- d) issuance and delivery of a Notice of De-Registration to the limited partnership by the Head of the Registry in accordance with Article 43 of the present Law
- e) an order of a court requiring the dissolution of the limited partnership and/or terminating its status as a limited partnership; or
- f) an order of a bankruptcy court, under applicable bankruptcy Laws, declaring the limited partnership bankrupt and requiring its dissolution.

PART VI
LIMITED LIABILITY COMPANY

Chapter 1
General Provisions

Article 78
Nature of a Limited Liability Company and an Ownership Interest

78.1 A limited liability company is a legal person that is legally separate and distinct from its owners. An owner of a limited liability company is not a co-owner of, and has no transferable interest in, the property owned by the limited liability company.

78.2 Ownership interests in a limited liability company are the units into which the ownership of the company is divided.

78.3 An ownership interest in a limited liability company is the personal property of an owner and it may be transferred in whole or in part, subject to applicable restrictions stated in the present Law and any restrictions stated in the company agreement.

78.4 An ownership interest may, but need not, be evidenced by a certificate and may be referred to as a “share”. A company’s charter or company agreement may provide that ownership interests or shares in the company will be evidenced by certificates issued by the company.

Article 79 Charter Capital

79.1 The charter capital of a limited liability company shall be at least 1000 Euros.

79.2 The charter capital shall be paid in to the company within fourteen (14) days after registration. The company shall provide the Registry with reasonable evidence of such payment within that fourteen (14) day period. A bank statement shall suffice for these purposes or in the case of a contribution in kind, evidence of the transfer of the relevant assets, such as an asset transfer agreement.

79.3 If the company fails to timely provide such evidence to the Registry, the Registry shall have the authority to follow the procedures to de-register the company, and if takes such action it shall provide a Notice of De-Registration to the company. In such event, the Registry shall not refund any fees paid for the registration.

79.4 Until the company timely provides the Registry with evidence of the payment of the charter capital, the company may engage in no business activity in Kosovo. Any persons taking actions on behalf of the company after registration but before such evidence is provided to the Registry shall be jointly and severally personally liable for claims and obligations arising out of such actions, except as otherwise agreed by the concerned third parties. After the company has provided the Registry with evidence of the payment of the charter capital, the company may assume liability for any or all such claims and obligations; in such event, the company shall thereafter be solely liable for any claims or obligations so assumed.

79.5 Any proposed increase or decrease in the charter capital shall not become effective until the charter of the company on file with the Registry has been duly amended to reflect such increase or decrease; provided, however, that no decrease in the charter capital below 1000 Euros shall be permitted, and, provided further, that any proposed amendment to the charter to increase the charter capital must be accompanied by reasonable evidence that the increased amount has been paid in.

Article 80 Liability Principles

80.1 A limited liability company is liable for all of its debts and other obligations with all of its assets, including its charter capital.

80.2 An owner of a limited liability company is not liable for any debts or obligations of the company solely by reason of being an owner.

Article 81
Liability for Founders' Actions Before Registration

If one or more founders and/or other persons take action on behalf of a limited liability company before it is registered (including but not limited to opening bank accounts, purchasing or leasing property, or entering into contracts or other obligations), the persons taking such action shall be jointly and severally personally liable for claims and obligations arising out of such actions, except as otherwise agreed by the concerned third parties. After the company has been registered and provided the Registry with evidence of the payment of the charter capital required by Article 79, the company may assume liability for any or all such claims and obligations; in such event, the company shall thereafter be solely liable for any claims or obligations so assumed.

Article 82
Powers

A limited liability company has the powers necessary to carry on its business activities including, but not limited the power (i) to sue and be sued; (ii) to make contracts, borrow money, and incur other debts and liabilities; (iii) to acquire, own, lease, pledge or mortgage, or otherwise dispose of or deal with property; (iv) to acquire, own, pledge, vote, sell, or otherwise dispose of shares or other interests in another business organization, but not a personal business enterprise; and (v) to elect or appoint managers, employees and agents of the company and to fix their duties and compensation.

Article 83
Duration

The duration of a limited liability company is perpetual unless a shorter period is specified in its charter.

Article 84
Owners

A limited liability company may have one or more persons and/or business organizations as its owner or owners.

Chapter 2

Charter and Company Agreement

Article 85 Charter

A limited liability company is created only upon the registration of its charter in accordance with Article 33 of the present Law. The charter is the founding and constitutional document of a limited liability company. Before a limited liability company may be registered, this document must be filed with the Registry as provided in the present Law. No amendment to the charter shall be legally effective *visa a vis* third parties until such amendment is duly submitted to the Registry.

Article 86 Company Agreement

86.1 Every limited liability company shall also have a company agreement, signed by the owners specified in the original charter, containing provisions governing the management and operation of the company if such provisions are permitted by paragraph 2 of this Article and not prohibited by paragraph 3 of this Article.

86.2 The company agreement may incorporate any of the provisions of this Chapter 2. The company agreement may also contain provisions that are in addition to or that alter any of the provisions of this Chapter, but it may not contain provisions of that are prohibited by paragraph 3 of this Article. By way of example, but not limitation, a company agreement may contain provisions that provide:

- a) the company will be managed by one or more than one Managing Director;
- b) there will be specified rules for notice of the time, place, purpose, or voting procedures at owner meetings,
- c) there will be separate classes of owners with different voting rights or no voting rights, different preferences on liquidation, or different rights and preferences as to other matters,
- d) owners' votes or shares in distributions will be equal, or will be according to capital contribution, or will be according to some other agreed formula or method;
- e) certain actions by the company will require a specified majority or super-majority of owner votes, such as two-thirds or three-quarters, or may be taken by the Managing Director without a vote of the owners;
- f) an inability of the owners to reach a decision on a matter will be resolved by a designated person or by submission to arbitration;
- g) an inability of the owners to reach a decision on a matter will allow a concerned owner to sell his interest to one or more of the owners on pre-agreed terms,

- h) specified managers will have specified titles, duties and authorities; and/or
- i) ownership interests are freely transferable or are restricted in accordance with Articles 97 or 98 or in other ways; provided, however, that no such provision in a company agreement shall impair the operation of any Law regulating transactions in securities.

86.3 A company agreement may not contain any provision:

- a) that conflicts with the company's charter;
- b) that restrict an owner's right to information or access under Article 88;
- c) that eliminates or reduces the duties of care, good faith, loyalty and non-competition under Articles 112, 113 and 114 of this Law;
- d) that eliminates or reduces (i) the restrictions on distributions to owners provided in Article 93 or (ii) the personal liability for violating such restrictions as provided in Article 94 of this Law;
- e) that restricts in any manner the rights under the present Law of a creditor or other third party, or
- f) eliminates or reduces the requirements of any provision of the present Law, unless (i) the concerned provision of the company agreement is permitted by paragraph 2 of this Article, or (ii) the affected provision of the present Law contains or is subject to the words "unless the company agreement provides otherwise" or similar words.

86.4 If there is a conflict between the company's charter and its company agreement, the charter shall prevail. In such event, the inconsistent provision of the company agreement shall be deemed repealed or modified to the extent necessary to eliminate such inconsistency.

Chapter 3 Required Records and Access

Article 87 Records Which a Company Must Keep

Every limited liability company must keep at its registered office or principal place of business at all times all of the following:

- a) a copy of the company's charter, including any and all amendments thereto, as currently registered with the Registry;
- b) a copy of its company agreement, including any and all amendments thereto or amended and restated copies, as provided to the Registry;
- c) a list of the names and addresses of each owner and the date on which such owner became an owner;
- d) if an ownership interest is owned by more than one owner, a list of the names and addresses of each co-owner and the document(s) naming and designating the co-owners' joint representative if they have, or are required by Article 95 of this Law to have, such a representative. The company may combine this list with the list required by item "c" above;

e) a list of the names and addresses of all key managers of the company;
f) a list describing all transfers and pledges of, and encumbrances placed on, any ownership interest made or permitted by an owner; *and*
g) copies of the following financial documents: (i) annual and interim balance sheets, (ii) income statements, (iii) other financial statements, and (iv) tax returns of the company and (v) any audits.. These requirements shall apply to documents relating to the current year, but only to the extent such documents have been prepared. These requirements shall also apply to all such documents relating to each of the previous three (3) calendar years; if the company has been established for less than three (3) years, these requirements shall apply to all such documents.

Article 88

Records Must be Available to Owners

88.1 Every company must make such records available to any owner, and to any former owner with respect to the period when he was an owner, for inspection and copying during the company's normal business hours.

88.2 If a company refuses to permit an owner or a former owner to obtain or examine such information or does not reply to a written demand therefore that has been made within five days after the demand has been delivered to the company, the demanding owner or former owner may petition the court to order such disclosure. The court shall have authority to determine whether the person seeking the information is entitled to the information sought and to order the company to provide the information.

Chapter 4 Contributions of Owners

Article 89

Form of Contributions

89.1 An owner's contribution to a limited liability company in exchange for an ownership interest may be in the form of (i) money, (ii) other valuable property, tangible or intangible, or (iii) labor or services already performed for the company. A contribution may not be in the form of, and an ownership interest shall not be issued for, any promise or commitment to provide future labor or services.

89.2 The value of contributions other than money shall be determined (i) in accordance with the applicable provisions of the company agreement or (ii) if the company agreement does not contain provisions applicable to the valuation of non-monetary contributions, by the unanimous agreement of all the owners.

Article 90

Liability for Agreed Contributions

An owner is obligated to the company to pay in full all contribution(s) when due as required by the company's charter, company agreement, or other agreement of the owner. Such obligation is not excused by the owner's death, disability or other inability to pay.

Article 91

Penalties for Failure to Make Agreed Contributions

The company agreement may provide penalties or other consequences for an owner who fails to make an agreed contribution. By way of example but not limitation, such provisions in the company agreement may require (i) the reduction of the owner's proportionate ownership interest in the company, (ii) the subordination of the owner's right to distributions to those of owners who have made their required contributions, (iii) the forced sale of the owner's ownership interest to the company, (iv) the forfeiture of the owner's ownership interest to the company, or (v) the determination, by appraisal or formula, of the value of any part of the owner's ownership interest that has been paid for, and the mandatory sale of that part to the company at the value so determined.

Chapter 5 Distributions to Owners

Article 92

Distributions to Owners

92.1 A limited liability company may make distributions to its owners at any time with the unanimous consent of the owners or with such smaller vote requirement as may be established in the company agreement in accordance with Article 107 of this Law.

92.2 Unless otherwise provided in a company agreement, any distributions to owners shall be made equally to them all.

92.3 When an owner becomes entitled to receive a distribution, that owner becomes an unsecured creditor of the company with respect to that distribution.

Article 93

Restrictions on Distributions

93.1 A company may not make a distribution to owners if, after giving effect to such distribution, the company's total assets would be less than its total liabilities or the company would be unable to pay its debts and other obligations as they become due in the ordinary course of the company's business.

93.2 Every time that a company desires to make a distribution, it shall first make a formal determination that such distribution is not prohibited by paragraph 1 of Article 93 of this Law. Such determination shall be based on financial statements prepared in accordance with applicable Laws on accounting standards and on accounting principles that are reasonable in the circumstances and, in the case of valuation of non-monetary assets, on a fair and independent valuation that is reasonable under the circumstances.

Article 94
Personal Liability for Prohibited Distributions

94.1 An owner who receives a distribution prohibited by paragraph 1 of Article 93 of this Law and who knew or should have known at the time the distribution was made that such distribution was prohibited by that Article, shall be personally liable to the company for the return of the amount of the distribution.

94.2 An owner, manager or other person who causes such a prohibited distribution to be made, and who knew at the time the distribution was made that such distribution was prohibited by paragraph 1 of Article 93 of this Law, shall be also be personally liable to the company for the return of the amount of all such distributions.

94.3 If more than one owner and/or person has liability for the return of a distribution under paragraph 1 and/or 2 of this Article, their liability shall be joint and several.

Chapter 6
Co-Ownership and Transfer of Ownership Interests

Article 95
Co-ownership of an Ownership Interest

95.1 An ownership interest may be owned by more than owner.

95.2 Unless otherwise provided in the company agreement, all co-owners of an ownership interest shall exercise their voting and other rights in the company only through a single joint representative but shall be jointly and severally liable for all obligations respecting the share.

95.3 When an ownership interest is owned by more than one person, each co-owner must provide the company with the co-owner's own name and address to be kept with the company's records.

95.4 When co-owners have or are required to have a joint representative, all of the co-owners must execute a formal written "designation of joint representative" and provide this to the company, which shall keep such document with the records required by Article 87. Any notice delivered by the company to such a designated representative shall be

deemed to have been delivered to the concerned co-owners. If the co-owners fail to provide the company with a written designation of joint representative, any notice delivered by the company to one co-owner shall be deemed to have been delivered to all co-owners.

Article 96 Transfer of Ownership Interest

96.1 Unless otherwise provided in the company agreement, any owner may transfer such owner's ownership interest, in whole or in part, by sale, pledge, gift, inheritance or otherwise; provided, however, that this paragraph shall not be interpreted or applied in any manner that impairs the operation of any Law regulating transactions in securities.

96.2 The company agreement may impose restrictions on the transfer of ownership interests including but not limited to the restrictions stated in Articles 97 and 98.

96.3 The rights and liabilities of a transferee of an ownership interest are subject to Articles 99 and 100.

Article 97 Optional Provision to Restrict Transfer

97.1 The company agreement may include, but need not include, any or all of the restrictions on transferability specified in paragraph 2 of this Article or similar restrictions. If such restrictions are included in the company agreement, the provisions establishing such or similar restrictions may be worded in any manner acceptable to the owners. Such or similar restrictions on transferability shall not apply unless they are expressly incorporated into the company agreement.

97.2 A company agreement may provide that an ownership interest shall not be voluntarily or involuntarily transferred or pledged except in:

- a) a transfer that has been approved in writing by all of the owners of the company and the transferee has agreed in writing to be bound by the company agreement;
- b) a transfer where the company or an existing owner is the transferee;
- c) a transfer to the transferring owner's spouse, parents, lineal descendants or the spouse of any lineal descendant, or brothers or sisters,
- d) a transfer to a legal representative of an owner upon the owner's death or dissolution;
- e) a transfer to a bankruptcy administrator or similar person as the result of a bankruptcy proceeding to which the owner is subject;
- f) a pledge of the ownership interest as security for a loan or other obligation of the owner if the pledge agreement (i) specifically states that the pledge has no voting or management rights or powers as a result of the pledge, (ii) contains the written agreement

of the pledge to be bound by the company agreement if the pledge becomes the owner of the pledged ownership interest; and (iii) has been approved by all the other owners;

g) a transfer that complies with the provisions of the company agreement that has incorporated the provisions specified or permitted by Article 98 of this Law; or

h) a merger under Articles 120 – 125 of this Law.

Article 98 Optional Provision to Require First Offer to the Company

98.1 The company agreement may adopt paragraph 2 of this Article with the wording stated below or with any desired changes to that wording. Such provisions shall apply only if expressly incorporated into the company agreement.

98.2 An owner who wishes to transfer his ownership interest to another person or organization may only transfer it as provided below; provided, however, that the specified restriction shall not apply if it specifically exempted from such restriction by another provision of the company agreement:

a) The concerned owner shall first obtain from a third party a firm, irrevocable, written and good faith offer to purchase the ownership interest that (i) specifies the offertory's name, address, offered price, and any payment or other terms of the offer; and (ii) contains the third party's agreement to be bound by the company agreement.

b) The concerned owner shall deliver the third person's offer to the company, and by doing so the owner offers to sell the concerned ownership interest to the company at the price and other terms stated in the offer. Within ten (10) days after receiving the offer, the company shall deliver a notice in writing to all owners (i) informing them of the offer, (ii) calling a meeting of all owners, which may be held not less than twenty (20) days and not more than thirty (30) days after delivery of the notice, and (iii) informing them that the meeting shall be held to decide whether the company purchase the concerned ownership interest from the concerned owner on the terms specified in the third party's offer. A decision to make such purchase must be approved by a majority vote of all ownership interests entitled to vote, but the concerned owner shall not be permitted to vote on the matter. For this purpose, voting shall be on the same basis that is used for other owner actions.

c) The company must deliver to the concerned owner written notice of acceptance within forty (40) days after the company received the offer, or the offer shall be deemed to be rejected. If the company desires, it may make a counter-offer within the prescribed forty (40) day period. In such case, the concerned owner must deliver to the company written notice of acceptance within ten (10) days after receiving the counter offer, or the counteroffer shall be deemed rejected. If the company accepts the original offer, or if the concerned owner accepts a counteroffer made by the company, the sale shall be completed within ten (10) days after the acceptance.

d) If the concerned owner's offer to the company is rejected, the concerned owner shall, within thirty (30) days after the company rejected or was deemed to have rejected the

offer, consummate the sale to the third party on the exact terms that were specified in the offer that was rejected by the company;

e) If the concerned owner fails to comply with its obligation to sell under “d” above, the company may, within ninety (90) days after such failure, cancel the concerned ownership interest if the company delivers to the concerned owner an amount of money that is equal to the value of that ownership interest as determined by an independent appraiser or in accordance with any pre-agreed formula that is specified in the company agreement.

Article 99 Right of a Transferee

A transferee may acquire an ownership interest and become an owner only if: (i) all of the owners have consented to the acquisition, unless otherwise provided in the company agreement; and (ii) the transferee has agreed in writing to be bound by the company agreement. If these conditions are satisfied the transferee shall have all rights of an owner upon the transferee’s acquisition of an ownership interest.

Article 100 Other Rights and Liabilities of a Transferor and Transferee of an Ownership Interest

100.1 Unless otherwise provided for in the company agreement, a transferee of an ownership interest shall be liable for all of the transferring owner’s obligations to make contributions under Article 90 and to return prohibited distributions under Article 94; *provided, however*, that the transferee shall not be liable for an obligation of the transferring owner (i) that the transferee did not know when he became an owner *and* (ii) that the transferee could not have become aware about from a thorough review of the company agreement.

100.2 Unless otherwise provided in the company agreement, the transferring owner shall, after the transfer, remain liable to the company for the payment of any obligations under Articles 90 and 94 of this Law that accrued to the transferring owner before the transfer. This continuing liability shall apply until such obligations are satisfied.

100.3 Unless otherwise provided in the company agreement, the transferring owner shall cease to be an owner or have any rights of an owner at the time the transfer is made; *provided, however*, if the transfer is a pledge of the ownership interest as security for a loan or other obligation, the transferring owner shall not cease to be an owner until and unless the pledge or another third party becomes the actual owner of that ownership interest.

100.4 If an owner dies or is dissolved, the legal representative or administrator of the owner’s property may exercise all of the owner’s rights and powers for the purpose of administering such property.

100.5 An owner that voluntarily transfers or proposes to transfer an ownership interest in a manner that is permitted by the present Law and the company agreement shall notify the company of such transfer. A company need not give any effect to any transfer until it has received notice of the transfer, but it shall give immediate effect to any Lawful transfer of which it has notice and shall record it in the company records.

Article 101
Prohibited Transfer is Void

Any transfer or attempted transfer of an ownership interest that is done in a manner that violates a restriction or prohibition specified in the present Law, the company agreement or a Law regulating transactions in securities shall cause the concerned transfer to be null, void and unenforceable.

Article 102
Company Acquisition of its Own Ownership Interests

102.1 Unless the company agreement restricts the right of a limited liability company to acquire its own outstanding ownership interests, the company may acquire one or more of its outstanding ownership interests, in whole or in part, at any time.

102.2 In no event, however, shall a company shall acquire any of its outstanding ownership interests if, as a result of such acquisition, the company's total assets would be less than its total liabilities or the company would be unable to pay its debts and other obligations as they become due in the ordinary course of the company's business.

102.3 Every time that a company desires to acquire any of its outstanding ownership interests, it shall first make a formal written determination that such acquisition is not prohibited by paragraph 2 of this Article. Such determination shall be based on financial statements prepared in accordance with applicable Laws on accounting standards and on accounting principles that are reasonable in the circumstances and, in the case of valuation of non-monetary assets, on a fair and independent valuation that is reasonable under the circumstances.

102.4 If a company acquires or holds any of its own ownership interests, it may cancel such ownership interests. If the company does not cancel such an ownership interest, the company is required to hold that ownership interest in its treasury.

102.5 Any ownership interest held in the company's treasury (i) shall have no voting rights whatsoever, (ii) shall not be counted for any purpose, including the determination of a quorum or the determination of the number of ownership interests that are outstanding or entitled to vote, and (iii) shall have no right to receive, and shall not receive, any distributions.

Chapter 7 Termination of Ownership

Article 103 Termination of Ownership

A person or organization shall cease to be an owner of a limited liability company upon the occurrence of any of the following events:

- a) The person's death or the organization's dissolution;
- b) voluntary withdrawal by the person or organization;
- c) expulsion of the person or organization;
- d) the person or organization becomes a debtor in bankruptcy,
- e) the person or organization ceases to own an ownership interest in company; or
- f) another event specified in the company agreement, that requires the person or organization to cease to be an owner.

Article 104 Withdrawal or Expulsion of an Owner

104.1 An owner may withdraw from a limited liability company at any time by giving written notice to the company and all of the other owners; provided, however, if the withdrawal violates the company agreement, the company may recover damages from the withdrawing owner for breach of the agreement.

104.2 The company agreement may (i) specify the terms and conditions on which a member may withdraw or be expelled, (ii) provide the procedures applicable to a withdrawal or expulsion, and (iii) specify the consequences that will result from a withdrawal or expulsion, including the liability for penalties or damages that will arise as a result of a withdrawal in violation of the company agreement.

104.3 The company agreement may provide that an owner may not withdraw or transfer an ownership interest.

104.4 Notwithstanding anything in the present Law or the company agreement to the contrary, the Court may issue an order:

a) determining that an owner has the right to withdraw or was justified in withdrawing if: (i) the owner files a petition with the Court for such an order and (ii) the owner can present clear and convincing evidence that the owner is suffering or has suffered significant damage as a consequence of the wrongful actions of the company or the other owners. An action shall be deemed wrongful if it involves a violation of the present Law, the company agreement or the concerned owner's rights. The company shall have the right to contest the owner's petition before the Court.

b) determining that a company may expel an owner or was justified in expelling an owner if (i) the company files a petition with the Court for such an order justified reasons and (ii) the company can present clear and convincing evidence that the company or another owner of the company is suffering or has suffered significant damage as a result of the wrongful actions of the owner. An action shall be deemed wrongful if it involves a willful violation or persistent violations of the present Law, the company agreement or another owner's rights or involves conduct that substantially impairs the company's ability to carry on its business activities or its relationship with the concerned owner. The concerned owner shall have the right to contest the company's petition before the Court.

Article 105

Effect of Withdrawal or Expulsion

105.1 Upon withdrawal, expulsion or ceasing to be an owner for any other reason, a person or organization ceases to have the rights of an owner, including but not limited to the right to participate in the governance or management of the company's business.

105.2 Subject to paragraph 3 of this Article, when a person or organization ceases to be an owner, such person or organization shall be entitled to receive from the company within ninety (90) days from such event: (i) any payment or distribution to which such person or organization is entitled under the company agreement; and (ii) if not provided for in the company agreement, the fair value of the ownership interest determined as of the date the person or organization ceased to be an owner. The amounts owed by the company to such person or organization shall, if such person or organization has wrongfully withdrawn or been expelled, shall be reduced by the amount of any damages caused by the person or organization to the company as a direct result of such wrongful withdrawal or expulsion, including damages caused by the acts for which the person or organization was expelled.

105.3 The right to receive the fair value of the ownership interest specified in paragraph 2 of this Article shall not apply if the ownership interest was (i) transferred by agreement to another person or organization, or (ii) transferred to a successor, heir, administrator or legal representative as a result of the original owner's death or dissolution and such successor, heir, administrator or legal representatives exercises a right under the company agreement or the applicable Law to become an owner.

105.4 In determining the fair value of an ownership interest is to be determined, the person(s) or organization making such determination shall, inter alia, take due and careful consideration of (i) the value of the company as an on-going business, including its reasonably foreseeable future prospects, (ii) any agreement, including the company agreement, among the owners setting a price or price formula for the ownership interests, (iii) the recommendations of an appraiser, if one is engaged, and (iv) any legal restrictions on the marketability or transferability of the ownership interest. The Court shall have the jurisdiction and authority to determine the fair value in the event of a dispute.

105.5 If the company and the prior owner cannot agree upon the fair value of the ownership interest or the amount of the damages, if any, referred to in paragraph 2 of this Article, they may by mutual agreement submit such matter to binding arbitration. The matter shall be submitted to binding arbitration if such submission is already required by the company agreement. If there is no agreement to submit the matter to arbitration, either party shall then have the right to petition the Court to make the necessary determinations, and in such event the Court shall have the jurisdiction and authority to make such determinations.

Chapter 8 Governance and Management

Article 106 Votes of Owners

Unless otherwise provided in the company agreement:

- a) all owners' voting rights in the company shall be equal, *and*
- b) the decision of a simple majority vote shall control on all matters except as provided in Article 107 of this Law.

Article 107 When Unanimous Vote Required

107.1 Except as provided in paragraph 2 of this Article, each matter listed below shall require the affirmative vote of all of the company's owners:

- a) amendment of the company's charter or company agreement;
- b) authorization or ratification of a conflict of interest transaction under paragraph 3 of Article 113 of this Law;
- c) reduction or release of an owner's obligation to pay such owner's full agreed contribution under Article 90 of this Law;
- d) making of a distribution, including a purchase or redemption by the company of an owner's ownership interest;
- e) reduction or release of an owner's obligation to return distributions or other amounts which were paid to him in violation of Article 94 of this Law;
- f) admission of a new owner;
- g) a decision to dissolve the company;
- h) a decision to merge the company under Article 120 of this Law, or
- i) the sale, lease, pledge, mortgage or other transfer or disposition of all or substantially all of the company's assets.

107.2 The company agreement may specifically provide that a matter listed in paragraph 1 of this Article shall be decided by a vote of the owners that is less than unanimous; provided, however, that, no provision of a company agreement shall:

- a) provide that such a matter is to be determined by less than an affirmative vote of a simple majority of the outstanding ownership interests;
- b) allow or authorize the adoption of an amendment to the charter or company agreement that increases an owner's obligation to make contributions or eliminates or reduces an owner's rights, unless every affected owner has specifically and in writing voted in favor of that amendment.

Article 108 Action Without a Meeting

Unless otherwise provided in the company agreement, any action requiring a vote by the owners may be taken without the holding of a formal meeting of the owners if (i) the owners are all first notified in writing of the proposed action, and (ii) each owner has at least three business days after receipt of such notice to submit such owner's written vote thereon or the owner otherwise consents in writing to the shorter notice and decision period.

Article 109
Appointment and Removal of Managing Directors

109.1 A company's owners shall designate in the charter, or an amendment to the charter or in the company agreement, the specific person or persons holding the position of managing director. Such person(s) shall have the authority stated in Article 110 of this Law. If there is more than one managing director, the company agreement shall specify the respective title, duties and authority of each. A managing director may only be designated, removed or replaced by a vote of the owners. A managing director need not be an owner. A managing director must be a natural person.

109.2 Unless otherwise provided in the company agreement, a managing director who has been elected shall continue to be a managing director until removed or replaced by a vote of the owners or until he resigns, whichever occurs first.

109.3 Unless otherwise provided in the company agreement, a managing director may be removed by a vote of the owners. The owners are not required to state a reason for such removal, and the removed person has no right to demand or require the owners to state a reason for his/her removal.

Article 110
Authority of Managing Director to Act for the Company

110.1 Subject to any contrary provision in this Law or the company agreement, a managing director has the authority to represent the company in the conduct of its business activities, including the authority (i) to conduct the normal and customary business activities of the company and (ii) to sign an agreement or other document on behalf of the company and in the company's name if the signing of such agreement or document is reasonably related to or necessary for the conduct of the normal and customary business activities of the company. Any such act by a managing director is binding on the company unless (i) the act is beyond the authority of the managing director as specified in the company agreement *and* (ii) the person or organization with whom the managing director was dealing knew that the managing director lacked the authority for such act.

110.2 An act of a managing director that is not reasonably related to or necessary for the conduct of the normal and customary business activities of the company is not binding on the company unless the act was specifically authorized (i) by the company agreement or (ii) a special authorization approved by a vote of the owners.

110.3 Any person, including a managing director, who knowingly purports to act for the company without the authority for such act shall be personally liable for all damages caused by such act to the company and any other person or organization with whom the unauthorized person has dealt.

110.4 Unless otherwise provided in the company agreement, each managing director of a company that has two or more managing directors shall have equal authority and rights in the management of the company.

Article 111

Duty to Maintain Books and Records and Provide Access

The managing director(s) of a company shall have the duty (i) to prepare and maintain the company's books and records in accordance with all applicable Laws and regulations, (ii) to prepare an annual balance sheet and a written report on the management of the company and to present those to the owners at the end of each financial year of the company, and (iii) to provide, during normal business hours, routine and unobstructed access to all records, books and reports of or regarding the company to any owner who requests such access for the purpose of reviewing and/or copying such books, records and reports.

Article 112

Duty of Care and Business Judgment Rule

112.1 A managing director of a company has a duty to act always: (i) in good faith, (ii) in the reasonable belief that he/she is acting with proper authority and in the company's best interests, and (iii) with due and diligent care and attention to his/her responsibilities.

112.2 A person who has acted as described in paragraph 1 of this Article and who makes a business judgment in good faith and in a manner that is consistent with those duties shall not be personally liable for any damages that may arise there from, unless it is determined that he/she violated his/her duty of loyalty or had a personal interest in the matter, as defined in Article 113 of this Law.

Article 113

Duty of Loyalty

113.1 A managing director of a company who has a personal interest in a matter affecting the company has a strict duty (i) to immediately disclose such interest to the owners and (ii) to act fairly and loyally to the company with respect to that matter. This duty includes, but is not limited to, a duty not to use property of the company for his/her personal needs or profit, not to use confidential information of the company for the purpose of gaining personal profit, not to take a business opportunity of the company for

himself/herself, and otherwise to serve only the company's interest in all acts and transactions in which he/she has a personal interest.

113.2 A managing director has a personal interest in an act, decision or transaction if either:

a) he or a family member is a party to or will benefit directly or indirectly from the act, decision or transaction,

b) he/she has a financial or family member relationship with a party that has an interest in the act, decision or transaction, or

c) he/she is under the control or influence of a party that has an interest in the act, decision or transaction, that could reasonably be expected to affect his/her judgment in a manner that is adverse to the company.

113.3 A managing director who enters or desires to enter into a contract or transaction with the company shall not be deemed to have violated the above duty, and will not be personally liable to the company for damages arising from the conflict of interest inherent in such a situation, if: (i) all material facts concerning his/her interest are disclosed or known to all of the company's directors or owners (as appropriate for the decision) and (ii) the contract or transaction is specifically approved in good faith by all of the owners (or such other majority vote as may be required by the company agreement) at the meeting or meetings as may be held by such owners or directors for the purpose of discussing and voting on whether to approve the contract or transaction.

Article 114 Duty Not to Compete

A managing director of a company shall not directly or indirectly engage, participate or have an interest in any business activity that is in competition with the company. The prohibition of the first sentence includes, but is not limited to, the managing director's involvement as an employee, consultant, contractor, general partner, manager, director or controlling owner or shareholder of another business organization that engages in a business activity that is in competition with the company.

Article 115 Enforcement of Duties by Personal or Derivative Court Action

115.1 Any owner of a company has the right to file a complaint with the Court in the owner's own name and on the owner's own behalf, or in the company's name and on the company's behalf, against a managing director to enforce any rights the owner or the

company may have against a managing director for violating his/her duties to the owner or the company.

115.2 If the owner is seeking the enforcement of the company's rights against a managing director, all damages awarded against the managing director shall be the property of the company. If the Court finds that the complaint was validly filed, the Court shall award in favor of the complaining owner and against the managing director the owner's reasonable expenses. Such reasonable expenses shall include the legal fees incurred by the owner in connection with the preparation, filing and prosecution of the complaint.

Article 116
Persons Owing Duties

Any person who exercises some of the authority of a manager in the management of the company's business shall be deemed to be a "managing director" for the purposes of Articles 112-114, whether or not that person has been elected as a managing director as provided in Article 109 of this Law.

Chapter 9
Dissolution and Liquidation

Article 117
Events Causing Dissolution

117.1 A limited liability company shall be dissolved, and its business must be wound up, upon the occurrence of any of the following events:

- a) expiration of the duration (if any) stated in the charter or another event specified in the charter or company agreement as an event that causes or requires dissolution or termination of the company's existence,
- b) a decision by the owners in accordance with Article 107 of this Law to dissolve or terminate the company;
- c) receipt of a Notice of De-Registration from the Registry as provided for in Article 43 of the present Law;
- d) receipt of a Lawful order of the Court that the company is required to be terminated or dissolved by a provision of the Law applicable in Kosovo (including, but not limited to, the applicable Law on bankruptcy), if (i) the time for appealing such order has expired and (ii) no appeal of such order is pending before a higher court.

117.2 If a company's dissolution occurs pursuant to item "a" or "b" of paragraph 1 of this Article (a "voluntary dissolution"), the company's business shall be wound up and its assets liquidated as provided in Article 118 of this Law.

117.3 If a company's dissolution occurs pursuant to item "c" or "d" of paragraph 1 of this Article and the company is not bankrupt, the Court shall supervise the winding up and liquidation following the procedures stated in Article 118 of this Law or such other procedures as the Court considers appropriate.

117.4 If a company's dissolution occurs pursuant to item "d" of paragraph 1 of this Article because such dissolution is required by the applicable Laws on bankruptcy, the Court shall apply and follow the provisions of such Laws on bankruptcy governing the winding up and liquidation of the company.

Article 118 Winding Up and Liquidation of a Company

118.1 Following a voluntary dissolution as specified in item "a" or "b" of paragraph 1 of Article 117 of this Law, a company shall continue its existence as before but it may not conduct any business activities except as may be necessary and appropriate for winding up and liquidating the company, including (i) collecting any money or property owed to the company; (ii) paying or making arrangements for the satisfaction of amounts owed to the company's creditors, (iii) selling, after complying with paragraph 2 of this Article, the non-monetary assets of the company, and (iv) distributing, after such sale and the satisfaction of valid creditor claims, any remaining assets among the company's owners. Such activities shall be conducted by the company's managing director(s), unless the company appoints a professional liquidator or other person or organization to conduct such activities, the fees of which may be paid from the monetary assets of the company.

118.2 As soon as practicable, but no later than five (5) business days after the event causing voluntary dissolution, the company shall file a "Notice of Voluntary Dissolution" with the Registry pursuant to Article 40 of the present Law. The company shall not sell or distribute any of its assets until at least forty-five (45) days after the date such notice is submitted to the Registry. Any earlier sale or distribution may be declared null and void by the Court upon the application of any unpaid creditor.

118.3 The Notice of Voluntary Dissolution shall state, in any official language, (i) that the company has elected to wind up the company's business and to liquidate its assets; (ii) the date of the event causing dissolution; (iii) the place at which creditors' claims must be presented; (iv) the date or dates on which the company intends to proceed, as permitted by this Article, with the selling and distribution of its assets, which dates may be any date occurring at least forty-five (45) days, but not more than (90) days, after the submission of the Notice of Voluntary Dissolution to the Registry; and (v) the time and place at which any such sale or distribution is to take place.

118.4 Within three (3) business days after the company submits the Notice of Voluntary Dissolution to the Registry, the company shall send a copy of such notice to all of the company's owners and known creditors; and the company shall allow any secured creditor to take possession of any property in which such creditor has a security interest. If the company owns property in which a secured party has a security interest, the company shall surrender the property to the secured party. The secured party shall sell or otherwise dispose of the property in accordance with the applicable Law governing the security interest. If the sale or disposition produces any surplus proceeds, the secured party shall remit the surplus to the company. "Surplus proceeds" means proceeds that exceed (i) the amount needed to pay the secured debt and (ii) any additional amount that the creditor is permitted by Law to retain as a penalty and/or reimbursement for costs incurred in taking possession of and selling or otherwise disposing of the concerned property.

118.5 During the thirty (30) day period immediately following the event causing the dissolution, the company shall (i) complete an examination of its books and records, (ii) compile an inventory of all its assets and a chart of all its debts, (iii) make such inventory and chart available for public inspection and review for at least eight hours per day during each of the five consecutive business days immediately preceding any date specified in the Notice of Voluntary Dissolution for the sale of a company asset, and (iv) determine a legally permissible and commercially reasonable method of selling the assets. Unless the applicable Law requires a public sale and/or a specific method of sale, the sale may be public or private and by any commercially reasonable means.

118.6 No later than thirty (30) days following the submission of the Notice of Voluntary Dissolution to the Registry, the company shall cause to be published in a newspaper of general circulation in Kosovo, in official languages of Kosovo, an advertisement not less than one tenth of a page in size containing: (i) the name of the company and all trade names used by the company, (ii) the registration number (iii) information regarding the time and place of any public sale of company assets and/or information regarding the time and place that a Lawful private sale of company assets is scheduled to occur; (iv) information regarding the time and place that the inventory of assets and the chart of debts shall be available for public review, and (v) information regarding the procedures to be followed by creditors or interested parties for filing claims and any deadlines for filing claims.

118.7 The company may not postpone a public sale that has been advertised in accordance with paragraph 6 of this Article.

118.8 The company shall not pay any claim or debt unless such claim or debt is included on the chart of debts. The company shall assess the validity of any such claim or debt before it includes the claim or debt on the chart of debts. Claimants who claim to

be aggrieved by the company's refusal to include a claim or debt on the chart of debts may file a complaint regarding such refusal with the Court.

Article 119
Distribution of a Company's Assets in Liquidation

In liquidation, the assets of the company shall be paid out and/or distributed in the following order of priority set out in the relevant Law on Bankruptcy.

Chapter 10
Merger

Article 120
Merger Involving a Limited Liability Company

120.1 Pursuant to a plan of merger meeting the requirements of Article 121 of this Law, one or more limited liability companies may merge with or into another company established under the present Law, as provided in this Chapter.

120.2 For this purpose, a "merger" means a transaction in which one or more companies either (i) merge into and transfer all of their assets and liabilities into one of such companies, or (ii) merge into and transfer all of their assets and liabilities into a new company established under the present Law, with the effect stated in Article 124 of this Law.

Article 121
Required Contents of Plan of Merger

121. 1 A plan of merger shall state:

- a) the name and the registered office address and registered number of each company involved in the proposed merger;
- b) the name and the registered office address of the proposed surviving company, meaning the company into which the other company or companies plan to merge,
- c) the material terms and conditions of the proposed merger,
- d) for each merging company other than the acquiring company: a detailed description of the manner and basis that is proposed to be used for converting the shares or ownership

interests of such merging company into (i) cash (ii) other property, and/or (iii) shares, ownership interests and/or other securities or debt or other obligations of the surviving company or of any owner or shareholder of the surviving company; *and*

e) the full text of the charter and the company agreement or byLaws of the surviving company that will be in effect immediately following the merger.

121.2 If a joint stock company is a party to the merger, then any requirements set out in Articles 211-213 of the present Law must also be complied with.

Article 122 Requirements for Approval of the Plan

122.1 In the case of a limited liability company that is a party to the merger, the plan of merger must be approved (i) by all of its owners as required by item “i” of paragraph 2 of Article 107 of this Law, or (ii) by any lesser number or percentage of its owners that has been specified in the provisions of its company agreement if such provision complies with paragraph 2 of Article 107 of this Law.

122.2 In the case of a joint stock company, the plan of merger must be approved by the vote of its shareholders required by Article 211 of the present Law.

Article 123 Registration and Effective Time of a Merger

123.1 Upon completion of a merger, the parties to the merger shall submit the plan of merger to the Registry in accordance with Part II of the present Law. The Registry shall register such plan of merger if the plan meets the requirements of Article 121 of this Law.

123.2 The merger shall become effective upon its registration by the Registry in accordance with Article 13 of this Law.

123.3 Registration of the plan of merger by the Registry is a perfunctory and administrative act only and does not constitute a legal determination by the Registry that the merger is valid or Lawful.

123.4 It is the strict obligation of the merging companies to ensure, prior to the completion of the merger, that the merger complies with all applicable legal requirements and that any approvals required by any Law or regulation have been obtained.

123.5 Registration of the plan of merger shall not constitute a determination by the Registry that the merger does not violate the rights of an owner, shareholder or creditor. Any owner, shareholder or creditor who has legal reasons to believe the merger has violated the rights of such owner, shareholder or creditor, may file a complaint with the

Court seeking (i) damages and/or (ii) if specifically provided for under a primary normative act, an order declaring the merger invalid.

123.6 Registration of the plan of merger shall not constitute a determination by the Registry that the merger complies with any requirements or provisions of any primary normative act. Any public authority that has legal reasons to believe that the merger has violated the requirements of a primary normative act that such public authority has principal responsibility for enforcing or implementing may file a complaint with the Court seeking, if and to the extent specifically provided for in such primary normative act, an order (i) imposing penalties on the merging and/or surviving companies, and/or (ii) declaring the merger invalid.

Article 124 Effect of a Merger

Upon the effectiveness of a merger as provided for in paragraph 2 of Article 123 of this Law:

- a) the companies that are parties to the merger will be a single company, which will be the surviving company named in the plan of merger, and the legal existence of all such companies - except the surviving company - shall terminate;
- b) the surviving company shall become liable for all liabilities, of any description, of each company that was a party to the merger;
- c) the surviving company shall acquire all rights and interests to all assets, of any description, of each company that was a party to the merger;
- d) all Lawsuits or other claims against any company that was a party to the merger and whose existence was terminated by the merger shall be continued against the surviving company; the surviving company shall – as a matter of Law - be substituted for any merging company whose existence was terminated by the merger;
- e) The charter of the surviving company shall be the charter of the surviving company that was set forth in the plan of merger;
- f) the company agreement or by laws of the surviving company shall be the company agreement or by laws of the surviving company that was set forth in the plan of merger; and
- g) the shares or ownership interests of each merging company that are required by the plan of merger to be converted into the shares, ownership interests and/or other securities or debt or other obligations of the surviving company shall be so converted.

Article 125
Merger Involving a Company and a Foreign Legal Person

One or more foreign legal persons and one or more Kosovo limited liability companies may merge in the following manner:

a) Each Kosovo limited liability company participating in the merger shall be responsible for ensuring that the merger is done in a manner that complies with the applicable requirements of this Chapter; and

b) The surviving business organization shall comply with all applicable requirements of the present Law and the other elements of the Law applicable in Kosovo. Without limiting the general applicability of the foregoing obligation, it is specifically provided that if the surviving business organization is established under the Laws of any jurisdiction other than Kosovo, it shall comply in all respects with the applicable provisions of Articles 37 and 38 of the present Law.

PART VII
JOINT STOCK COMPANY

Chapter 1
General Provisions

Article 126
Nature of a Joint Stock Company and a Share

126.1 A joint stock company is a legal person that is owned by its shareholders but is legally separate and distinct from its shareholders. A shareholder of a joint stock company is not a co-owner of, and has no transferable interest in, any property or assets of such company. A joint stock company may have a single shareholder.

126.2 The shares in a joint stock company are the units into which the ownership interests in the company are divided.

126.3 A share in a joint stock company is the property of the shareholder.

126.4 Subject to paragraphs 5 and 6 of this Article a share may be freely transferred in whole or in part, by the shareholder to any person or organization.

126.5 Notwithstanding paragraph 4 of this Article, the charter may provide for restrictions on transferability, including but not limited to an absolute prohibition on transfer of shares, directors' or shareholders' approval of transfers and rights to ensure that where one shareholder transfers his/her shares others have the right or obligation to

do so. Any transfer in breach of such rules shall be void and ineffective against the company.

126.6 Nothing in Article 126 or in the present Law shall be interpreted or applied in any manner that impairs the operation or requirements of any other primary normative act of Kosovo that regulates transactions in securities.

Article 127 Charter Capital

127.1 The initial charter capital of a joint stock company shall be at least 25,000 Euros or such greater amount as may be required by Article 153 of this Law.

127.2 The initial charter capital shall be paid in to the company in accordance with the requirements of Article 153 of this Law.

Article 128 Liability Principles

128.1 A joint stock company is liable for all of its debts and other obligations with all of its assets and property.

128.2 No person, business organization or other organization shall be liable for the obligations of a joint stock company solely by reason of being a shareholder in that company.

Article 129 Liability for Founders' Actions Before Registration

If one or more founders and/or other persons take action on behalf of a joint stock company before it is registered (including but not limited to opening bank accounts, purchasing or leasing property, or entering into contracts or other obligations), the persons taking such action shall be jointly and severally personally liable for claims and obligations arising out of such actions, except as otherwise agreed by the concerned third parties. After the company has been registered, the company may assume liability for any or all such claims and obligations; in such event, the company shall thereafter be solely liable for any claims or obligations so assumed.

Article 130
Powers

A joint stock company has the powers necessary to carry on its business including, but not limited to, the power (i) to sue and be sued; (ii) to make contracts, borrow money and incur other debts and liabilities; (iii) to acquire, own, lease, pledge or mortgage, or otherwise dispose of property; (iv) to acquire, own, pledge, vote, sell, or otherwise dispose of shares or other ownership or partnership interests in another organization; and (v) to designate, appoint and engage officers, employees and agents of the company and to fix their duties and compensation.

Article 131
Duration

131.1 The duration of a joint stock company is perpetual unless a shorter period is specified in its charter.

131.2 If the duration of a joint stock company is extended the Registry must be notified and this must be published by the Registry in its database.

Article 132
Shareholders

A joint stock company may have one or more persons, business organizations and/or other organizations as its shareholder or shareholders.

Article 133
Founders' Authority Ends at Registration

After a joint stock company is registered and exists as a legal person, any person or organization that has served as a founder of the company shall have no further authority or role in the company's management or governance. Notwithstanding the foregoing, if the concerned founder is a natural person who holds, after the joint stock company's registration, another position in the company, that person shall have the authority that attends that position.

Article 134
Acquisition of the Property of a Founder

If, during the first two years of a joint stock company's existence, the joint stock company desires to acquire any property or assets of a founder in return for any type of compensation, the company shall not complete such acquisition unless and until the shareholders have been given proper notice, and have approved, of such acquisition.

Article 135

Restrictions on a Joint Stock Company's Ability to Subscribe to or Deal with its Own Shares

135.1 Except as expressly permitted by a provision of the present Law, a joint stock company shall not subscribe to or acquire its own issued or un-issued shares.

135.2 If any person or organization subscribes for or acquires the shares of a joint stock company on behalf of such joint stock company: (i) the interest of the joint stock company in that transaction and the concerned shares shall - as a matter of Law - be null and void, (ii) the joint stock company shall have no liability to pay for such shares and shall be entitled to the immediate return of any money or other assets provided in payment for such shares, and (iii) the subscribing or acquiring person or organization shall be deemed - also as a matter of Law - to have subscribed for or acquired such shares on that person's or organization's own behalf, and such person or organization shall be liable for paying for such shares.

135.3 The founders or in the case of an increase of subscribed capital, the directors, shall also be personally liable to pay for shares subscribed or acquired in contravention of this Article, unless they prove that no fault is attributable to them personally.

Article 136

No *Ultra Vires* Defense

A joint stock company shall not be permitted to deny or avoid liability for an act of the company on the basis that the act was not within the business purposes of the company specified in its charter.

Chapter 2

Charter and By-Laws

Article 137

Charter

A joint stock company is created only upon the registration of its charter in accordance with Article 35 of the present Law. The charter is the founding and constitutional document of a joint stock company. No amendment to the charter shall be legally effective until such amendment is duly approved by the shareholders and submitted to the Registry in accordance with the present Law.

Article 138
By-Laws

138.1 Every joint stock company shall also have a set of byLaws containing provisions governing the management and operation of the company. By way of example but not limitation, the byLaws may contain provisions (i) specifying the times, places and procedures for the holding and conduct of shareholder meetings and board of directors meetings, (ii) specify the rights and procedures to be observed by the company when conducting a vote by shareholders or directors at such meetings, (iii) the titles and specific duties of the company's officers and directors, and (iv) forms for share certificates.

138.2 The byLaws may be adopted, amended or repealed by either the shareholders or the board of directors unless the charter specifies that such power is reserved exclusively to the shareholders. In no event may the directors amend, repeal or alter, by any action, a byLaw that has been adopted by the shareholders unless the concerned byLaw explicitly provides the board of directors with such authority.

Article 139
Charter Controls Over By-Laws

If there is a conflict between the company's charter and its byLaws, the charter shall prevail. In such event, the inconsistent provision of the byLaws shall be deemed repealed or modified to the extent necessary to eliminate such inconsistency.

Article 140
Organizational Meeting of a Joint Stock Company

Immediately after a joint stock company is registered, the initial directors named in the charter shall hold an organizational meeting to complete the organization of the company by appointing the company's initial officers and carrying on any other appropriate activities within the directors' authority.

Chapter 3
Shares and Other Securities

Article 141
Common and Preferred Stock; Par value; No Bearer Shares

141.1 A joint stock company may issue two types of stock, common stock and preferred stock. A company must have common stock and must issue at least one share of common stock. A company's preferred stock (but not its common stock) may be divided into two or more classes with different rights and preferences.

141.2 The shares of every type and class of stock must have a stated par value. If a share has a stated par value then it must be at least one (1) Euro cent. The stated par value of any share of stock, common or preferred, may be – but is not required to be - higher than one (1) Euro cent.

141.3 Every share of common stock shall have the same par value as the other shares of common stock. Every share of any specific class of preferred stock shall have the same par value as the other shares of that class.

141.4 Shares of the company's common stock may not be converted into shares of the company's preferred stock or any other security of the company. However, shares of the company's preferred stock may be convertible, if the charter so provides, into shares of the company's common stock or into shares of other classes of the company's preferred stock.

141.5 A joint stock company shall not have any authority to issue, and shall not issue, bearer shares or other bearer securities. Any shares or securities issued in violation of this Article, and any purported rights or claims arising from such shares or securities, shall be null, void and unenforceable.

Article 142 Authorized and Issued Stock

142.1 A joint stock company's charter shall state the exact number of the company's authorized shares of common stock and the exact number, if any, of the company's authorized shares of preferred stock. If more than one class of preferred stock is authorized, this must be specified in the charter along with the exact number of each class so authorized.

142.2 The number of authorized shares of any type or class may be changed only by an amendment of the charter that has been adopted in accordance with the applicable requirements of the present Law.

142.3 A joint stock company may only issue shares that have been authorized by its charter.

142.4 A joint stock company may issue any number of shares of any type or class authorized by its charter up to the maximum number specified in the charter for that type or class.

142.5 The decision to issue authorized shares and the determination of the number, time and other terms of any such issuance, may be made only by the company's shareholders unless and except to the extent that the company's charter or by Laws or a shareholders' resolution confers such authority on the board of directors.

Article 143
List of Shareholders

143.1 Every joint stock company shall keep a list of its shareholders that (i) specifies the name and address of each of its current shareholders and the number of the type and class of shares currently held by such shareholder and (ii) provides the other shareholder information required to be recorded in such list by the present law. A company shall promptly record such shareholder information in such record.

143.2 If the company has issued the shares to the shareholder it shall immediately record the required information in the list.

143.3 If a shareholder has received shares from another shareholder, the company shall record the required information not less than three days after the company has received proper notice of the transfer of the shares and the identity of both the transferor and the transferee. If shares involved in the transfer have been certificated, delivery to the company of the share certificates bearing the transferor's signature and indicia of the transferor's transfer of such shares to the transferee shall be proper notice. If shares involved in the transfer have not been certificated, delivery to the company of an affidavit signed by the transferor stating that the transferor has transferred such shares to the transferee shall be proper notice.

143.4 If a company fails or refuses to promptly and properly record the required shareholder information in the shareholder list within the applicable time limit, the concerned person or organization may file suit in the Court for an order to compel the company to record such information and to formally recognize the person's or organization's status as a shareholder. The Court has the jurisdiction and authority, upon the request of a person or organization claiming shareholder status or upon the request of the company:

a) to determine the proper owner of the shares and the day on which such owner's information should have been recorded in the shareholder list;

b) to order the company to record such owner's information in the shareholder list; and

c) to award damages as the Court deems appropriate; such damages may include, if the court finds in favor of a transferee shareholder, damages payable by the company to the transferee shareholder that resulted from the company's failure or refusal to promptly and properly record the transferee shareholder's information in the shareholder list, including any damages arising from any consequent loss by the transferee shareholder of a right to vote or receive dividends or to transfer the shares.

Article 144
Shareholder Access to Documents

144.1 Any shareholder of record shall have the right to examine a joint stock company's list of shareholders or its charter or by laws at the principal place of business of the company.

144.2 To exercise the right established by paragraph 1 of this Article, a shareholder of record shall first deliver to the company a written request stating that such shareholder desires to review the referenced documents. If the shareholder is an organization, it shall specify in such request the name or names of the person(s) who are authorized to perform the examination of the afore-mentioned documents on behalf of the organization.

144.3 If a company fails or refuses to permit such examination within five calendar (5) days after such a request is delivered, the shareholder may file suit in the Court for an order to compel the company to permit such examination. The Court is hereby vested with the jurisdiction and authority to issue such an order.

Article 145
Certificated and Un-Certificated Shares

145.1 A share or shares of a joint stock company may be certificated (represented by a stock certificate) or un-certificated.

145.2 If a share or shares are certificated, the share certificate shall state (i) the name of the person or organization to which the certificate is issued, (ii) the number of shares represented by the certificate and the progressive number of the certificate, (iii) the type of shares (common or preferred) represented by the certificate, (iii) if the concerned shares are a specific class of preferred shares, an indication of that class, and (iv) (iv) if the concerned shares are preferred shares or a class of preferred shares, a statement setting forth the rights (including a specific indication as to whether and to what extent the shares have voting rights) and preferences of those shares as stated in the company's charter.

145.3 Unless otherwise provided in a joint stock company's charter, the board of directors may determine that some or all of its certificated shares shall thereafter be un-certificated shares.

145.4 Certificated and un-certificated shares of the same type and class shall have identical rights.

Article 146
Rights of Common Stock Shareholders

146.1 Except as specifically restricted elsewhere in the present Law, the holder of a share of a joint stock company's issued and outstanding common stock shall have the same rights as any other holder of such a share, including – but not limited to:

- a) the right to receive notice of and to participate in any shareholder meeting ;
- b) the right to cast one (and only one) vote per share of common stock held on each matter voted on at such a meeting;;
- c) the right to receive an equal dividend for each share of common stock held;
- d) upon liquidation of the company, the right to receive an equal distribution for each share of common stock held; and
- e) any other rights created by the present Law or the charter or the byLaws of the company.

Article 147
Rights of Holders of Preferred Stock

147.1 All rights and preferences of each class of a joint stock company's preferred stock must be stated in full in the company's charter. Such rights and preferences may include:

- a) a preference over the holders of shares of the company's common stock as to dividends;
- b) a preference as to distributions upon the liquidation of the company;
- c) special voting rights or no voting rights;
- d) the right to convert those shares into shares of the company's common stock or into shares of another class of the company's preferred stock;
- e) the right to require the company to redeem those shares if the terms and conditions of such right to require redemption “;and”
- f) other rights and preferences to the extent not prohibited by the present Law.

147.2 The holder of a share of a class of a joint stock company's issued and outstanding preferred stock shall have the same rights and preferences as any other holder of such a class of share

147.3 Except as stated in the charter, holders of preferred stock shall have the right to vote at a shareholder meeting.

Article 148

Securities Other than Stock, Securities Convertible into Stock, and Options to Acquire Stock

148.1 Subject to paragraph 2 of this Article and any prohibition or restriction specified in a company's charter, a company may create and issue securities other than shares of stock, including (i) bonds, (ii) securities that are convertible into shares of stock, and (iii) options to acquire shares of stock. An option to acquire shares of stock is a security that gives to its owner the right to acquire a specific number of shares of a specific type - and, if applicable, class - of stock at a specific price within a specific period of time.

148.2 No securities that are convertible into shares of stock and no options to acquire shares of stock may be issued unless the authorized number of the concerned shares of stock, as specified in the company's charter, is sufficient to cover both (i) the future issuance of the concerned shares of stock, (ii) the future issuance of any shares of stock that are issued on other convertible securities and options already issued and (iii) all other shares of stock already issued.

148.3 Whenever a company issues securities that are convertible into shares of stock or options to acquire shares of stock, the company shall note on the company's shareholder list the name and address of each holder of such a security or option and the number of authorized shares that is required by the company to honor the concerned conversion or acquisition rights of such holder. Until the expiration of the period of effectiveness of such a holder's conversion or acquisition rights, the company shall maintain in its treasury that number of authorized shares needed to honor those rights.

148.4 The decision to issue convertible securities or options referred to in this Article, must comply with the requirements of paragraph 5 of Article of this Law.

Article 149

Payment for Shares and Other Securities

149.1 Except in relation to employee share schemes, a joint stock company may not issue or sell any of its stock or securities except in a transaction where the company immediately receives (i) full payment of the subscription price or (ii) partial payment in accordance with Article 150 of this Law.

149.2 Except as may otherwise be provided in the charter or in a shareholders' resolution or Employee Share Scheme adopted in accordance with the present Law, such subscription price may be paid with money or with other tangible or intangible property or rights of value. If payment is to be made in any form other than money, the prospective shareholder of the company has an obligation to engage an outside, independent, regulated appraiser who shall compile and deliver to the board of directors a report assessing the fair and reasonable value of the property offered as payment and giving a formal opinion as to whether such value is at least sufficient to cover the purchase price of the stock or security to be issued or sold. The report shall contain at least (i) a description of the property or rights being offered as payment, (ii) a description of the methods of evaluation used by the appraiser and (iii) a statement by the appraiser that the value arrived at by such methods is at least equal to the subscription price.

149.3 Except as may otherwise be provided in a shareholders' resolution or Employee Share Scheme adopted in accordance with the present Law, a joint stock company may not accept labor or services – whether performed in the past or to be performed in the future - as payment, in whole or in part, for a share of stock or other security of the company.

Article 150 Part Payment for Stock

150.1 Within the first 30 days following its initial registration, a joint stock company may issue all or any part of its shares of stock in return for partial payment, but only if there is a written agreement between the shareholder and the company providing (i) any and all payments for such shares must be made in cash and not in kind, (ii) not less than 25% of the Par value of the shares must be paid within 30 days of the company's initial registration, and (iii) the unpaid balance must be paid by a date that is no more than two (2) years from the date of the company's initial registration.

150.2 Except in the case of shares issued pursuant to an Employee Share Scheme adopted in accordance with the present Law, shares issued in the course of an increase in charter capital must be paid up in full and may not be issued as partly paid stock.

150.3 With respect to any partly paid share of stock, the following shall be recorded in the company's shareholder records and, if such share is certificated, on the share certificate: (i) the total amount of the purchase price of such share; (ii) the amount that has been paid at the time of issuance, and (iii) any amount that has been paid subsequent to the time of issuance and the time of such payment.

150.4 The voting rights and all other rights of a partly paid share of stock, including rights to receive dividends and distributions, shall be reduced as necessary to reflect the percentage of the purchase price that has not yet been paid for that share.

150.5 Without prejudice to the general applicability of paragraph 4 of this Article, it is specifically that if a joint stock company declares a dividend on a type or class of shares, the company shall also declare a dividend on the partly paid shares of that type or class of shares, but the dividend payable on such partly paid shares shall be reduced to reflect the percentage of the purchase price that has not yet been paid for that share. In such a case the company shall have the right, at its option, to either (i) pay such reduced dividend to the shareholder in question, or (ii) retain such dividend and apply it toward the amount still owed by the shareholder for that share.

Article 151

Liability of a Holder of Partly Paid Stock

151.1 Each holder/debtor of partly paid shares shall be liable to the company for the unpaid balance.

151.2 If a holder/debtor of partly paid shares fails to immediately pay any amount when due under the written agreement required by paragraph 1 of Article 150 of this Law, the company may declare the forfeiture of the shares in whole or in part (unless this would negatively affect a person or organization who acquired some or all of the shares without knowing of their partly paid status) and/or immediately proceed to collect the unpaid balance by filing a complaint with the Court against the shareholder/debtor for the amount due. The “amount due” shall include (i) interest on the amount due (including any accrued but unpaid interest) that the holder/debtor failed to pay, such rate calculated at the Central Banking Authority of Kosovo published lending rate plus (ii) all expenses reasonably incurred by the company in preparing, filing and prosecuting the complaint or in conducting the sale.

151.3 A person or organization that has acquired partly paid shares shall not be liable for the unpaid amount unless the acquirer had prior knowledge or notice that such shares were not fully paid. If the acquirer had such notice or knowledge, the acquirer shall be jointly and severally liable with the original holder/debtor for the whole of the unpaid amount. If the acquirer did not have such notice or knowledge, the original shareholder/debtor shall remain wholly liable for the unpaid amount.

151.4 A pledgee of partly paid shares shall not be liable for the unpaid amount simply because of the pledgee’s status as pledgee. If, however, the pledgee acquires the partly paid shares, the rules of paragraph 3 of this Article shall be used to determine pledgee’s liability for the unpaid amount.

Article 152

Preemptive Rights to New Shares

152.1 As provided in this Article and except in relation to an Employee Share Scheme, a holder of a share of stock shall have preemptive rights to acquire shares of the same type

- and, if applicable, class - of stock whenever the company issues new shares of such stock.

152.2 The pre-emptive rights of a holder established by paragraph 1 of this Article are not unlimited. Such rights shall be exercisable by the holder only with respect to that percentage of the new shares that is equal to the holder's existing percentage ownership of the already issued and outstanding shares of such stock of such class. A holder may exercise his pre-emptive rights in whole or in part.

152.3 The pre-emptive rights established by this Article may not be restricted or withdrawn by the charter or the by laws, however the rights may be restricted or withdrawn by a shareholder resolution which is adopted by at least two thirds the holders of the concerned type and class present. There shall be a separate vote for each class of shareholders affected by the transaction.

This vote shall take place after a report has been presented by the directors setting out (i) the reasons for the restriction or withdrawal of the pre-emption and (ii) the reasoning used by the board of directors in setting the price for the shares to be issued. This report shall be drawn up by an independent regulated valuation expert.

152.4 The preemptive rights established by this Article only apply to actual holders of shares of stock as recorded in the company's shareholder list and records. It is specifically provided that ownership of an option to acquire a share of stock or a security that is convertible into a share of stock does not give rise to any preemptive rights created by this Article.

152.5 Where a new issue is proposed, the company shall give each existing shareholder advance notice of the proposed issuance stating at a minimum (i) the number of shares to be issued, (ii) the proposed price or method of determining the price of issuance, and (iii) the period and procedure for exercising the preemptive rights, provided that such period shall not be less than 14 calendar days. All rules and procedures governing the exercise of such preemptive rights shall be uniform for all shareholders having such rights.

152.6 Unless otherwise (and except to the extent) provided in the company's charter, the rules on pre-emptive rights shall not apply to the following:

a) the issuance of the preferred stock, except for preferred stock which is convertible into or carries a right to subscribe for or acquire common stock;

b) any shares authorized by the company's charter that are issued within six months after the company's initial registration; or

c) any shares issued in accordance with an Employee Share Scheme adopted in accordance with the requirements of the present law) shares issued in relation to an Employee Share Scheme adopted in accordance with the requirements of the present Law.

152.7 Shares subject to preemptive rights that are not acquired by existing shareholders pursuant to such rights may be issued to any person for a period of one year after having been offered to existing shareholders under this Section 152. The company's board of directors shall set an issue price which is not lower than 90% of the price previously set for the exercise of preemptive rights. If the board of directors wishes to issue the shares at a lower price or to issue shares after the expiry of the one year period, then the preemptive rights provided for in this Section 152 shall apply in full.

Chapter 4 Charter Capital

Article 153

Amount, Subscription and Payment; Relationship to Par Value

153.1 "Charter capital" of a joint stock company shall be the greater of (i) 25,000 Euros or (ii) the aggregate par value of all shares (i.e., the number of shares multiplied by the par value of each share) issued by the company at the time of its registration. Charter capital represents the minimum amount that is to be available to satisfy the claims of the company's creditors.

153.2 If another primary normative act establishes or expressly authorizes a public authority to establish a higher charter capital requirement for banks, financial institutions or insurance organizations the higher charter capital requirements so established shall prevail over Section 153.1.

153.3 A joint stock company may issue a share of stock for a price higher than its par value, in which case the excess amount shall not be charter capital but shall be a share premium to be recorded by the company in a share premium account. A company may not issue a share of stock for a price lower than its par value.

153.4 No public offering of the shares of a joint stock company may be made until the charter capital has been fully paid. No shareholder may be released from the obligation to pay for shares except via the procedures and rules relating to a decrease of capital.

Article 154

Increase of Charter Capital

154.1 A company may increase its charter capital by amending its charter in accordance with the present law to provide for such increase. It may achieve the specified increase by (i) further amending the charter to increase the specified par value of its common shares and/or one or more classes of its preferred shares, if it is authorized to issue such preferred shares, or (ii) by issuing additional shares, subject to the authorized maximum specified in the charter, for lawful and adequate compensation. A company may increase its charter capital only after the initial charter capital has been fully paid in.

154.2 The par value of issued shares may be increased without corresponding increase of consideration from shareholders provided there is sufficient capital in the share premium account. The company's share premium account shall then be reduced by an amount that is equivalent to the increase in the par value of the concerned shares.

154.3 Subject to the authorized limits and terms established by the charter, decisions relating to the issuance of additional shares and/or the determination of the number, timing and other terms of such issuance, may be made only by the company's shareholders, unless and except to the extent that the company's charter specifically confers such authority on the board of directors. If the charter requires that the shareholders' first adopt a resolution that authorizes the board of directors to issue such additional shares (subject at all times to the authorized limit established by the charter), the authority provided by such a resolution shall, by law, expire one year from the date of the resolution, unless the resolution provides for an earlier expiration of such authority. The authority may be renewed one or more times by the shareholders. Where the authority is conferred on the Board of Directors by a shareholder resolution, there shall be a separate shareholder vote for each class of shareholders affected by the issuance.

154.4 If the additional shares are not fully subscribed, the share capital shall be increased only by the amount of the subscriptions actually received, but only if this was specifically foreseen and permitted by the conditions of issue.

154.5 No increase in the number of authorized shares or in the par value of authorized or issued shares shall be made unless such increase is clearly authorized by a an amendment to the company's charter that has been duly adopted and approved by the shareholders. Such an amendment shall be effective only upon registration with the Registry in accordance with Section 36.

154.6 If a special law governing banks, financial and/or insurance organizations specifically establishes other procedures and rules governing changes to the charter capital of such institutions, such procedures and rules shall be applicable.

Article 155 Decrease of Charter Capital

155.1 Subject to the minimum specified in Section 153.1 and, if applicable, Section 153.2, a company may decrease its charter capital by amending its charter in accordance with the present law to provide for such decrease. It may achieve the specified decrease by: (i) further amending the charter to decrease the specified par value of its common shares and/or one or more classes of its preferred shares, if it is authorized to issue such preferred shares, or (ii) by reacquiring and then canceling issued and outstanding shares and lowering or eliminating the charter capital represented by such shares. Except in the case of a decrease arising out of an Employee Share Scheme, such a decrease may only occur (i) if required by an order of the Court which shall first take into account the interests of all the shareholders including any different treatment between classes and the

interests of the creditors and the solvency of the company or (ii) if at least two thirds of the shareholders entitled to vote approve the decrease. There shall be a separate vote for each class of shareholders affected by the decrease.

155.2 A detailed notice regarding a decrease in charter capital shall be published twice within a one week period that occurs more than 60 days prior to the effective date of such decrease. Such notice shall be published in at least one newspaper of wide circulation in Kosovo in order to notify creditors whose claims predate the decrease. Such creditors shall have at least 21 days to apply to the company for additional security or to request the company not to execute the decrease in charter capital. If a creditor remains unsatisfied about the reduction, then he/she may apply to the Court for an appropriate remedy for his/her debt. The Court may decide no such remedy is necessary if it is satisfied that (i) the company is solvent and (ii) the assets of the company are sufficient to satisfy this and other debts of the company of equivalent security ranking.

155.3 Pending resolution of any court application under Section 156.2, no decrease shall be effective and no distribution to the shareholders shall be made

155.4 A company may not waive an obligation of shareholders to pay in full for partly-paid stock in connection with a decrease in charter capital, unless the company provides for the payment of creditors whose claims predate the reduction.

155.5 If the value of a company's net assets after its second or any subsequent financial year is less than its established charter capital, the company shall make an appropriate decrease of its charter capital, but not below the applicable minimum as specified in Sections 153.1 or, if applicable, Section 153.2. If the value of the net assets, as established by applicable accounting standards, is at any time less than the minimum charter capital required in Section 153.1 or less than half the company's charter capital, the company shall call a shareholder meeting to consider a decision to dissolve the company and liquidate its assets under Section 229 unless adequate new capital can be invested. In any event the company shall be subject to the rights of creditors under applicable bankruptcy laws.

155.6 Companies need not follow the above procedures regarding a reduction in charter capital if the purpose of the reduction is to offset losses incurred and the reduced capital is put in a reserve which following the reduction is not more than 10% of the reduced charter capital and this reserve is not distributed to shareholders in any form nor used to discharge shareholders from their obligations to make payments in.

155.7 A decrease in charter capital must be stated in an amendment to the company's charter that has been duly approved by the shareholders and shall be effective only upon the filing and registration of the amended charter with the Registry.

Article 156

Share Splits, Reverse-Splits and Cancellations That Do Not Change Charter Capital

156.1 Subject to Section 156.5, a company may convert all, but not less than all, of the shares of any type or class of its stock into two or more shares of the same type or class, and simultaneously reduce the par value of the shares of such type or class so that the company's charter capital is not changed.

156.2 Subject to Section 156.5, a company may combine all, but not less than all, of the shares of any type of class of stock into a smaller number of shares of such type of class, and simultaneously increase the par value of the shares of such type or class (and require payment in) so that the company's charter capital is not changed.

156.3 Subject to Section 156.5, a company may cancel shares which have been reacquired by it and simultaneously in accordance with the rules on capital increases and payments (including Section 150 requiring full payment of the par value), increase and require payment in of the par value of other shares, so that the company's charter capital is not changed.

156.4 Any change referred to in this Section 156 must be stated in an amendment to the company's charter that has been duly approved by the affected shareholders and shall be effective only upon the filing and registration of the amended charter with the Registry.

156.5 A company may not take an action referred to in this Section 156 if it dilutes or otherwise adversely affects the rights of owners of options to acquire shares of the type or class in question, except with the consent of the option holders. Furthermore, any action under this Section 156 shall require the consent of at least half of the votes of the eligible members of the affected class(es) in a General Meeting and there shall be a quorum requirement of at least 50% of the shareholders in the relevant class.

Article 157

Redemptions or Withdrawals of Shares

157.1 A company's common stock shall not be redeemable. A company may redeem issued and outstanding shares of a class of its preferred stock, but only if, and only to the extent, (i) the terms of the concerned class of preferred stock, as specified in the charter, expressly indicate that the shares of such class are redeemable, and (ii) the shares to be redeemed have been fully paid.

157.2 The company shall not use any loan or similar debt financing to pay for redeemed or reacquired shares. The company shall only pay for such shares out of its capital surplus. A redemption or reacquisition is prohibited if it will negatively affect the company's stated capital.

157.3 Any shares that have been redeemed by the company shall thereafter carry no voting rights, rights to distribution or any other rights. Such shares shall be immediately cancelled by the company unless the charter specifically authorizes the company to hold such shares in the company's treasury.

157.4 Any shares of the company – regardless of how they were acquired or created - that are held by the company whether in its treasury or otherwise, directly or indirectly, shall have, as long as they are so held by the company, no voting rights and no rights to receive any distributions.

157.5 No person or organization, including the company, its board of directors, managers and other employees shall have any right or authority to vote or attempt to vote, directly or indirectly, any shares that are held by the company in its treasury or otherwise, directly or indirectly.

157.6 The provisions of this Section 157 are mandatory and shall prevail over any contrary provision of the company's charter or bylaws.

Chapter 5 Distributions

Article 158 Dividends

158.1 A company's board of directors may, if authorized by the charter or a shareholders' resolution, declare and pay dividends on all, but not less than all, of the issued and outstanding shares of any type or class of its stock. The board of directors may take such action at any time.

158.2 A dividend on stock of any type or class must be paid pro rata to all holders of that type or class of stock

158.3 Dividends may be paid in money or other property including stock or other securities of the company or of other issuers, unless otherwise provided in the company's charter and provided that any rules regarding increases in capital are followed

158.4 A dividend payable in shares of the company's stock shall be paid by issuing such shares pro-rata to the holders of the class or type of stock receiving the dividend.

Article 159 Procedure for Authorizing Dividends

159.1 A decision to authorize and pay dividends may only be made by the shareholders unless the power to make that decision is conferred on the board of directors in the company's charter.

159.2 Each decision to authorize a dividend shall specify the amount of the dividend, the record date for determining the shareholders entitled to the dividend (which must be after the date of the decision authorizing the dividend), and the date on which the dividend will be paid, and the company shall notify the persons entitled to receive the dividend of the decision and such specific matters.

Article 160 Company Acquisition of its Own Stock

160.1 A company may acquire its own outstanding stock or other securities at any time with the agreement of the holders of such securities. Shares so acquired shall be authorized but unissued shares, except that if the charter prohibits the reacquisition of the reacquired share the number of authorized shares shall be reduced by the number of shares acquired.

160.2 A company's decision to acquire its own stock may only be made by the shareholders following the procedure in Section 161.

160.3 A company may acquire part, but not all, of the issued and outstanding shares of its common stock. A company may acquire part or all of its other issued and outstanding shares and securities.

160.4 A company may not acquire its own issued and outstanding stock if and to the extent that the aggregate par value of the stock being acquired exceeds 10% of the company's charter capital.

160.5 A company may acquire only those issued and outstanding shares of its stock that have been fully paid.

160.6 A company may pay for its stock or other securities thus acquired with money, securities or other property.

160.7 The procedures and rules relating to acquisition of its own stock shall not apply if the reacquired shares:

- (a) are exclusively to be offered to employees pursuant to an Employee Share Schemes;
- (b) if the reacquired shares have been forfeited by a shareholder for failure to make full payment for the shares; or
- (c) if the reacquired shares are fully- paid up shares that are acquired by the company pursuant to a court order requiring the shareholder to transfer the shares to the company in full or partial payment of a debt owed to the company by the shareholder.

160.8 If an acquisition specified in Section 160.7 will have the effect of reducing the net assets of the company below the amount of its published charter capital plus any non-distributable reserves, the acquisition may only be consummated if the procedures on a decrease of capital are followed.

160.9 Shares acquired under Section 160.7 shall be held by the company in its treasury and shall not have any voting rights or rights to distributions while they are held by the company.

160.10 Shares acquired pursuant to Section 160.7(a) must be issued to employees, in accordance with the Employee Share Scheme, within one year after their acquisition. Any such shares that are not issued within that one year period shall be cancelled (following the decrease in capital procedure).

160.11 Shares acquired pursuant to Section 160.7(b) or (c) may be sold and re-issued, within one year after their acquisition, to any person or organization that pays the full purchase price of such shares. The board of directors shall have the authority to establish the purchase price for such shares; provided, however, that the method for calculating such purchase price shall be fair and reasonable and disclosed in writing: (i) immediately to any shareholder who requests it, and (ii) to all shareholders at the next general meeting of the shareholders. Any such shares that are not sold and issued within the specified one year period shall be cancelled (following the decrease in capital procedure).

Article 161

Procedure for Acquisition of Own Stock

161.1 In order to proceed with an acquisition of its own shares, a company must first be authorized by a shareholder resolution approving such acquisition. Such resolution must be approved by a majority of the votes of (i) all of the shares which are represented and entitled to vote at the meeting and (ii) all of the shares of the type(s) or class(es) to be acquired which are represented and entitled to vote at the meeting, excluding in each case the votes of shares belonging to shareholders whose shares are to be acquired; provided, however, that this exclusion shall not apply if the resolution involves a proposed acquisition of shares from all holders pro rata.

161.2 The decision shall specify the maximum number of shares to be acquired, the duration of the period for which the authorization is given, which may not exceed 18 months, the minimum and maximum purchase price (or manner of calculating the purchase price), and the identity of the shareholders from whom the shares are to be acquired, except in the case of a decision to acquire shares from all holders pro rata.

161.3 If two thirds of the members of the board of directors formally decide that the purchase is necessary to avoid a risk of serious and imminent harm to the company and the holding of a shareholder meeting is not practical before the acquisition, then the board of directors may proceed with the purchase without such shareholder approval, provided

that in any event after any acquisition the board of directors shall report it to the shareholders at the next annual meeting of shareholders stating the reason for it, the number of shares acquired, the par value of the shares, the proportion of the charter capital they represent, and the consideration paid.

Article 162

Procedure for Acquisition of Shares *Pro Rata* From All Shareholders

162.1 If a company offers to acquire shares from all holders of such shares pro rata in proportion to the number of such shares belonging to each shareholder that that shareholder offers for sale, the company shall provide all such holders with a notice stating the number of shares to be acquired, the purchase price (or manner of calculating the purchase price), the procedure for payment and date of payment, and the procedure and the deadline date for all shareholders to offer their shares for sale to the company, which last date shall be at least 30 days after the date of the notice in the case of companies with more than 100 holders of common stock.

162.2 If the total number of shares offered for sale to the company exceeds the number of shares that the company has offered to acquire, the company by decision of its board of directors may acquire a larger number of shares up to the total number offered for sale by the shareholders.

162.3 If the total number of shares offered for sale to the company exceeds the number of shares that the company will acquire, the company shall acquire shares from each shareholder in proportion to the number of shares that that shareholder offers for sale, except where necessary to avoid acquiring fractional shares.

Article 163

Status of Reacquired Shares

163.1 Shares reacquired by a company will be owned by the company and may be reissued to other parties by the company in accordance with the present Law, until and unless they are cancelled (and the number of authorized shares and the charter capital accordingly reduced) by amendment of the company's charter.

163.2 While such shares are owned by the company:

- a) they will not be entitled to vote or be counted toward a quorum in a shareholder meeting, *and*
- b) they will not be entitled to receive dividends or other distributions or to be counted in calculating the per-share amount of any dividends or other distributions to which shareholders are entitled.

163.3 Any shares acquired in breach of Articles 160 and 161 of this Law shall within one year of their acquisition either (i) be disposed of or (ii) cancelled by following any applicable procedures regarding a decrease in the company's capital.

Article 164

Restrictions on Distributions and Payments for Acquisition of Own Stock

164.1 A company may not pay a dividend on its common or preferred stock, and may not pay any amount to acquire any of its stock or any options to acquire its stock or securities convertible into its stock, if either:

a) after giving effect to the payment, the net assets of the company would be less than the sum of the company's subscribed and paid in charter capital (which for this purpose includes paid-in amounts in the company's share premium account, if any) plus any reserves which may not be distributed to shareholders under Law or the company's charter, or

b) after giving effect to the payment, the company would be insolvent or unable to pay its debts and other obligations as they become due in the ordinary course of the company's business, or

c) the payment would exceed the amount of the company's profits in the immediately-preceding financial year plus any profits brought forward and sums drawn from reserves available for this purpose, less any losses brought forward and sums placed in reserves in accordance with the present Law or the company's charter.

164.2 A determination that a distribution is permitted under this Article must be based on financial statements prepared in accordance with applicable Laws on accounting standards and on accounting principles that are reasonable in the circumstances and, in the case of valuation of non-monetary assets, on a fair and independent valuation that is reasonable under the circumstances. In the case of interim dividends, interim financial statements should be drawn up.

Article 165

Personal Liability of Shareholders and Directors for Prohibited Distributions

165.1 A shareholder who receives a prohibited distribution and who knew at the time that the distribution was prohibited or could have been assumed to know by virtue of readily available and understandable information, shall be personally liable to the company for return of the amount of the distribution.

165.2 The directors of a company who vote for or assent to any prohibited distribution shall be jointly and severally liable to the company for the amount of the distribution.

Article 165A
Company not to Finance Acquisition of its Own Securities

165A.1 A joint stock company may not lend or provide money or any type of credit (including pledging its own shares which it is holding) to any person or organization for the purpose of enabling that person or organization to purchase or acquire, directly or indirectly, whether from the company or a third party, any share of stock or other security of the joint stock company

165A.2 This prohibition shall not apply to transactions concluded by banks and other financial institutions in the normal course of business, nor to transactions relating to an Employee Shares Scheme, provided that the acquisition would not lead to the net assets becoming less than the charter capital plus non-distributable reserves.

165A.3A joint stock company shall not accept its own shares as security for any obligation owed to the joint stock company by another person or organization.

Chapter 6
Board of Directors and Officers

Article 166
Board of Directors

Every company shall have a board of directors. The business of the company shall be managed by or under the direction of its board of directors as provided in this Chapter.

Article 167
Qualifications of Directors

Every director shall be a natural person. A company's charter may prescribe other requirements for qualification as a director. A director need not be a resident of Kosovo unless the company's charter so prescribes. A director need not be a shareholder of the company unless the company's charter so prescribes.

Article 168
Compensation of Directors

A company may pay compensation to directors and reimburse directors for their reasonable expenses in serving the company as its directors. A decision to provide such compensation or reimbursement and approval of the amount and main conditions thereof may only be made by the shareholders or by an external committee to which shareholders delegate such power. This shall be done for each renewal or change of the directors'

terms. If it has delegated such decision, then the decision shall be disclosed to the shareholders at the next-following shareholder meeting.

Article 169

Authority and Competence of the Board of Directors

169.1 The competence of a board of directors shall include the making of decisions on all matters except decisions which are reserved to the shareholders by Law or by the company's charter. Subject to such reservations, the following matters are included within the exclusive competence of the board of directors: approving overall business strategy plans for the company; convening annual and extraordinary shareholder meetings; preparing the initial agenda of a shareholder meeting; determining the record date for the list of shareholders entitled to participate in a shareholder meeting; issuance of shares within the limits stated in the company's charter or by shareholder decision for each type and class of shares, when that power is conferred on the board of directors in the company's charter or by shareholder decision; issuance of bonds, options to acquire shares and other securities; hiring of the officers/senior managers of the company, approval of the terms of agreements between such senior managers and the company, establishing their; determination of the remuneration of and other terms of agreements with the company's auditor; determining the amounts of and the record dates, payment dates and procedures for dividend payments; approval of the company's annual report, annual balance sheet and annual profit and loss account which shall then be submitted to the shareholders for approval; and deciding any other matters which are referred to the exclusive competence of the board of directors in the company's charter.

169.2 The board of directors shall also have exclusive competence to, and must:

a) ensure that an audit of the books and records of the company is performed at least annually by an independent auditor, the choice of which shall be approved by the shareholders in accordance with the Law, including Procurement Law with the auditor's report addressed to the shareholders and made available to each director and officer, *and*

b) ensure that an annual report containing an independently audited statement of the company's financial position, a report from the officers regarding the status of its operations, and any other disclosures that may be required by the charter, the by-Laws or the present Law or other applicable Law is prepared, signed by the Chairman of the Board and at least one other director and distributed to all directors, officers and shareholders.

169.3 Matters within the exclusive competence of the board of directors may not be transferred to or decided by other persons or other bodies of the company, except by a resolution of the shareholders at a shareholder meeting or as otherwise directed by the shareholders.

Article 170

Number of Directors

The number of members of a company's board of directors shall be stated in the company's charter. For a company with less than ten shareholders the board shall have one or more members; for a company with ten or more shareholders the board shall have not less than three members; for a company with 500 or more shareholders the board shall have not less than seven members.

Article 171 Election and Term of Directors

171.1 Subject to paragraph 2 of this Article, all members of a company's board of directors shall be elected by the shareholders at each annual shareholder meeting for a term that shall expire at the conclusion of the next annual shareholders' meeting. Any or all members of the board of directors may be elected by the shareholders at any extraordinary shareholder meeting which has been called for that purpose.

171.2 The terms of the initial directors named in the initial charter shall expire at the first shareholder meeting at which directors are elected, unless the charter or a duly approved shareholders' resolution provides otherwise.

171.3 Despite the expiration of a director's term, he shall continue to serve until his successor is elected so that the power of the board of directors shall continue uninterrupted.

171.4 A director may be reelected an unlimited number of times.

171.5 No officer, manager or other employee of the company shall serve or be nominated to serve as a director of the company.

Article 172 Cumulative Voting for Directors

Unless otherwise provided in a company's charter, in all elections for the directors of a joint stock company, every shareholder shall have the right to vote the number of shares owned by the shareholder for as many persons as there are directors to be elected, or to cumulate such votes and give one candidate as many votes as shall equal the number of directors multiplied by the number of such shares, or to distribute such cumulative votes in any proportion among any number of candidates.

Article 173 Resignation of Directors

A director may resign at any time by giving written notice to the board of directors or its chairman. A resignation is effective when the notice is given unless the notice specifies a future date. The pending vacancy may be filled before the effective date of resignation, but the successor shall not take office until the effective date of resignation.

Article 174
Removal of Directors

174.1 One or more directors of a company may be removed, with or without a stated reason or cause, at a shareholder meeting by a majority of the votes of outstanding shares then entitled to vote at an election of directors, except that:

a) no director may be removed at a shareholder meeting unless the notice of the meeting states that a purpose of the meeting was to vote on the removal of such director at the meeting, *and*

b) in the case of a company having cumulative voting, if less than the entire board is to be removed, no director may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire board of directors.

174.2 The removal of a director shall not in itself prejudice any right to compensation or damages upon removal which the director may have under a contract with the company or under employment Law. However, the election or status of a person as a director shall not, in itself, create any such rights.

Article 175
Independence of Directors

175.1 In a company which has 100 or more shareholders, family members of employees of the company may not comprise a majority of the board of directors of the company.

175.2 In elections for directors of a company having 250 or more shareholders, the company's board of directors must nominate at least two candidates who would be independent directors.

175.3 For purposes of the present law, a person shall not be eligible to be an "independent director" if, at any time during the two year period immediately preceding the concerned election:

a. such person was an employee of the company; or

b. such person had a family member who was an employee of the company; or

c. such person and/or the family members of such person, either individually or collectively, (i) provided to or received from the company payments totaling more than 20,000 Euro, or (ii) owned more than a 30% share or other ownership interest, directly or indirectly, in any organization that provided to or received from the company payments totaling more than 20,000 Euro, or (iii) acted as a general partner, manager, director or

officer of an organization that provided to or received from the company payments totaling more than 20,000 Euros.

Article 176
Filling of Vacancies on a Board of Directors

A vacancy in a board of directors shall be filled by election at the next shareholder meeting at which directors are to be elected. The company's charter may provide that the board of directors may elect someone to fill such vacancy until the shareholder meeting.

Article 177
Chairman of the Board of Directors

177.1 Unless the company's charter or by-Laws provide otherwise, (i) a board of directors shall elect a chairman from their number by a majority vote of the total number of directors, and (ii) the board of directors may remove and replace the chairman at any time by the majority vote.

177.2 The chairman shall preside at all meetings of the board and all shareholder meetings and shall be responsible for maintaining the records of all meetings of the board. If a chairman shall not have been elected or is not present at a meeting of the board or at a shareholder meeting, a director chosen by a majority of the directors present shall act as chairman.

Article 178
Meetings and Notice of Meetings

178.1 The board of directors shall hold a regular meeting, to be known as its annual meeting, immediately following each annual shareholder meeting. Other regular meetings shall be held at such times and places as may be determined by the board at its annual meeting or at another meeting of the board of which all directors shall have been given notice. No notice of regular meetings need be given except as the board may require.

178.2 Extraordinary meetings of the board of directors may be called at any time by the chairman of the board and shall be called by the chairman (or, in the event of his failure to do so, by any director) at the written request of any director made to the chairman. The person calling any extraordinary meeting shall give notice of the time and place of the meeting.

178.3 Attendance of a director at any meeting shall constitute a waiver of any required notice of such meeting except where a director attends a meeting for the express purpose at the beginning of objecting to the transaction of any business because the meeting is not Lawfully called or convened, and states at the beginning of the meeting.

Article 179
Quorum and Voting for Board Actions

179.1 A majority of the total number of directors fixed in a company's charter or byLaws shall constitute a quorum for the transaction of business unless a greater number for a quorum is specified in the charter or byLaws.

179.2 The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number of directors is required by the company's charter or byLaws.

Article 180
Actions of the Board Without a Meeting

Unless a company's charter or by-Laws require that action by the board must be taken at a meeting, any action which may be taken at a meeting of the board may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors entitled to vote with respect to such matter. Any such consent shall be contained in one or more written approvals, each of which shall set forth the action taken and shall bear the signature of one or more directors. All of such approvals shall be filed in the company's records of meetings of the board of directors. The consent shall be effective when all of the directors have signed indicating their consent unless the consent specifies a different effective date.

Article 181
Committees of the Board

The charter or bylaws may establish, or the directors may adopt a resolution establishing, one or more committees, such as an audit or a remuneration committee review, study, make recommendations on, or take other non-binding action with respect to matters which are within the competence of the board.

These committees may include members from the Board of Directors and company employees as well as persons outside the company. Unless the charter, bylaws or board resolution requires a greater number, a majority of the members of any such committee shall constitute a quorum and a majority of a quorum shall be necessary for any committee recommendation or other action. All decisions and other actions of a committee shall be subject to review, amendment and approval with not less than 2/3 of the board members.

Article 182
Records of Meetings of the Board

Minutes of every meeting of the board and every meeting of any committee shall be taken during such meeting. A formal written record of such minutes shall be formally prepared no later than ten days after the meeting. Such record of minutes shall include (i) the place and time of the meeting, (ii) the persons present and the agenda of the meeting, (iii) the issues submitted for voting, (iv) details of any discussions and any reasons given for any negative vote or absence (v) the results of each vote, including the name of each person who was present and entitled to vote and a clear indication of how such person voted; and (vi) the decisions adopted at the meeting. The record of minutes shall be signed by the director who presided at the meeting and the person who served as the secretary at such meeting

Article 183 Officers

183.1 A company's board of directors shall hire the officers, senior managers, of the company, who shall report to and be under the direction of the entire board of directors. Such officers shall have the powers and authorities assigned to them by the by-laws. The board may delegate to them other powers and authorities relating to the conduct of the business of the company except for any matter that is specifically reserved to the board or the shareholders by this law or the bylaws or charter. If a company has only one officer, he shall have the authority stated in Section 183.3 and also the duties of a corporate secretary stated in Section 183.4.

183.2 The general competence and duties of the officers shall be described in the bylaws.

183.3 A chief officer shall be hired and appointed by the board of directors. The board may at its option give such person the title "chief executive officer," "president," "managing director," or another similar title. His/her principal powers, authorities and duties shall be as provided for in the company's by-laws. In addition to the duties so established and save as restricted in this law or the bylaws, such person shall have authority to act generally (without any power of attorney or other documentary authorization) in the company's name, representing the company's interests, in concluding transactions on the company's behalf and giving instructions to the company's other officers and other employees, provided that such instructions shall not be contrary to or inconsistent with the charter, bylaws or this law.

183.4 One officer shall have the duty to record the actions and meetings of the shareholders and the board of directors in a book to be kept for that purpose. Such person shall be known as the "company secretary."

183.5 All officers shall act in accordance with the company's charter, by-Laws and any decision of the company's board of directors, unless such decision is clearly inconsistent with the present Law or the company's charter or by-Laws.

Article 184
Disclosure of Personal and Financial Interests and Duty of Loyalty

184.1 Every officer and director shall have a strict obligation to immediately disclose to the board of directors or to any committee making a decision (or where relevant to the shareholders where they are making the specific decision) any personal or financial interest he/she has, directly or indirectly through relatives or personal associates, in relation to any of the company's potential or existing: (i) contracts or transactions, (ii) business competitors, (iii) creditors, (iv) suppliers, (v) customers, (vi) consultants, (vii) employees, (viii) partners and/or (ix) any decision of the company, the board of directors or its shareholders relating to any of the foregoing.

184.2 Such a personal or financial interest includes, but is not limited to, any of the following (i) any financial interest that such director or officer or a family member has in them, either by way of ownership right or contract or otherwise, (ii) if he/she or a family member is a party to the act or transaction which is the subject of a decision or would otherwise benefit financially from the act or decision and (iii) if he/she is under the control or direct influence of a party with an interest in the act or transaction, that could reasonably be expected to affect his/her judgment adversely to the company.

184.3 Such disclosure shall be made generally by an officer or director at the time he becomes employed by the company or is elected or appointed to his position or, if later, immediately at the time he becomes aware of the financial or personal interest. Furthermore, a specific disclosure shall also be made at any time a relevant decision or transaction is under discussion by the directors, officers or shareholders. If an officer or director fails to make a required disclosure, he may be removed or fired for such failure and, in any event, shall be liable to the extent of any harm the company suffers as a result of such failure.

184.4 A director or officer is under a constant and continuing strict duty to at all times act fairly and loyally to the company with respect to any and all matters of material interest or concern to the company. This includes but is not limited to a duty not to use property of the company for his personal needs or profit, not to use confidential information of the company for the purpose of gaining profit for himself or any family member or personal associate, not to take or divert business opportunities of the company for himself or any other person or organization, and otherwise to serve only the company's interest in all acts and transactions in which the company has any material interest.

184.5 A director or officer who enters into a contract or transaction with the company has not violated the duty in paragraphs 1 to 3 of this Article, and will not be personally liable for damages or other sanctions arising there from, if either:

a) all material facts concerning his interest are disclosed or known to the body making the decision and that body authorizes the contract or transaction in good faith by a majority vote of disinterested directors or officers, even if the disinterested directors or officers are less than a quorum, or

b) in the case of a decision which is a shareholder decision, all material facts concerning the officer's or director's interest are disclosed or known to the shareholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by majority vote of shareholders.

Article 185 Removal of Officers

185.1 Any officer may be removed by the board of directors from his position at any time in their discretion, with or without specific cause, but such removal shall not prejudice contract or employment Law rights, if any, of the officer concerned.

185.2 A company and any officer may enter into an employment agreement that specifies the salary or other compensation to be paid to such officer, the officer's specific duties, the terms of the officer's employment and other mutually-agreed matters. Employment as an officer shall not of itself create contract rights. Any such employment agreement shall be consistent with the present law and any applicable provision of the charter or bylaws. Any provision of such an employment agreement that is inconsistent with the present law, the charter or the bylaws shall be void and unenforceable or, if possible, reformed interpreted and/or applied in a manner that eliminates that inconsistency.

Article 186 Duty of Care and Business Judgment Rule

186.1 Every director and officer has a duty to (i) perform in those capacities in good faith and (ii) to perform and comply with the duties and obligations specified in Sections 184 and 187 and (iii) to ensure that his company-related decisions are made in the reasonable belief that he/she is acting in the company's best interests, with due care and attention to his/her responsibilities, and with adequate consideration to the matters to be decided and on the basis of information reasonably available to him/her.

186.2 A person who has acted as described in Section 186.1 and who makes a business judgment in good faith shall not be personally liable to the company or its shareholders for damages arising from the consequences of that judgment.

Article 187 Duty Not to Compete

Officers and directors shall not directly or indirectly engage in business competition with the company. Such competition shall be deemed to include but not be limited to being employed in, or being a general partner, manager, director or controlling member or shareholder in another business organization pursuing a competing business.

Article 188
Enforcement of Duties by Personal or Derivative Court Action

188.1 One or more shareholders holding at least 10% of the votes entitled to elect directors have the right to file a complaint in court in the company's name and on its behalf, against one or more directors or officers if such shareholder(s) have good reason to believe that the concerned officers and directors have breached their duties to the company and have thereby damaged the company.

188.2 No such complaint shall be brought by a shareholder in the name and on behalf of the company unless such shareholder or a predecessor in ownership of his shares was a shareholder at the time of the actions complained of and either the board of directors has refused to file such a complaint, or an effort to cause the board of directors to file the complaint is not likely to succeed. Any such complaint shall describe in detail either (i) the efforts that have been taken by the complaining shareholder(s) to try to cause the the board of directors to file the complaint on behalf of the company or (ii) a statement that no such efforts were made because they would most likely have been futile and an explanation providing the reasons supporting that statement.

188.3 If the complaining shareholders are successful in such a derivative suit, all damages awarded and received shall be the property of the company, except that the complaining shareholders shall be entitled to recover their reasonable expenses, including legal fees, from the defendants.

Chapter 7
Shareholders and Shareholder Meetings

Article 189
Annual Shareholder Meeting

189.1 Every company shall hold a meeting of shareholders annually, to be known as its annual meeting.

189.2 An annual meeting of the shareholders shall be held within 60 days after the board receives the company's audited financial statements for each financial year, but not later than 90 days after the end of the company's financial year. Provided it is consistent with the foregoing, the charter or the bylaws may specify the exact date and time, or a method for determining the exact date and time, for the holding of the annual meeting. The board of directors shall be responsible for ensuring the timely holding of the annual shareholders meeting.

189.3 The board shall ensure that the shareholders are provided with the audited financial statements of the company at least 30 days to prior to the annual meeting

189.4 A company's annual meeting shall be held at the place stated in the company's charter or by-laws or (if not there stated) at a place fixed by the board of directors, which shall be within Kosovo.

189.5 Failure by the board of directors to call and hold an annual meeting at the time required by this Section 189.2 shall not affect otherwise valid company action. However, such failure shall immediately give the shareholders the right, which may be exercised by one or more shareholders holding at least 10% of the shares entitled to vote at the annual meeting, to call and hold the annual shareholders meeting.

Article 190
Extraordinary Shareholder
Meeting

190.1 A company shall hold an extraordinary meeting of shareholders either:

a) on the call of its board of directors or the call of any other person who is authorized by the company's charter to call an extraordinary meeting, or

b) if the holders of at least 10% of all the votes entitled to be cast on an issue at the proposed meeting sign, date and deliver to the company a written demand for the meeting identifying themselves by name and address, stating the number of shares they each hold, stating the purpose or purposes for which the meeting is to be held, and stating the agenda for the meeting.

190.2 Within 15 days after the date the demand is received by the company, the board of directors shall adopt a decision to convene or refuse to convene the meeting. Within five days after adopting such decision the board of directors shall give notice thereof, including a copy of its decision, to the persons demanding the meeting at the addresses stated in their demand. A decision to refuse to convene an extraordinary meeting shall state the reasons for the refusal. A decision to refuse may only be adopted if the procedure stated in item "b" of paragraph 1 of this Article has not been complied with, or if the shareholders making the demand do not hold the number of votes required by that clause, or if none of the issues proposed for the meeting is within the competence of a shareholder meeting.

190.3 The record date for determining the list of shareholders entitled to demand an extraordinary meeting is the date on which the first shareholder signs the demand.

190.4 An extraordinary meeting shall be held at the place stated in the company's charter or (if not so stated) shall be fixed by the board of directors in a manner consistent with the company's charter. If no place is stated in the company's charter or so fixed, the extraordinary meeting shall be held at the company's registered office.

190.5 Only business that is within the purpose or purposes stated in the meeting notice required by paragraph 1 of this Article may be conducted at an extraordinary meeting.

Article 191
Court-Ordered Shareholder
Meeting

191.1 If an annual meeting of a company is not held within the earlier of six months following the end of the company's financial year or 14 months following the company's last annual meeting (or within 12 months following the company's initial registration, if there has been no earlier annual meeting), the Court may order the meeting to be held on the application of any director or any shareholder who is entitled to participate in and vote at an annual meeting.

191.2 If an extraordinary meeting is not held within the earlier of 30 days after delivery of the demand for the meeting under Article 190 or the date fixed for the meeting in a notice to shareholders given under paragraph 3 of this Article, the court may order the meeting to be held on application of any shareholder who signed the demand.

191.3 The court may issue other and related orders necessary to accomplish the purposes of the meeting, including orders directly convening and appointing persons to preside at the meeting if the board refuses to do so, or orders fixing the time and place of the meeting, specifying the record date for determining the shareholders entitled to vote, or prescribe the form and content of the meeting notice.

Article 192
Competence of Shareholder Meeting

192.1 The following matters are within the exclusive competence of the shareholders and may be decided only by the shareholders:

- a) amendment of the company's charter or byLaws,
- b) election or removal of directors,
- c) authorization of a merger or a major transaction under Article 211 of this Law;
- d) dissolution of the company under Article 229 of this Law;
- e) appointment of the company's independent auditors;
- f) approval of the company's annual financial statements; *and*

g) other matters reserved for the shareholders as provided for in the present Law or the company's charter, and matters submitted by the company's board of directors to a shareholders' meeting for decision.

192.2 Matters within the exclusive competence of the shareholders as specified above may not be decided by the board of directors or the officers/managers or any other organ of the company. Any contrary provision in the charter or the bylaws, and any decision taken pursuant to such a contrary provision, shall be, as a matter of law, null and void and without legal effect.

Article 193 Notice of Shareholders Meeting

193.1 Subject to Article 194, written notice of a shareholders' annual meeting shall be given not less than 30 nor more than 60 days before the date of the annual meeting, and written notice of a shareholder's extraordinary meeting shall be given not less than 20 nor more than 30 days before the date of the extraordinary meeting. The notice shall be given by or at the direction of the chairman of the board or another member of the board of directors who calls the meeting, and shall be given to each shareholder of record entitled to vote at the meeting.

193.2 The notice of an annual meeting shall state the date, time and place of the meeting, the company's proposed agenda and list of issues to be voted on at the meeting (including the company's candidates for election to the board of directors at the meeting), and any other matters which are required to be included in the notice by the company's charter or by-Laws. The notice shall also include the company's annual report, annual balance sheet and annual profit and loss statement and any reports of the auditors or, if not included, a statement of when and how they will be sent to or made available to shareholders prior to the annual meeting. The board of directors shall be obligated to ensure that all such documents are sent to, or easily accessible by, all shareholders at least 30 days prior to the meeting

193.3 The notice of an extraordinary meeting shall state the date, time and place of the meeting, a description of the purposes of the meeting, and the agenda which was proposed by the person(s) who caused the meeting to be called.

193.4 In addition to the sending such notices to the shareholders as required above, a company shall also publish a similar notice at least 21 calendar days prior to the date originally set for the meeting in a newspaper of general circulation in Kosovo, in the official languages of Kosovo. Such published notice shall specify the time and the place of the meeting and the agenda. This publication shall be no smaller than ten percent (10%) of a printed page.

Article 194
Waiver of Notice

194.1 Whenever any notice is required to be given under the present law or a company's charter or by-laws, any person entitled to receive such notice may waive his/her right to such notice by signing a written waiver of notice.

194.2 A shareholder's attendance at a meeting shall constitute a waiver of any right that such shareholder may have to make or file any complaint or raise any objection with respect to a lack of notice or defective notice of the meeting. Provided, however, that the shareholder's right to so complain or object shall not be so waived if - at the beginning of the meeting, the shareholder objects to the meeting because proper notice of the meeting was not given.

194.3 A shareholder's attendance at a meeting shall constitute a waiver of any right that such shareholder may have to make or file any complaint or raise any objection with respect to the consideration of a particular matter at the meeting on the basis that the notice of the meeting did not indicate that such matter would be discussed. Provided, however, that the shareholder's right to so complain or object shall not be so waived if - at the time the matter is under discussion at the meeting - the shareholder objects to the discussions about the matter because the matter was not the subject of a proper notice.

Article 195
Agenda for a Meeting

195.1 A shareholder or shareholders holding at least 10% of all the votes entitled to be cast for the board of directors of a company at an annual meeting shall have the right to place two (but no more than two) issues on the agenda of that meeting and also the right to propose candidates for election at that meeting to the company's board of directors, the number of which may not exceed the total number of members of the board. Any such proposals shall be made in writing, shall include the name(s) and number of votes of each propose, and shall be delivered to the company, addressed to its board of directors, at the company's registered office, not later than 14 days before the date of the meeting. No shareholder may be counted in more than one group of shareholders holding at least 10% per cent of votes for purposes of this item.

195.2 If the board of directors receives such a proposal more than 10 days before the date that the notice of the meeting is to be sent to the shareholders, the board of directors shall include such a proposal in that notice. If the board of directors receives such a proposal after that time, but still 14 or more days before the meeting, the board of directors shall promptly mail that proposal to all shareholders to whom the notice of the meeting was sent.

195.3 At an annual meeting, only matters that are within the scope of the notice and the agenda previously sent, or that are within the scope of the subject matter of a proposal

that has been received by the board at least 14 days prior to the meeting, may be voted on. This restriction shall not, however, prevent discussion of other matters.

195.4 At an extraordinary meeting, only business within the scope of the notice and agenda previously sent may be voted on. This restriction shall not prevent discussion of other matters.

Article 196 Record Date for a Meeting

196.1 A company's charter may fix or state the manner for fixing the record date for determining the list of the shareholders who are entitled to notice of a meeting, to demand an extraordinary meeting, to vote, or to take any other action.

196.2 If the company's charter does not fix or provide for fixing a record date, the board of directors may fix a future date as the record date. If no record date is fixed by the charter or the board of directors for an annual meeting, the record date shall be the date on which notice of the meeting is first mailed or otherwise given under Article 193 of this Law. If no record date is fixed by the charter or the board of directors for an extraordinary meeting, the record date shall be date on which the first demand for the meeting is signed and dated by a shareholder under Article 190 of this Law.

196.3 A record date may not in any event be more than 60 nor less than 10 days before the meeting or action requiring a determination of shareholders.

Article 197 Conduct of a Meeting

197.1 A chairman of the meeting shall be selected and preside at each meeting. The chairman shall be appointed: (i) as provided in the company's charter or, (ii) if the charter does not provide for the manner of such appointment, as specified in a resolution of the board of directors. The chairman shall determine the order of business and may establish rules and regulations for the conduct of the meeting, provided that such rules shall not unduly discriminate against or impair the participatory rights of any shareholders.

197.2 Unless set out otherwise in the charter or bylaws, voting shall be by any reasonable, customary and convenient method as the chairman determines.

Article 198 Availability of Shareholder List for a Meeting

Not later than ten days before any meeting, a company shall make available for inspection and copying by any shareholder (at the shareholder's expense) a list of all shareholders who are entitled to vote at the meeting and all shareholders to whom notice of the meeting was sent. Such list shall be available at the company's registered office

and shall also be kept available for inspection by any shareholder at and during the meeting.

Article 199 Voting in Person or by Proxy

199.1 A shareholder may vote his shares either in person or by proxy as provided for in Section 199.3.

199.2 Except where paragraph 2 of Article 201 applies, shares held by a business organization may be voted by an authorized person of such business organization or the duly designated proxy of such authorized person.

199.3 A shareholder may appoint a proxy to vote his shares by providing such proxy with a written “designation of proxy” signed by the shareholder or – if the shareholder is a business organization - an authorized person of such business organization. Such written “designation of proxy” must clearly state that the proxy shall have the power to vote the shareholder’s shares.

199.4 Signed copies of the written “designation of proxy” must be delivered to the proxy and to the company secretary or other relevant officer of the company prior or at the beginning of the meeting. Such a designation of proxy may contain restrictions on the proxy’s authority to vote the shares, including but not limited to directions on how the shares must be voted at a particular meeting. If the designation of proxy does not contain such restrictions or directions, the proxy may vote the shares as he wishes.

199.5 A director or officer of the concerned company may not act as a proxy for a shareholder who is an employee of that company.

199.6 A designation of proxy shall expire on the earlier of: (i) the expiration date, if any, specified therein, (ii) the date that is six months from the date the designation of proxy is issued, or (iii) if applicable, the moment the person who provided the designation of proxy revokes such designation of proxy in any manner provided for by paragraph 7 of this Article.

199.7 A person who has provided another person with a designation of proxy may revoke that designation at any time by either (i) delivering a revocation in writing to the to the company secretary or other relevant officer of the company or (ii) by attending the concerned meeting and voting the concerned shares in person. A revocation of a “designation of proxy” shall not render invalid any vote that was cast by the proxy prior to such revocation, if such vote was valid when cast.

Article 200 Quorum and Vote Required for Decision at a Meeting

200.1 Unless otherwise provided in a company's charter, a majority of votes of the shares entitled to vote on a matter, represented in person or by proxy, shall constitute a quorum for action of the meeting on that matter.

200.2 If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting shall be the act and decision of the meeting, unless a greater number of votes are required by the present Law or the company's charter.

200.3 A company's charter may provide for a greater quorum or voting requirement than is provided for in above in this Article.

200.4 A proposed amendment to the charter that seeks to add, modify or delete a quorum or voting requirement must be adopted by the shareholders in accordance with the greater/more restrictive of the following: (i) the quorum and voting requirements found in the existing charter or (ii) the quorum and voting requirements that would exist if the amendment were adopted.

200.5 If a company's charter or this Law provides for voting by a single type or class of stock on a matter, action on that matter shall be taken when voted upon by that voting group. The rules in paragraph 1 and 3 of this Article shall apply in relation to the votes by that class or type, except that the vote by the class or type shall be regarded as a separate meeting even if held in the same meeting or forum as the full shareholders' meeting.

200.6 A shareholder meeting may not undertake business on any item of business unless the required applicable quorum is present in person or by proxy. To be registered as present, each shareholder or his authorized proxy must demonstrate, and the company must verify, that the shareholder was properly entered in the list of shareholders on the record date.

200.7 A shareholder meeting shall be adjourned if the required quorum is not present within a reasonable period after its scheduled time.

200.8 If a shareholder meeting is adjourned because a quorum was not present, the company shall, within two weeks after the date of such adjourned meeting, call and give notice of a new meeting of shareholders.. For such new meeting, the quorum will be 33% of the votes of shares entitled to be cast and the decision shall be by a simple majority unless the present Law or the company's charter provides otherwise.

Article 201 Voting Rights of a Share

201.1 Except as provided in the charter or the present Law, each outstanding share of common stock or preferred stock of any class shall be entitled to one vote on each matter voted on at a meeting.

201.2 Shares may not be voted at a meeting if the shares are owned, directly or indirectly, by the company or any organization or entity in which the company has, directly or indirectly, an ownership interest.

Article 202

Voting Rights of Certain Types of Holders

202.1 A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote such shares. If however the pledge agreement grants the voting rights to the pledgee and evidence of this is presented at the concerned shareholders meeting, the pledgee shall be entitled to vote the shares.

202.2 Shares held in the name of a deceased person, a minor or another person who is under a legal disability may be voted by such person's legal representative established by Law, either in person or by the legal representative's duly designated proxy, without a transfer of such shares into the name of such representative.

202.3 Shares held in the name of a receiver, liquidator, administrator in bankruptcy or similar person may be voted by such person, or his duly designated proxy, without a transfer of such shares into the name of such person, if the authority to do so is contained in specified in a court order.

Article 203

Record of a Meeting

A record of each shareholders' meeting shall be prepared promptly after the meeting and shall be signed by the chairman and any secretary of the meeting, who will be responsible for its accuracy. The record shall include (i) the date, time and place of the meeting, (ii) the agenda, (iii) the quorum, (iv) the ballot or other procedures used for voting, (v) the number of votes possessed by shareholders and proxies of shareholders at the meeting, (vi) the name of the chairman and any secretary of the meeting, (vii) the issues voted on and the results of the votes, (viii) a summary of speeches and discussions (including any speeches regarding any negative votes or abstentions), and (ix) a list of the decisions made at the meeting.

Chapter 8

Amendments to a Charter

Article 204

Amendments to a Charter

A company may amend its charter at any time as provided in the following Articles 205 - 208 of this Law.

Article 205
Amendment by the Board of Directors Alone

205.1 A company's charter may be amended by decision of the board of directors, without shareholder action, if the sole purpose and effect of such amendment is to (i) create and register a restated consolidated charter that exclusively incorporates amendments that were previously duly adopted by the shareholders and/or (ii) to make technical, non-material corrections to the charter.

205.2 Except as specifically permitted by Section 205.1, the board shall have no authority to make, and is strictly prohibited from making or even attempting to make, any amendment to the charter that has not been duly adopted by the shareholders at a duly called shareholders meeting.

Article 206
Amendment by the Board and the Shareholders

A company's charter may be amended by the board of directors and the shareholders as follows:

a) the board of directors, or the shareholders acting under Article 191 of this Law, shall adopt a written decision that sets forth the proposed amendment and directs that it be submitted to a shareholder meeting, which may be either an annual or extraordinary meeting.

b) the text of the proposed amendment shall be included in the notice of the meeting given to shareholders entitled to attend the meeting, *and*

c) at the meeting the proposed amendment shall be adopted by the full shareholders' meeting only after receiving the affirmative vote of at least two-thirds of the votes of the shares entitled to vote on the amendment; provided, however, that if the company's charter requires a majority that is greater than two-thirds for the approval of a charter amendment, the majority determined by the charter shall be needed.

Article 207
Group Voting

The holders of any type or class of shares shall be entitled to vote as a group on a proposed change in the charter if the charter so provides or if the change would:

a) increase or decrease the number of authorized shares or change the par value of the shares of such group,

- b) change any of the rights or preferences of the shares of such group,
- c) create a right of the holders of any other shares to exchange or convert their shares into shares of the type or class held by such group,
- d) change the shares held by such group into a different number of shares or into shares of another type or class,
- e) create a new type or class of shares having rights or preferences superior or substantially equal to those of such group, or increase the rights and preferences of any type or class of stock having rights and references substantially equal to or superior to those of such group, or increase the rights and preferences of any type or class of stock having rights and preferences subordinate to those of such group if such increase would then make them substantially equal or superior to those of such group,
- f) limit or deny the existing preemptive rights of the shares of such group,
- g) limit or deny the voting rights of such group, or
- h) otherwise change the rights or preferences of the shares held by such group so as to affect them adversely.

Article 208
Registration and Effective Time of an Amendment

Upon adoption of an amendment to a company's charter the company shall deliver the amendment (or may file restatement of its entire charter which includes such amendment) with the Director pursuant to Part II of the present Law. The amendment shall become effective upon its registration as provided in Part II of the present Law.

Chapter 9
Employee Share Ownership Programs

Article 209
Employee Share Ownership Programs

209.1 An Employee Share Ownership Program (herein referred to as an "ESOP") is a program adopted by the shareholders to encourage employees to acquire shares of the joint stock company. The ESOP may allow participants to subscribe for shares at a discounted rate or in consideration for their work or engagement. An ESOP may also grant options to participants with respect to share to be issued in the future by the joint stock company.

209.2 Only natural persons are eligible to participate in an ESOP. An ESOP shall impose reasonable eligibility requirements that a natural person must meet to participate. Such eligibility requirements shall, inter alia, require that a person have an ongoing full-time employment relationship with the concerned joint stock company.

209.3 Because of the restricted eligibility requirements of an ESOP, shares acquired under the ESOP are exempted from certain provisions of this Law as provided expressly in the relevant provisions.

209.4 An ESOP shall only become effective if (i) the ESOP has been adopted by the shareholders at a duly called meeting of the shareholders; and (ii) a document describing all material details of the ESOP has been provided to the shareholders at least thirty (30) days in advance of the concerned shareholders meeting.

Chapter 10 Merger and Other Major Transactions

Article 210 Definition of Merger

For purposes of the present Law, a “merger” means:

A transaction in which a company (a “merging company”) transfers all of its assets and liabilities to another company (the acquiring company”. The acquiring company may be an existing company or a new company that has been established for the purpose of acquiring such assets and liabilities. In such a transaction (i) the merging company is dissolved, (ii) only the acquiring company survives the transaction, and (iii) the shareholders of the merging company surrender their shares in the merging company and receive in exchange shares or other ownership interests in the acquiring company and/or a cash payment.

Article 211 Procedure for Merger

211.1 One or more companies may undertake and complete a merger as follows:

a) The directors and officers shall draft and the directors of each company shall adopt a plan of merger which meets the requirements of Article 213 of this Law and directs that the plan be submitted to a shareholder meeting of each company, which may be either an annual or extraordinary meeting.

b) Each company shall give at least one month's advance written notice of the meeting to all shareholders entitled to vote on the plan, stating that a purpose of the meeting is to consider the merger plan. The notice shall include the following documents which shall also be available for inspection and copying at the registered office of each company:

(i) a copy of the plan together with an explanation of the plan which sets out the legal and economic grounds for the merger and any applicable share exchange ratio;

(ii) a detailed written report by the board of directors on the plan, setting out the legal and economic grounds for the plan and the merger terms and in particular the share exchange ratio and containing any directors' recommendations and the reasons for such recommendation;

(iii) a copy of the opinion of a licensed independent financial adviser on the merger as required by Article 213 of this Law;

(iv) the annual financial statements of all the participating companies for the previous three years, including any audit reports.

(v) If the latest annual financial statement contains information for a period that ended more than six months before the date the plan is to be submitted to the shareholders' meeting, then a special settlement accounting statement prepared by a regulated independent accountant or auditor under applicable accounting standards must be prepared and made available for inspection and copying and inspection at the registered office of each company. This settlement statement must reflect the financial condition of each company as of a date that is not more than three months before the date the plan is submitted to the shareholders' meeting; provided, however, that (a) the requirement of this item (v) shall not apply to any new company which was created to be the surviving company in the merger and (b) in the case of this special settlement accounting statement no additional physical inventory of the assets shall be required since the last annual accounts and the valuations in the balance sheet need only be adjusted to reflect entries in the accounts, except that interim depreciation and accounting provisions and material changes of value must be taken into account;

(vi) copy of the proposed new charter and by laws of the acquiring company; and

(vii) a statement of the shareholders' right to dissent and appraisal as required by Article 220 of this Law.

c) At the shareholder meeting of each company the plan shall be approved and adopted upon receiving the affirmative vote of at least two-thirds of the votes of the shares entitled to vote on the plan at such meeting, except that if any type or class of shares is entitled to group voting on the plan, the proposed change shall be adopted only if it also receives the affirmative votes of at least two-thirds of the votes of the shares of each such group; provided, however, that if the company's charter requires a majority that is greater

than two-thirds for the approval of a charter amendment, the majority required by the charter shall be needed.

d) Group voting in any company shall be required if it is required by the company's charter or if the plan contains a provision that, if contained in a proposed amendment to the company's charter, would require separate voting by that group under Article 208 of this Law.

e) Approval and adoption of the plan by the shareholder meeting of each company which is a party to the merger (other than any new company which was created to be the surviving company in the merger) is necessary for the merger to be completed.

211.2 No shares, cash or other compensation shall be given in exchange for any shares of the merging company that are held by either the acquiring company or the merging company or a by a person or business organization acting on behalf of the acquiring company or the merging company.

211.3 The holders of securities, other than shares, to which special rights are attached must be given rights in the acquiring company at least equivalent to those that they possessed in the company being acquired, unless the meeting of the class as referred to above in paragraph 1 of this Article approves the alteration or they have a right to repurchase of their shares by the company under Article 223 of this Law.

211.4 The merger shall be published at least 60 days in advance, twice within a week in at least one newspaper of wide circulation in Kosovo in order to notify persons, including creditors whose claims predate the merger of the proposed merger. This publication may be carried out by any participating company on behalf of the others.

211.5 Creditors referred to under paragraph 4 of this Article shall have at least 21 days to apply to the company for additional security or to object to the resulting reduction in capital or affect on their security. If a creditor remains unsatisfied about the affect of the merger on his security or claim,, then he/she may apply to the Court within 30 days of the date of the first merger notice for an appropriate remedy for his/her debt. The Court may decide no such remedy is necessary if it is satisfied that the assets of the acquiring company will be sufficient to satisfy this and other debts of the company of equivalent security ranking.

211.6 Paragraphs 1 to 4 of this Articles relating to the holding of the general meeting and the drawing up of the expert report shall not be required to be followed if either:-

a) all the shareholders agree to waive the requirements ;or

b) the acquiring company already holds 90% or more of the shares in the merging company; provided, however, that in any event (i) the shareholders holding shares with voting rights of 5% or more of the acquiring company have the right to require a general meeting to approve the merger and (ii) the minority holders of shares in the merging

company shall (a) be entitled to receive fair value and equivalent rights and compensation in the acquiring company, (b) be entitled to receive due notice of the merger and its terms; (c) have the right to seek a court order with respect to the amount and type of compensation they are to receive by filing a complaint within 30 days of the published notice of the merger and (d) have the right to demand and receive the report of the independent financial adviser. If a complaint is filed in accordance with item (c), the Court may require the acquiring company to pay the complainants' legal and other costs if the court determines that the complaint was validly made.

211.7 Pending resolution of any court application under paragraphs 5 or 6 of this Article, the merger may not be concluded and no registration document with respect thereto may be filed.

Article 212 Independent Financial Opinion

When considering a merger, the board of directors of a company may (and the board of a company having more than 100 shareholders shall) obtain a written opinion on the merger from an independent professional financial adviser licensed by the Central Banking Authority of Kosovo or an equivalent licensing authority outside of Kosovo. The opinion shall provide the financial adviser's opinion on the terms of the plan and the proposed merger and states, in particular, the adviser's analysis of all the terms of the plan of merger including the method or methods used to arrive at any proposed compensation to be provided to the shareholders of the merging company. The opinion shall also provide the financial adviser's opinion as to the fairness of the merger and the compensation proposed to be given to the shareholders of the merging company, which shall identify any valuation difficulties and the relative differences between the valuation methods proposed and other possibly more appropriate valuation methods. Such opinion shall be sent to all shareholders with the notice of the meeting. An additional report shall not then be required under Article 149 of this Law, for the non-cash consideration.

Article 213 Required Contents of Plan of Merger

A plan of merger shall state:

- a) the type of company, the name and the registered office address of each company that will merge and of the surviving company into which each company plans to merge,
- b) the terms and conditions of the proposed merger, including a summary of any legal terms drawn up by an independent regulated legal professional;
- c) the manner and basis of converting the shares of each merging company into cash or other property, or shares, other securities or debt or other obligations of the surviving company or of any shareholder of the surviving company, including the details of the share exchange ratio, the criteria and terms relating to the allotment of shares in the

acquiring company and the amount of any cash payment and the details the shares and the rights of the shares that will be acquired, including any special classes,

d) the full text of the charter and byLaws of the surviving company as it will be in effect immediately following the merger,

e) the date from which the holding of any shares received in the merger entitles the holders to participate in profits of the surviving company and any special conditions affecting that entitlement.

f) the date from which the transactions of each non-surviving company shall be treated for accounting purposes as being those of the surviving company,

g) the rights conferred by the surviving company on the holders of shares to which special rights are attached and the holders of securities other than shares, or the measures proposed concerning them,

h) any special advantage or preference given to independent financial advisers or directors or officers of any company in the merger,

i) any provisions under which the proposed merger can be abandoned before its completion,

j) any change in the assets and liabilities of the between the date of the draft terms of merger and the date of the general meeting deciding on the merger;

and

k) other provisions relating to the merger including but not limited to a possible provision that payment will not be made for any converted shares until or after the merger has become effective

Article 214

Registration and Effective Time of a Merger

Upon completion of a merger the parties to the merger shall file the plan of merger with the Registry in accordance with Part II of the present Law. The merger shall be and become effective upon its registration by the Director in accordance with Part II or on any later date, not more than 30 days after filing by the Director, as may be provided for in the plan of merger.

Article 215

Effect of a Merger

Upon the effectiveness of a merger,

a) the companies that are parties to the merger will be a single company which will be the surviving company named in the plan, and the separate existence of all such companies except the acquiring company shall terminate,

b) the acquiring company will have, own and be liable for all assets and all liabilities of every kind of each company that was a party to the merger and any security that existed in relation to a transferred asset shall be not be affected solely by virtue of the merger,

c) all Lawsuits or other claims against any company that was a party to the merger may be continued against the acquiring company, which will be substituted in the Lawsuit or claim for the company whose existence has terminated,

d) the charter and byLaws of the acquiring company shall be as set forth or provided with the plan, *and*

e) the shares of each company that was a party to the merger that are to be converted into shares, other securities or debt or other obligations of the acquiring company shall be thus converted, and the former holders of such shares shall be entitled only to the rights provided in the plan.

Article 216 Nullification of a merger

216.1 The merger may not be challenged by anyone as being void; provided, however that a shareholder or creditor of either the merging or acquiring company may file a complaint in Court challenging the validity of the merger if such complaint is filed with the Court no later than six months after the registration date of the merger.

216.2 The Court may nullify the merger if it is determines that a decision on the merger taken at a meeting of shareholders was invalid because:

(i) it was based on material misrepresentations such that the shareholders would not have voted in the manner they did if the misrepresentations had not been made and the consequences of the misrepresentation can not be rectified by requiring the responsible parties to pay monetary damages to the shareholders; or (ii) it involved an irremediable breach of procedure that the court is determined to have a similar negative effect on the shareholders; or (iii) it involved an irremediable breach of procedure that negatively affected a creditor of the merging or acquiring company and that deprived such creditor of any right the creditor had to bring an action to prevent the merger taking effect.

216.3 Any nullification under pervious Article above shall be published in the newspaper and filed with the Registry.

Article 217 Merger of Joint Stock Company with Limited Liability Company

One or more joint stock companies may merge with or into one or more limited liability companies organized under the present Law provided that all of the requirements set forth in Articles 211 – 214 of this Law are complied with by each joint stock company and all of the requirements set forth in Articles 120 – 125 of this Law are complied with by each limited liability company.

Article 218 Merger With Foreign Legal Persons

One or more foreign legal persons and one or more Kosovo companies may merge in the following manner, provided that such merger is permitted under the laws of the jurisdiction under which each concerned foreign legal person is organized:

- a. Each Kosovo company shall comply with the provisions of the present law with respect to the merger, and each foreign legal person shall comply with the applicable provisions of the jurisdiction under which it is organized.
- b. If the surviving business organization is to be organized under the laws of any jurisdiction other than Kosovo, it shall establish a registered office and appoint a registered agent in Kosovo in compliance in all respects with Part II of the present law, to which it shall be subject.

Article 219 Demerger

219.1 For purposes of the present law, a “Demerger” means where a company transfers (other than in liquidation) to two or more business organizations all of its assets and liabilities in exchange for the allocation to its shareholders of (i) shares or other ownership interests in the business organizations receiving such assets and liabilities (“the recipient business organizations”) and (ii) an optional cash payment that shall not, in any case, exceed 10% of the nominal value of the shares or other ownership interests allocated under item (i).

219.2 A demerger may be carried out by applying Sections 211.1 to 211.5, Sections 212 to 215 and Section 223 of the present law mutatis mutandis except that (i) the references to “merger” shall be deemed to be references to “demerger”, (ii) the references to “merging companies” shall be deemed to mean the companies and/or business organizations involved in the demerger, (iii) the references to the “company being acquired” shall be deemed to mean the “company being divided”, (iv) the references to “acquiring company” shall be deemed to mean “the recipient business organizations”, (v) the reference to the “plan or terms of merger” shall be deemed to mean the plan or terms of division and (vi) the term “merge” shall be deemed to mean “divide”

219.3 Furthermore, in the plan of demerger and demerger terms, there is an additional requirement of a precise description and allocation of the assets and liabilities to be transferred to each of the recipient business organizations. Where an asset is not allocated by the draft terms of division or where such draft terms of division do not clearly specify the respective allocation of an asset that each recipient business organization is to receive, then the concerned asset and the compensation due therefore shall be allocated the recipient business organizations in proportion to the share of the net assets allocated to each of those business organizations under the draft terms of division. Where a liability is not allocated by the draft terms of division or where such draft terms of division do not clearly specify the respective allocation of that liability that each recipient business organization is required assume, then each of the recipient business organizations shall be required to assume joint and several liability for that liability.

Article 220 Effect of a Demerger

When the demerger takes effect:

- (a). the assets and liabilities shall be divided as described in the published terms of the demerger or in Section 219.1 above;
- (b) The shareholders of the company being divided shall become, as applicable, shareholders, owners or partners in one or more of the recipient business organizations in accordance with the allocation laid down in the draft terms of demerger; and
- (c) The company being demerged ceases to exist.

Article 221 Definition of Other Major Transactions

For purposes of Article 222, a “major transaction” means a transaction or related series of transactions which include(s) the purchase or other acquisition, the sale or other transfer, or the pledge or mortgage, of a company’s property, property rights, or other rights which have monetary value, the value of which, on the date of the company’s decision to complete the transaction, comprises 50% or more of the book value of the company’s assets based on the company’s most recently compiled balance sheet.

Article 222 Procedure for Other Major Transactions

Subject to any other provisions in its charter or byLaws, a company may undertake and complete a major transaction as follows:

- a) The board of directors of the company shall adopt a decision approving the transaction and directing that the transaction be submitted for authorization to a shareholder meeting, which may be either an annual or extraordinary meeting;

b) written notice of the transaction, stating that a purpose of the meeting is to consider the transaction and including a summary of the transaction plan and the recommendation of the board of directors on the transaction, and including a statement of the shareholders' right to dissent and appraisal as required by Article 223 of this Law, shall be given by each company to all shareholders entitled to attend the meeting of the company;

c) at the meeting the transaction shall be approved and adopted upon receiving the affirmative vote of at least a majority of the votes of the shares entitled to vote on the transaction at such meeting, except that if any type or class of shares is entitled to vote on the change as a group, the proposed change shall be adopted upon receiving the affirmative votes of at least two-thirds of the votes of the shares of each group entitled to vote as a group on the change and of the total number of votes of the shares entitled to vote on the change. Separate voting by a voting group in any company shall be required if it is required by the company's charter;

d) the charter of any company may supersede such two-thirds vote requirement as to that company by specifying any larger vote requirement not less than two-thirds of the votes of the shares entitled to vote on the issue and not less than two-thirds of the votes of the shares of each group entitled to vote as a group on the change.

Article 223 Shareholder's Right to Dissent and Receive Payment

223.1 A shareholder may demand payment from the company of the full value of his shares if he voted at a shareholder meeting against, or abstained from voting at a shareholder meeting on, either (i) a change in the company's charter that adversely affects his rights in a manner stated in Article 208 of this Law and on which he was entitled to vote, or completion of a merger as provided in Article 211 on which he was entitled to vote, or (ii) closure of a merger as provided in Article 211 or of a demerger as described in Article 219 which adversely affects his rights in a similar manner to (i) or which results in such that it is reasonable for him to withdraw from the company or (iii) if as part of a demerger, shares in the recipient companies are allocated to shareholders of the dividing companies otherwise than in proportion to such shareholders previous rights in the capital of the dividing company.

223.2 A shareholder who is entitled to dissent and obtain payment under this Article may not challenge the above named company action in court unless the action is fraudulent or violation of Law. Except in those cases, his/her exclusive remedy is that stated in this Article. For purposes of this Article full value shall be calculated as of the date of the meeting decision and without taking account of any increase or decrease in value based on anticipation of the action. He/she shall be entitled to be notified of the relevant value before making a final decision on his withdrawal and on being so notified may change his mind and decide to irrevocably accept the action and remain in the company.

223.3 If action creating rights under this Article is submitted to a vote at a meeting, the notice of the meeting must state that shareholders are or may be entitled to such rights and the notice must include a copy of this Article.

223.4 If action creating rights under this Article is submitted to a vote at a shareholder meeting, a shareholder who wishes to assert such rights must deliver to the company, before the vote is taken, written notice of his/her intent, subject to valuation, to demand payment for his shares if the proposed action is taken. A shareholder who does not satisfy this requirement, or who votes in favor of the proposed action, is not entitled to payment under this Article .

223.5 If action creating rights under this Article is authorized at a shareholder meeting, a shareholder who intends to demand payment under this Article shall deliver to the company, within 30 days after the meeting vote, a written demand for payment for the shares belonging to him with a statement of his name, residence address, and the number and type of shares for which payment is demanded. If the shares are represented by certificates, the shareholder shall deliver the certificates to the company together with such demand for payment. If the shares are uncertified, the company shall have the right to restrict their transfer until payment is made. Otherwise the transfer shall take effect on the date of registration in the shareholder list. A shareholder who does not satisfy the requirements of paragraph 5 of this Article is not entitled to payment under this Article.

223.6 Within 30 days after its receipt of such demand the company shall pay each dissenter who complied with this Article the amount that the company believes to be the full value of his shares. The payment must be accompanied by the company's latest annual and any later interim balance sheet and income statement.

223.7 If a dissenter believes that the amount paid is less than the full value of his shares as determined under this Article, or if the company fails to make any payment, he shall have the right, during the period ending 30 days after such payment is made, to request appraisal of their value by file a petition in the court within such 30 day period. The court shall have jurisdiction and authority to determine such full value in accordance with the standards in this Article and order the company to pay it. The court shall also have jurisdiction and authority to engage appraisers and other experts for this purpose, to determine whether the company or any dissenters shall pay legal fees and costs.

Article 224 Determination of Value

224.1 For purposes of the immediately preceding Article 223 of this Law, the full value of property or rights including a company's shares or other securities means the price at which a seller having full information about the value of the property or rights, and not obliged to sell them, would agree to sell them for, and the price that a buyer having full information about the value of the property or rights, and not obliged to acquire them, would agree to pay in such acquisition.

224.2 The determination of such full value shall be made by the company's board of directors except when, in accordance with the company's charter or the present Law, the determination is made by a court, independent appraiser, auditor or other person or entity. The members of the board who make the determination must engage an independent evaluator or appraiser or auditor.

224.3 In making a determination of the market value of a company's shares of common stock, the price which a buyer having full information about the total value of all of the company's shares of common stock would agree to pay for all of the company's shares of common stock, and any other factors which the person or persons making the determination consider(s) important, may be taken into account.

Chapter 11 **Acquisition of Control of a Company's Stock**

Article 225 Acquisition of a Control Block

225.1 As used in this Article, "affiliated persons" of a person means:

- a) other persons in which the person owns more than 50% of the voting power or otherwise exercises a controlling influence over,
- b) family members of the person if the person is an individual, or
- c) persons who act in concert with the person to acquire stock or exercise influence over a joint stock company under an arrangement or understanding with each other and the person.

225.2 A person who intends, alone or together with his affiliated persons to acquire, taking into account the number of shares belonging to him and his affiliated persons, one-third or more of the common shares (herein called a control block of shares) of a company with more than 500 holders of common shares, must, no later than 30 days prior to the date of acquiring the control block of shares, send written notice to the company about his intent to acquire a control block of shares.

225.3 A company, a control block of shares of which is being acquired, does not have the right to take actions that impede this acquisition of the control block, except when such actions are taken by decision of a shareholder meeting, adopted by majority vote of the holders of common shares taking part in the meeting, excluding votes on shares held by shareholders who intend to acquire the control block of shares, and excluding votes on shares held by affiliated persons of the persons who intend to acquire the control block of shares.

Article 226
Offer to Shareholders to Acquire a Company's Shares

226.1 A person who alone or together with his affiliated persons has acquired a control block of shares of a company with more than 500 holders of common shares, must, within 60 days from the date of acquisition of such shares, make an offer to all of the company's shareholders to acquire the company's common shares belonging to them at a price not less than the maximum price at which he acquired the company's shares during the last six months preceding the date of acquisition of a control block of shares, except for the case when a shareholder meeting adopts a decision to waive the right of shareholders to sell the shares belonging to them in accordance with paragraph 4 of Article 223 of this Law.

226.2 Written notice of the offer to acquire shares shall be sent to all holders of the company's common shares. The notice shall contain information about the person who has acquired the control block of a company's shares and his affiliated persons, including their names, residence and business addresses, the number of shares belonging to them, the price offered for the shares, the price(s) paid by them for the shares which they hold, and the period during which the offered shareholders can accept the offer to acquire shares.

226.3 A shareholder may accept the offer to acquire shares within the period specified in the offer, which may not be less than 30 days from the date of sending the offer to shareholders.

226.4 A decision to waive the shareholders' right to sell shares belonging to them to a person who has acquired or intends to acquire a control block of shares may be adopted by a shareholder meeting by a majority of votes of the holders of common shares participating in the meeting, excluding votes of shares belonging to the person who has acquired or intends to acquire a control block of shares and excluding votes of shares held by his affiliated persons.

226.5 Acquisition of a control block of shares and sending to holders of common shares the offer to acquire the common shares belonging to them shall be completed within 120 days from the date of sending the notice on acquisition of a control block of a company's shares.

Article 227
Disclosure of Potential Acquisition of Control Block

A person who alone or together with his affiliated persons acquires or owns more than 20% of the common shares of a company with more than 500 holders of common shares, shall, no later than within 15 days from the date that such person acquires the indicated number of shares, send written notice to the company, stating his name, the names of his affiliated persons, the number of shares of the company belonging to each of them, and his intentions with respect to acquisition of a control block of shares.

Article 228
Consequences of Noncompliance

A person, who alone or together with his affiliated persons has acquired a control block of shares without complying with the requirements of this Article shall, together with his affiliated persons, not have the right to vote on any of the company's common shares belonging to him or them unless a shareholder meeting adopts a decision to deliver to him and his affiliated persons the right to vote on the common shares belonging to them.

Chapter 12
Dissolution and Liquidation

Article 229
Voluntary Dissolution of a Company

229.1 A company may be dissolved, and its business shall then be wound up and liquidated, at any time by decision of its shareholders, as follows:

- a) either the board of directors of the company or shareholders shall adopt a decision directing that the proposed winding up and liquidation be submitted for approval to a shareholder meeting, which may be either an annual or extraordinary meeting. They shall provide a plan for the winding up and liquidation, with procedures to be followed, schedules and time periods for the liquidation activities, and procedures for distribution to shareholders of the company's property remaining after creditors' claims are satisfied,
- b) written notice of the proposal and plan shall be given to all shareholders entitled to attend the meeting, *and*
- c) at the meeting the proposal shall be approved and adopted upon receiving the affirmative vote of at least two-thirds of the votes of the shares entitled to vote on the proposal at such meeting, except that if any type or class of shares is entitled to vote on the proposal as a group, the proposal shall be adopted upon receiving the affirmative votes of at least two-thirds of the votes of the shares of each group entitled to vote as a group on the change. Separate voting by a voting group in any company shall be required if it is required by the company's charter.

229.2 The charter of any company may supersede the two-thirds vote requirement of paragraph 1 of this Article as to that company by specifying any larger vote requirement not less than two-thirds of the votes of the shares entitled to vote on the issue and not less than two-thirds of the votes of the shares of each voting group entitled to group voting on the issue.

Article 230
Winding Up and Liquidation of a Company

230.1 Following a voluntary dissolution a company shall continue its existence as before but it may not conduct any business except as appropriate for winding up and liquidation, including collecting and selling assets, paying or providing for creditors, and distributing remaining assets among its members. Such business shall be conducted by the board of directors and officers exercising the same authority as before, unless the company appoints a professional liquidator or other person or person to exercise such authority. The fees of such a person may be paid from the assets of the company.

230.2 As soon as practicable after the event causing voluntary dissolution, the company shall file notice of the voluntary liquidation with the Registry pursuant to Article 40 of the present Law. If such a notice has not been on file and publicly available for at least 30 days prior to the company's conducting any sale of assets as provided herein, the sale may be declared void by a court upon the application of any unpaid creditor. The notice shall state, in the official languages of Kosovo, that the company has elected to wind up the company's business and liquidate its assets; the date of the event causing dissolution; the place at which creditors' claims must be presented, the deadline for the presentation of such claims, the location and timings for inspection of the list of assets and claims; and that sale of the company's assets may occur no sooner than 30 days after the date of the notice.

230.3 The company shall send written notice to all of the company's known creditors, and it shall allow secured parties to remove property in which they have a security interest. If the company owns property in which secured parties have a security interest, the company shall surrender the property to the secured party. The secured party shall sell or otherwise dispose of the property in accordance with the applicable Law on pledges. If the sale or disposition produces any surplus over the secured debt, the secured party shall remit the surplus to the company.

230.4 Within 30 days following the event causing the dissolution, the company shall complete an examination of its books and records and compile an inventory of its assets and a chart of its debts. The company shall also determine a commercially reasonable method of selling the assets and the time and place of their sale. The sale may be public or private and by any commercially reasonable means. The company shall make the inventory of assets and the chart of debts available for inspection for at least eight hours per day for five business days preceding the sale.

230.5 No later than 30 days following the event causing the dissolution the company shall cause to be published in a newspaper of general circulation in Kosovo, in official languages, an advertisement not less than 10% in size containing the name of the company and all trade names used by the company, a notice regarding the time and place of any public sale, or the time after which any private sale shall have occurred, the location of the inventory of assets and the chart of debts, and a statement setting forth when the inventory of assets and the chart of debts may be examined. The advertisement shall also provide, for the benefit of creditors or interested parties, information regarding the procedures and deadlines for filing claims.

230.6 Unless ordered by a Court, the company may pay no claim that is not included on the chart of debts. The company shall assess the validity of each claim before it includes the claim on the chart of debts. Claimants who claim to be aggrieved by the committee's refusal to include a claim on the chart of debts may challenge such refusal in court.

230.7 The company may not postpone a published public sale date, but may adjourn a sale if necessary.

Article 231 Dissolution Upon Expiration of a Company's Duration

A company shall be dissolved, and its business shall be wound up, upon the expiration of the duration (if any) stated in the charter or another event specified in the charter as an event which causes dissolution or termination of existence. Upon any such event the company shall be wound up and liquidated as provided in the immediately-preceding Article 230 of this Law.

Article 232 Involuntary Dissolution of a Company

232.1 A company shall be dissolved, and its business shall be wound up, upon the occurrence of any of the following events:

- a) failure to file the annual report or change of registered agent as required under Part II of the present Law and expiration of the applicable time periods in accordance with the conditions in that Part,
- b) an order of the court that the company is dissolved because it is not possible to carry on the company's business due to illegality, deadlock in decision-making or other reasons, or
- c) insolvency or bankruptcy of the company and dissolution under applicable bankruptcy Laws.
- d) in the case of a violation of paragraph 5, Article 155 of this Law.

232.2 Upon any such dissolution, if the company is not insolvent as so defined under the applicable bankruptcy Laws the court shall supervise the winding up and liquidation following the procedures stated in Article 230 of this Law or such other procedures as the court considers appropriate. If the dissolution occurs pursuant to item "c" of paragraph 1 of this Article above or the company is insolvent, applicable bankruptcy/insolvency Laws shall apply and govern.

Article 233 Distribution of a Company's Assets in Liquidation

In liquidation the assets of the company shall be applied in the order of priority set out in the relevant bankruptcy Laws.

Article 234

Enforcement of Claims Against a Dissolved Company

A claim against a dissolved company may be enforced:

- a) against the dissolved company, to the extent of its assets which have not been distributed to the shareholders, or
- b) if the assets have been distributed to the shareholders in liquidation, against any shareholder to the extent of his pro-rata share of the claim or of the company's assets which have been distributed to him in liquidation, whichever is less, but a shareholder's total liability for all claims under this Article shall not exceed the total amount of assets distributed to him.

PART VIII
TRANSITIONAL PROVISIONS

Article 235

Transitional Period For Existing Business Organizations Registered with the Registry

235.1 A business organization that was registered as of the effective date of the present Law shall have 12 months following the effective date of the present Law to take whatever actions may be necessary to fully comply with the present Law.

235.2 If such a business organization remains out of compliance after such 12 month period, it shall then be fully subject to the penalties and sanctions provided for in the present Law, including possible de-registration by the Registry.

235.3 Any business organization that was not registered with the Registry as of the effective date of the present Law shall be fully subject to the present Law.

Article 236

Effective Date and Repeal of Prior Legislation

236.1 The present Law shall enter in force after the Adoption by the Assembly of Kosovo on the date of its Promulgation by the SRSG.

236.2 On such date the present Law shall come into force and UNMIK Regulation 2001/6 and UNMIK Administrative Direction 2002/22 shall be repealed.

Law No. 02/L-123
27 September 2007

President of the Assembly

Kolë BERISHA